

52nd Annual Report 2012-2013



GWELD

SEAL OF TRUST

GEE LIMITED

From the Managing Director's Desk

Dear Shareholders,



I have great pleasure in presenting the 52nd Annual Report for the year ended 31st March, 2013.

The year 2012 has been extremely challenging for the Indian and Global Economy. Uncertainty has ruled in all sectors across all domains, be it economical, financial or political. The manufacturing industry saw this uncertainty translated into unpredictable demand patterns, increased credit restrictions, and a highly competitive environment driven by general overcapacity in most of the sectors.

In spite of this, Gee had another strong year in 2012 and has continued with the positive trend. Our results reflected the sound execution of our business plans, centered on expansion and disciplined cost and asset management. Among our achievements, we delivered our highest-ever sales, made substantial inroads to new markets, and continued aggressive launches of advanced new products. As a result, the company is well-positioned to reap the benefits whenever there is upsurge in economy.

For fiscal 2012-13, Gee reported net sales and revenues of 1862.98 million, a growth of 8%. The net income reported was 46.40 million. The profit margins were adversely affected on account of hike in the material cost and unpredictable movement in the currency market.

The Company's performance affirmed the wisdom of keeping our eyes on the horizon and feet on the ground. That means investing to capitalize on powerful macroeconomic trends, while at the same time maintaining a laser-like focus on operational excellence and customer service. The Company continued to strengthen its financial condition.

We gain confidence as the Indian and Global Economy is gaining traction and is expected to perform better in this fiscal. The resurgence of the global growth is crucial for industrial recovery in India. India is tipped for resurgent growth, with the reform measures undertaken recently. The measures include liberalization of FDI in multi-brand retail, amendment of the Banking Regulation Act and expeditious decisions on approvals for implementation of mega projects. The impact of these steps will be felt on macro parameters in the current fiscal. Economic growth is projected to be in the range of 6.1%-6.7% in 2013-14.

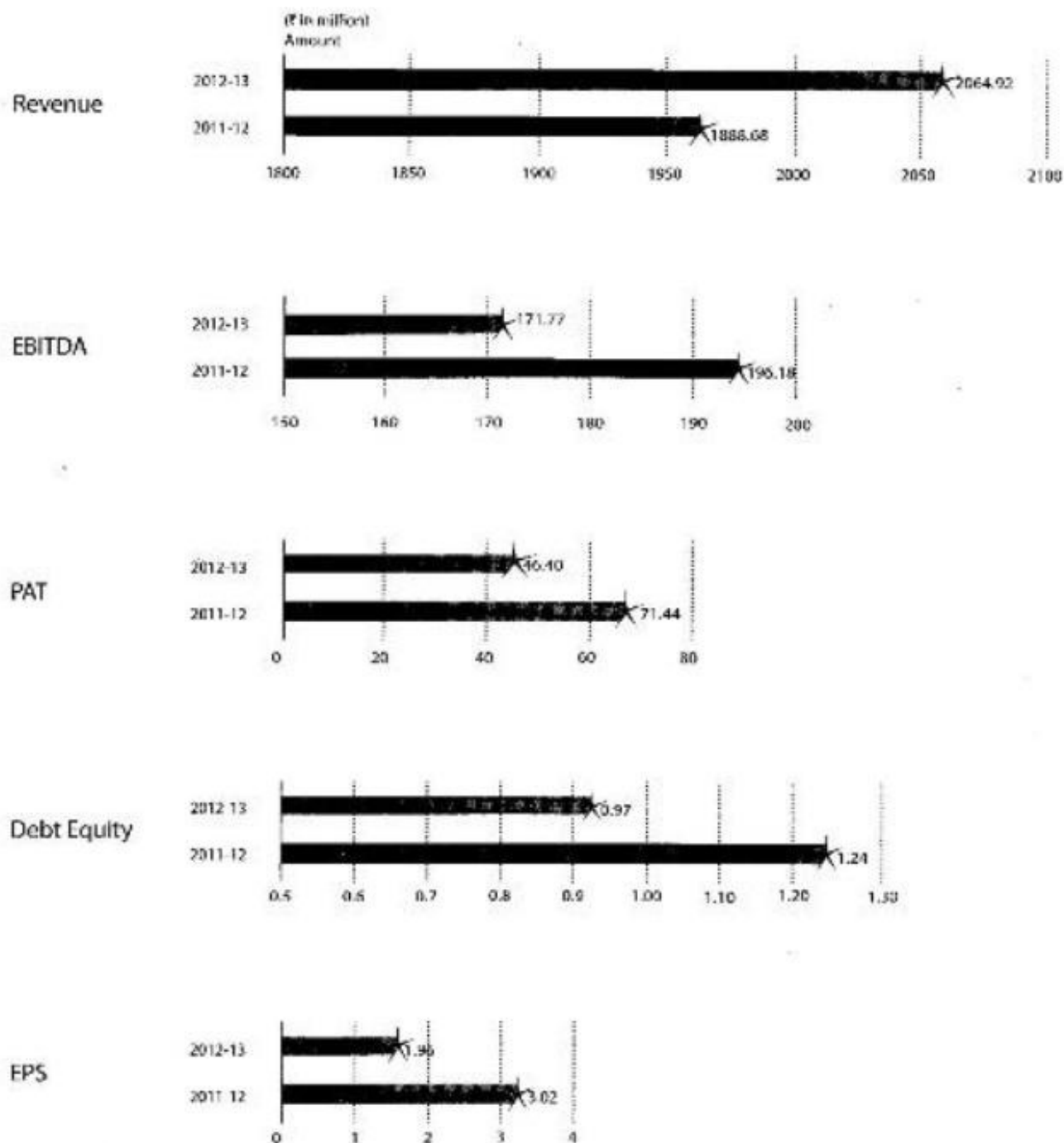
We resolve to put in our best to achieve greater heights in the time to come.

Yours Sincerely,

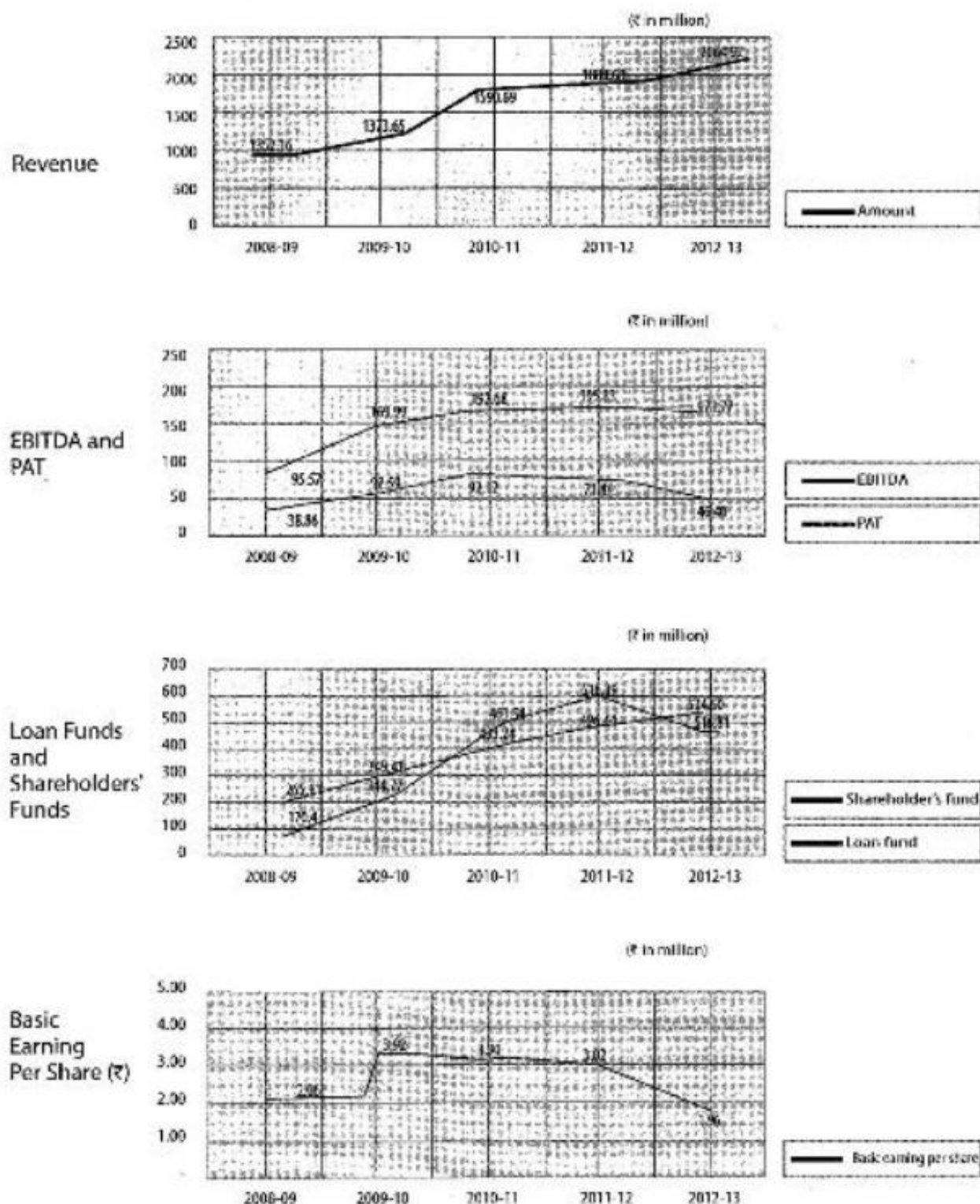
S.L. Agarwal

Managing Director

2012-2013 Highlights



Five Years at a glance



DIRECTORS' REPORT

Dear Shareholders

Your Directors have pleasure in presenting the 52nd Annual Report of the Company together with the Audited Accounts for the year ended 31st March 2013.

Financial Results

Key aspects of your Company's financial performance for the year 2012-13 are tabulated below:-

(₹ in million)		
Particular	2012-2013	2011-2012
Sales (Gross) & Other Income	2080.01	1896.88
Profit before Interest & Depreciation	171.77	195.83
Financial Charges	74.59	74.15
Depreciation	22.88	20.11
Profit before Taxes	74.30	101.57
Payment / Provision for Taxes	27.90	30.13
Profit after Taxes	46.40	71.44
Profit brought forward	247.57	199.37
Appropriation to:		
General Reserve	15.00	15.00
Proposed Dividend	7.08	7.08
Tax on Proposed Dividend	1.15	1.15
Profit carried to Balance Sheet	270.73	247.57

Dividend

Your Directors have also recommended, for consideration of shareholders at the Annual General Meeting, Dividend @ 15% (₹ 0.30/- per share of ₹ 2 each), on 2,36,25,878 equity shares. The Dividend will be paid in compliance with applicable regulations.

Business Operations

The Indian economy grew at the slowest pace in a decade at a mere 5% in 2012-13 compared to 6.9% in last fiscal. The net turnover of the Company increased by 7.6%, from INR 1732 million in 2011-12 to INR 1863 million in 2012-13. Exports of the Company grew substantially by 41% with the Company further exploring new markets with a view to boost the same.

Although the direct and indirect costs were under tight control, the raw material prices shot up sharply, leading to an increase of 2.3% in the Cost of goods sold. This hike in material consumption cost took a direct hit on the PBT margins, which slid down sharply by almost 2%, from INR 101.57 million in 2011-12 to INR 74.30 million in 2012-13.

As discussed in the last fiscal, the Company has taken Foreign Currency denominated loans to cut down on the interest cost. Although interest paid on these loans were lower than Rupee denominated loan, the appreciation in US Dollar vis-à-vis the INR led to substantial losses being booked on repayment and realignment of the loan on balance sheet date.

There was no addition to the fixed asset base of the Company in the current fiscal. In these turbulent times, the Company's strategy is to maximize the returns from the existing capital asset base and expand its reach across all sectors of the economy. The highlights and details are discussed under the Management Discussion and Analysis attached as Annexure - D to this report. The Company is confident of overcoming the hurdles posed by the economy in its lowest growth phase.

Energy, Technology & Foreign Exchange

A statement giving details of conservation of energy, technology absorption and foreign exchange earning and outgo in terms of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed hereto in Annexure-A.

Fixed Deposits

The Company has neither accepted nor renewed any Fixed Deposit from the public during the year and as on 31st March 2013, there were no outstanding deposits.

CORPORATE MATTERS

Corporate Governance

The Company has complied with the Corporate Governance code as stipulated under the listing agreement executed with the Stock Exchange. A separate section on Corporate Governance along with a certificate from the auditors of the company confirming the compliance is annexed and forms part of this Report.

Directors

The respected Directors, Mr. Ashok Kumar, Director and Mr. Sujit Sen, Director, retire by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment. The necessary resolutions are being placed before the shareholders for approval.

DIRECTORS' RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217 (2AA) OF THE COMPANIES ACT, 1956.

Your Directors hereby confirm that:

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) the directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- iii) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) the directors have prepared the annual accounts on a going concern basis.

Internal Control System and Adequacy

Your Company maintains an adequate system of internal control including a suitable monitoring process. For the purpose of financial control, the Company is adequately staffed with experienced and qualified personnel at all levels and plays an important role in implementing and monitoring the statutory and internal policy control.

The internal audit department regularly conducts reviews to assess financial and operating controls at various locations of your Company. Any significant issue is brought to the notice of the Audit Committee.

Auditors

M/s. Ford, Rhodes, Parks & Co., Chartered Accountants, Mumbai retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment. The Company has received certificates from them that their appointment will be within the limits prescribed under Section 224(1-B) of the Companies Act, 1956. The necessary resolution is being placed before the shareholders for approval.

Employees

There were no employees drawing remuneration in excess of ceiling(s) prescribed under Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975.

Acknowledgement

Your Directors also wish to appreciate the dedication and commitment displayed by employees at all levels and also express their sincere thanks and appreciation to Financial Institutions, Banks and Shareholders, the State and Central Government, customers, dealers and suppliers for their continued support and co-operation.

For and on behalf of the Board

Place: Thane
Date: August 5th, 2013

S. L. AGARWAL
Managing Director

S. M. AGARWAL
Executive Director

Annexure A to the Directors' Report

[Additional Information in terms of Notification No.1029 of 16.12.1988 issued by the Department of Company Affairs]

[A] Conservation of Energy

The disclosure of conservation of energy has not been provided as the Company is not covered under the list of specified industries under the Disclosure of Particulars in the Report of Board of Directors Rules, 1988. However, required conservation measures mentioned below are undertaken by the Company:

- Fuel consumption in DG sets was reduced by using automatic change-over and APFC panels.
- Introduction of AC Induction Motors in place of DC Motors.
- ETP/STP Installations enabled use of recycled water.
- Blowers and cooling fans in equipment re-wired to run only when PDM equipment is in use.
- Introduction of gas fired heating system in replacement of static oven heaters.

[B] TECHNOLOGY ABSORPTION, RESEARCH & DEVELOPMENT

Efforts made towards technology absorption and R&D is given as per Form-B annexed herewith.

[C] FOREIGN EXCHANGE EARNINGS & OUTGO

Details of earnings and outgo of foreign exchange are given in Schedule 22, Notes to the Accounts. The Company continues to strive to improve its export earnings.

FORM B (See Rule-2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION

[A] RESEARCH & DEVELOPMENT (R&D)

1. SPECIFIC AREAS IN WHICH R&D CARRIED OUT BY THE COMPANY:

Improvement / Technology upgradation of the Company's existing products and Research and Development of alternate raw material with a view to improve quality, minimize imports and to reduce costs. A new spectrometer was added to enhance the quality standards across all product ranges.

2. BENEFITS DERIVED AS A RESULT OF THE ABOVE R&D :

- Wider range of electrodes, enhanced value equation and greater customer satisfaction.

3. FUTURE PLAN OF ACTION:

- The Company intends to pursue technology innovation, renewed up-gradation in its product range consistently to enhance consumer service and reduce costs at all levels.

4. EXPENDITURE ON R&D

	2012-2013	R in million) 2011-2012
a) Capital	—	—
b) Recurring	—	—
c) Total	—	—
d) Total R&D expenditure as a percentage of total turnover	—	—

[B] TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. EFFORTS IN BRIEF, MADE TOWARDS TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

The following measures are undertaken by the Company:

- Development of welding consumables for Super Thermal power plant with special chemical and mechanical properties.
- Development of Non-synthetic basic type of electrode for Hydro-Power electrical plants.
- Development of special binder for achieving extremely low hydrogen in the welding electrodes.
- Welding Consumables developed for cryogenic steels used in fertilizers and petrochemical sectors.
- Development of welding consumables for welding special grade of steels used in defence shipbuilding industries.
- Welding Consumables developed for armour steels used in army tanks.

2. BENEFITS DERIVED AS A RESULT OF THE ABOVE EFFORTS, E.g. Product Development, Import Substitution Etc.:

The benefits derived from the mentioned technology absorption measures:

- Significant reduction in power and fuel cost.
- Improvement in quality of electrode.

3. PARTICULARS OF IMPORTED TECHNOLOGY IN THE LAST FIVE YEARS:

- a) Technology Imported : N.A.
- b) Year of Import : N.A.
- c) Has technology been fully absorbed : N.A.
- d) If not fully absorbed, reason & future action plan : N.A.

Annexure B to the Directors' Report Report on Corporate Governance

Introduction

Your Company has complied in all material aspects with the provisions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange.

A report on the implementation of the Corporate Governance of the Listing Agreement by the Company is provided below.

Company's Philosophy

Corporate Governance is about commitment to values and integrity in directing the affairs of the Company. It is an integral part of strategic management. Its basic tenets are adherence to ethical business practices; responsibility and accountability; honesty and transparency in the functioning of the management and the Board; true, complete and timely disclosures; and compliance of law. The Company's philosophy is to uphold the core values of ethics and create maximum shareholder value without compromising the integrity of business practices.

The Board of Directors and the management of GEE Limited commit themselves to:

- Strive towards enhancement of shareholder value through sound business decisions
 - Prudent financial management and
 - High standards of ethics throughout the organization
- Ensure transparency and professionalism in all decisions and transactions of the Company

1. Board of Directors

During the year, 5 Board Meetings were held on 30.05.2012, 31.07.2012, 17.09.2012, 09.11.2012 and 31.01.2013

None of the Directors of the Board is a member of more than ten committees and they do not act as Chairman of more than five committees across all companies in which they are directors.

The composition of Directors and the attendance at the Board Meetings during the year and the last Annual General Meeting and also number of other directorships and Committee Memberships are given below:

Sl.No.	Name of Director	Category of Directorship	No. of Board Meetings attended	Attendance at last AGM	No. of other Directorships	No. of Member of other Committees	Chairmanship of other Committee(s)	Note No.
1	Mr. S.L. Agarwal	Managing Director	5	Yes	3	2	-	A
2	Mr. S.M. Agarwal	Executive Director	5	Yes	-	2	-	A
3	Mr. G.K. Saraf	Executive Director	-	No	5	-	-	A
4	Mr. M.P. Dhanuka	Executive Director (Marketing)	5	Yes	-	-	-	C
5	Mr. Ashok Kumar	Non-executive Director	-	No	-	3	-	B
6	Mr. Sujit Sen	Non-executive Director	1	Yes	1	1	2	B
7	Mr. Utsav Kapadia	Non-executive Director	3	Yes	11	-	-	B
8	Mr. K.M. Panthali	Non-executive Director	4	Yes	1	3	1	B

A. Promoter Directors.

B. Non-executive and Independent Directors.

C. Executive and Independent Directors.

Equity Shares held by Directors

Name of the Director	No. of Equity shares
Mr. S.L. Agarwal	1,843,938
Mr. S.M. Agarwal	423,898
Mr. G. K. Saraf	197,868
Mr. Utsav Kapadia	93,122

2. Secretarial Standards

The Institute of Company Secretaries of India (ICSI) has laid down Standards on secretarial practices relating to meetings of the Board and Board Committees, General Meetings, dividends etc. The Secretarial and the operating practices of the Company are in line with the above Secretarial Standards.

All the information required under Annexure-I to Clause 49 of the Listing Agreement with Stock Exchanges is being placed before the Board at every meeting, with the current status duly updated.

3. Audit Committee**Composition & Meeting**

The Audit Committee's terms of reference conforms to section 292A of Companies Act, 1956 as well as Clause 49 of the Listing Agreement. During the Financial Year 2012-13, four meetings of Audit Committee were held as follows:-

Sl. No.	Name of Director	Status	Meetings attended (Y/N)			
			30.05.12	31.07.12	09.11.12	31.01.13
1	Mr. Sujit Sen	Chairman & Non-executive Independent Director	N	N	N	N
2	Mr. Ashok Kumar	Non-executive Independent Director	N	N	N	N
3	Mr. K. M. Panthaki	Non-executive Independent Director	Y	Y	Y	Y
4	Mr. S. L. Agarwal	Executive Non Independent Director	Y	Y	Y	Y
5	Mr. S. M. Agarwal	Executive Non-Independent Director	Y	Y	Y	Y

The Statutory Auditor (if need arise), Internal Auditors are invitees to the Audit Committee Meetings.

4. Remuneration Committee

Your Company has formed a Remuneration Committee to lay down the norms for determination of remuneration of the executive as well as non-executive directors and executives at all levels of the Company. The Remuneration Committee has been assigned to approve and settle the remuneration package with the optimum blending of monetary and non-monetary outlay.

Composition of Remuneration Committee

Sl. No.	Name of the Director	Status	Designation in Committee
1	Mr. Sujit Sen	Non-Executive Director	Chairman
2	Mr. Ashok Kumar	Non-Executive Director	Member
3	Mr. K. M. Panthaki	Non-Executive Director	Member

5. Remuneration Policy

The remuneration policy of the Company is directed towards rewarding performance, based on review of achievements on a periodical basis. The remuneration policy is in consonance with the existing industry practices.

The remuneration of Executive Directors largely comprises basic remuneration and perquisites. There are no stock option benefits to any of the Directors. The non-executive Directors do not draw any remuneration from the Company.

Particulars of Directors' Remuneration during the financial year ended 31st March, 2013

Name of Director	Salary & Perquisites # (₹)	Sitting Fees (₹)	Total
Mr. S.L. Agarwal Managing Director	2,340,000	NIL	2,340,000
Mr. S.M. Agarwal Executive Director	1,405,996	NIL	1,405,996
Mr. G. K. Saraf Executive Director	2,253,336	NIL	2,253,336
Mr. M.P. Dhanuka Executive Director Marketing	3,067,800	NIL	3,067,800
Mr. Utsav Kapadia Director		15,000	15,000
Mr. K.M. Panthaki Director		20,000	20,000
Mr. Sujit Sen Director		5,000	5,000

Perquisites includes Leave Travel Allowance, Medical Expenses & Company's Contribution to Provident and Superannuation Funds and other Allowances.

6. Share Transfer-cum-Shareholder / Investor Grievance Committee

Your Company has constituted a permanent Shareholders' Grievance Committee to look into the shareholders' grievances. The committee oversees the performance of the Registrar and Share Transfer Agent and recommends measures for overall improvement in quality of investor service.

Name	Category of Directorship	Designation
Mr. K.M. Panthaki	Non-Executive & Independent Director	Chairman
Mr. S.L. Agarwal	Executive Director	Member
Mr. S.M. Agarwal	Executive Director	Member
Mr. Ashok Kumar	Non-Executive & Independent Director	Member
Mr. Sujit Sen	Non-Executive & Independent Director	Member

Complaint Status

During the year the Company has not received any complaints from the shareholders. As on date, there are no pending complaint of any shareholder.