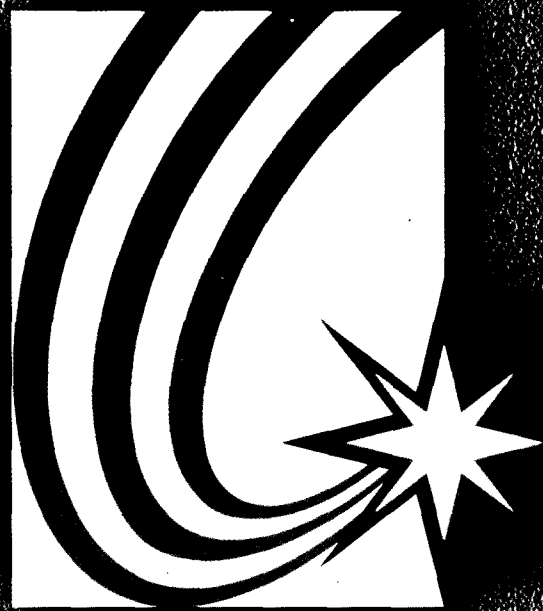


48th Annual Report 2008-09

Report Junction



GEE Limited

The Power of Welding

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of Welding



GEE Limited
The Power of Welding

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M D's message

Dear shareholders,

I welcome all of you with open arms for this 48th Annual General Meeting of our company.

Let us rejoice that we have achieved a turnover of Rs. 1350.25 Million, which is 68 % higher on last year's performance figure. No doubt in my message in our last year's annual report I had indicated a sales target of Rs. 1500 Million. So I owe you a clarification on two counts: First, why there was a shortfall on the targeted figure. Second, how we could achieve the present turnover figures.

During the year, worldwide recession was sweeping most of the economies including our own. Like many other industries it drastically affected steel and steel based enterprises and outfits to a very large extent. Naturally, it reflected on the welding industry considerably as construction and fabrication depended on steel and steel alone and that was on a downturn. Added to these woes were the unstable situations covering foreign exchange and raw material prices.

But we are not a people to close our eyes and say it is dark everywhere. We were confident that our economy was on a growth path and would recover from the ills of recession sooner than many others. One good reason is our financial sector is sound, safe, and well capitalised. As some industry experts have opined, in many situations growth takes place in turbulent times rather than in peaceful and placid circumstances. With such a mind set we formulated many policies and deployed them as programmes. Some of them are discussed here.

As GEE Products are much-preferred brands in the marketplace we decided to augment production capacities. We thus acquired three more factories all in Kolkata. We have now arrived at a formidable position to produce and supply welding consumables with a total capacity of 19,200 Metric tons. This figure includes capacities of GEE's existing plants at Kalyan and Kolkata as well. And to scale up further capacity expansion of both the plants, vigorous plans are in the offing. These are expected to materialize in the immediate future. Another interesting aspect is that we have added on new extrusion press, dry mixer, wet mixer and conveyor all designed and built in-house.



With our global mindset we have activated outsourcing of welding wires and fluxes of a wide range and grade to meet the domestic demand for welding automation. This again helped to improve on the sales performance figure.

We have brought in considerable improvements in our consumable portfolio. As we are sensitive to customer needs new features are added to some of the existing consumable particularly in the stainless steel category. Our R&D and marketing teams interface and interact closely keeping an intimate contact with customers and prospects all the time, so that nothing goes amiss. The same approach and attitude is in practice with dealer network as well so as to maximize market coverage.

On the export front we are doing quite well in terms of volume and value. We have improved on our footprint in these markets adding more customers at different states in the Middle East, East Africa and Far East. To augment and network our operations we have now set up a sales office in Dubai.

Taking into account the recent budget announcements our economy will soon be on the path of rapid economic growth. Investments in infrastructure will be massive. Likewise in critical sectors like oil, defence, nuclear, space industry and many others. Huge foreign investments are expected in a wide range of industries. We will be a high-growth economy. We are keeping a close watch on the trend and developments that follow to rise to the occasion with the right welding consumables.

As we have to respect the market trends we are keeping our IT project at Wagle estate on hold. The reason is the Real Estate Sector is on a slow down. But this will change soon, we hope so. We then shall gear up our plans and programmes as reported earlier.

The Board has proposed a dividend of 15%. Further the Board has recommended issue of bonus shares in the proportion of one equity share for every four shares held.

Yours sincerely,

S. L. Agarwal
Managing Director



Board of Directors

S. L. Agarwal

Managing Director

S. M. Agarwal

Executive Director

M. P. Dhanuka

Executive Director
(Marketing & Technical)

Utsav Kapadia

Director

Avinash Saraf

Wholetime Director

Ashok Kumar

Director

K. M. Panthaki

Director

Sujit Sen

Director

Registered Office :

Plot No : E-1, Road No. 7, Wagle Industrial Estate,
Thane (West)- 400 604

Auditors :

M/s Ford, Rhodes,
Parks & Co Chartered Accountants

Registrars & Share Transfer Agent :

Sharepro Services (India) Pvt. Ltd.
13 AB Samhita Warehousing Complex, 2nd Floor
Off. Andheri Kurla Road, Sakinaka Telephone Exchange Lane
Sakinaka, Andheri (E), Mumbai 400 072

Bankers :

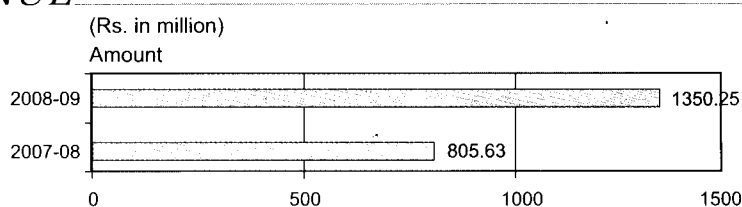
The Thane Janata Sahakari Bank Ltd.
ICICI Bank Limited



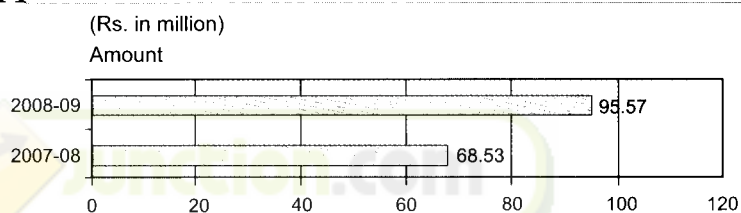
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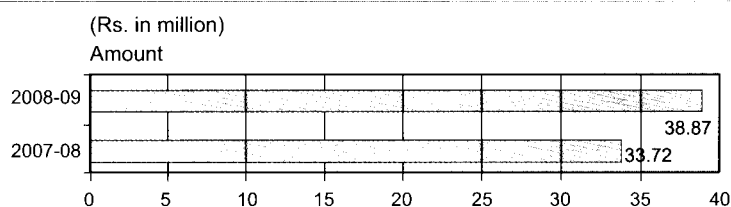
REVENUE



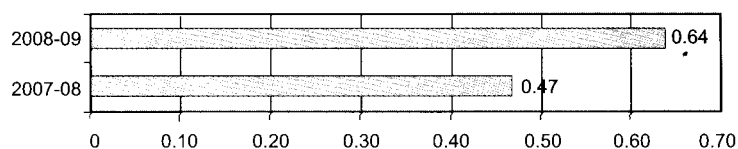
EBITDA



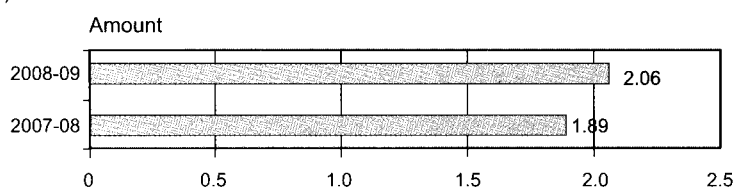
PAT



DEBT EQUITY (Ratio)



EPS (Rs)





MISSION

Welding touches the life and lifestyles of all of us in one way or the other as it plays a vital role in all metal working industries. Our mission therefore is to continuously improve our products, processes and practices, besides bringing in innovations through in-house research and refinement. We will, as an on-going exercise, draw on the strengths of our associates abroad for high-tech products, processes and systems and adapt them to meet domestic demands. All these are aimed at to delight our customers beyond their expectations and heighten the shareholder value all the time. We shall make special efforts to keep employees happy besides all other publics who are impacted by our operations.

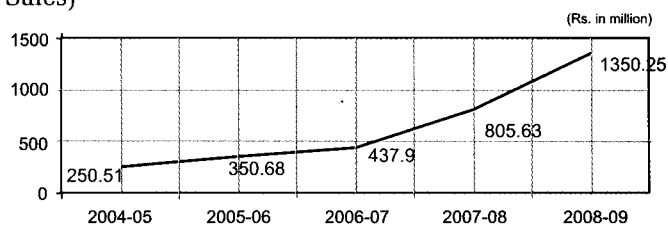
VISION

GEE Limited is a significant player in the welding industry in India. We look at the future with a lot of aspirations to get counted among the best in the world. Our vision is to make quantum jump in welding technology development and acquisitions, nurture them and lay them bare before the end users so that every welding site and shop floor will have the indelible imprint of GEE's name.

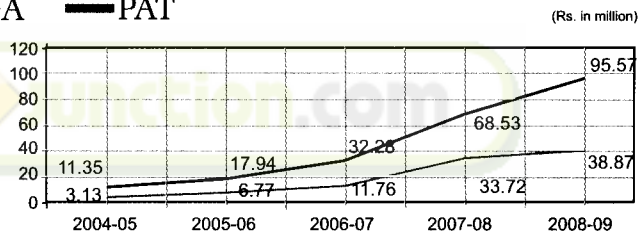


Five Years at a Glance

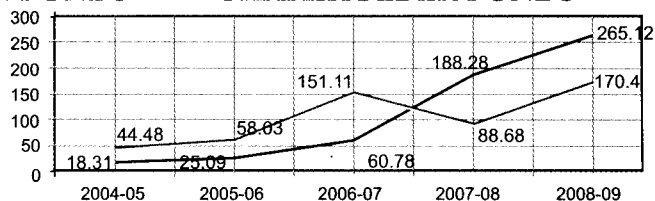
REVENUE
(Gross Sales)



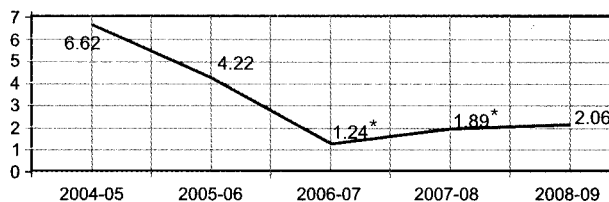
EBITDA **PAT**



LOAN FUNDS **SHAREHOLDER FUNDS**



BASIC EPS



* Restated EPS



DIRECTORS' REPORT

Dear Shareholders

Your Directors have pleasure in presenting the 48th Annual Report of the Company together with the Audited Accounts for the year ended 31st March 2009.

Financial Results

Key aspects of your Company's financial performance for the year 2008-09 are tabulated below:
(Rs. in million)

	2008-2009	2007-2008
Sales (Gross) & Other Income	1354.86	807.00
Profit before Interest & Depreciation	95.57	68.52
Financial Charges	24.53	13.35
Depreciation	6.21	4.03
Profit before Taxes	64.83	51.15
Payment / Provision for Taxes	25.97	17.43
Profit after Taxes	38.86	33.72
Profit brought forward	37.17	11.16
Appropriation to:		
General Reserve	6.5	2.5
Proposed Dividend	7.08	4.45
Tax on Proposed Dividend	1.20	0.76
Profit carried to Balance Sheet	61.24	37.17

Bonus Issue

Your Directors have recommended issue of bonus shares in the proportion of 1 (One) equity share for every 4 (Four) equity shares held, subject to approval of shareholders.

Dividend

Your Directors have also recommended, for consideration of shareholders at the Annual General Meeting, dividend @ 15% (Rs. 0.30/- per share of Rs. 2 each), on 2,36,25,879 equity shares including 47,25,176 equity shares issued on account of bonus shares. The Dividend will be paid in compliance with applicable regulations.

Business Operations

A volatile situation covering foreign exchange and raw material prices and a recessionary environment dominating the economic scenario during the year ended March 31, 2009, have adversely impacted the performance of the Company and kept margins under pressures. However, your Company was able to weather these pressures and achieved remarkable growth of around 68% in gross revenues. This was mainly due to a higher thrust placed on custom-made electrodes, tighter control over costs, improvement in productivity and other operational parameters. Further, the results of the year under review include working of the three units merged with the Company.

To face the adverse economic circumstances, the Company has initiated measures like expansion of its production capacity and has embarked on ambitious expansion plan with a capital outlay of around Rs. 500 Millions. The expansion would be carried out at its Kalyan and Kolkata Plants. The State Bank of India has sanctioned a term loan of Rs. 330 Millions for the said expansion. As per plans, barring unforeseen circumstances, the new facilities shall start operation by April 2010.

The highlights are discussed under the Management Discussion and Analysis attached as Annexure - D to this report. Your Company is well positioned to benefit as and when there is an improvement in the consumer confidence and a recovery in demand in the future.

Diversification Projects

As reported last year, your Company intends to develop its Wagle Estate land (13400 sq. mtr.) into an IT Park for which necessary approvals from Government Authorities have also been obtained. However, in the light of the changing market scenario i.e. a slowdown in the real estate sector, the Company has thought it appropriate to go slow on the project. The Company would again speed up the development once the real estate market starts picking up.