

53rd

Annual Report 2013-2014



GWELD

SEAL OF TRUST

GEE LIMITED

The Board of Directors

S. L. Agarwal
Managing Director

S. M. Agarwal
Executive Director

G. K. Saraf
Executive Director

M. P. Dhanuka
Executive Director (Marketing)

Utsav Kapadia
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

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 East, Mumbai - 400 072

Bankers

State Bank of India
The Thane Janata Sahakari Bank Ltd.
ICICI Bank Limited

Auditors

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



Mumbai Plant



Kolkata Plant

DIRECTORS' REPORT

Dear Shareholders

Your Directors have pleasure in presenting the 53rd Annual Report of the Company together with the Audited Accounts for the year ended 31st March 2014.

Financial Results

Key aspects of your Company's financial performance for the year 2013-14 are tabulated below:-

(₹ in million)

Particular	2013-2014	2012-2013
Sales (Gross) & Other Income	1859.55	2080.01
Profit before Interest & Depreciation	159.54	171.77
Financial Charges	70.74	74.59
Depreciation	25.55	22.88
Profit before Taxes	63.25	74.30
Payment / Provision for Taxes	20.47	27.90
Profit after Taxes	42.78	46.40
Profit brought forward	270.73	247.57
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	290.28	270.73

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, performed dismally at 4.8% in the last fiscal. GDP growth estimates were continuously revised downwards and the impact was particularly negative on the manufacturing sector. The net turnover of the Company saw a decline of 10% from INR 1863 million in 2012-13 to INR 1674 million in 2013-14. The Company continued to optimize its resources and controlling cost on all fronts. This stringent control across all departments, led to maintaining the operating margins at 3.8% of the turnover. As discussed in the last fiscal, the Company had taken Foreign Currency denominated loans. During the current fiscal 2013-14, the Company repaid all such loans and all the borrowings of the Company are now in INR. However, the appreciation in US Dollar vis-à-vis the INR led to substantial losses on account of repayment.

In view of the current economic conditions, the Company is not committing significant capital expenditure. The highlights and details are discussed under the Management Discussion and Analysis attached as Annexure - D to this report.

It is expected that with the new Government in office, the economic activity shall pick up. Most of the experts have accelerated growth targets for the current financial year. Your Company is fully geared up to take advantage of upsurge in economy.

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 2014, 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. S. L. Agarwal, Managing Director & Mr. S. M. Agarwal, Executive 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 : June 30, 2014

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 PDN 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

	2013-2014	(₹ in million) 2012-2013
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, 4 Board Meetings were held on 30.05.2013, 05.08.2013, 14.11.2013 and 10.02.2014

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	4	Yes	3	2	-	A
2	Mr. S.M. Agarwal	Executive Director	4	Yes	-	2	-	A
3	Mr. G. K. Saraf	Executive Director	1	No	5	-	-	A
4	Mr. M. P. Dhanuka	Executive Director (Marketing)	4	Yes	-	-	-	C
5	Mr. Ashok Kumar	Non-executive Director	-	No	2	3	-	B
6	Mr. Sujit Sen	Non-executive Director	1	Yes	1	3	2	B
7	Mr. Utsav Kapadia	Non-executive Director	-	Yes	10	-	-	B
8	Mr. K.M. Panthaki	Non-executive Director	1	Yes	-	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	1,943,938
Mr. S.M. Agarwal	558,898
Mr. G. K. Saraf	227,611
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 2013-14, four meetings of Audit Committee were held as follows:-

Sl. No.	Name of Director	Status	Meetings attended (Y/N)			
			30.05.13	05.08.13	14.11.13	10.02.14
1	Mr. Sujit Sen	Chairman & Non-executive Independent Director	N	Y	N	N
2	Mr. Ashok Kumar	Non-executive Independent Director	N	N	N	N
3	Mr. K. M. Panthaki	Non-executive Independent Director	N	N	N	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, 2014

Name of Director	Salary & Perquisites # (₹)	Sitting Fees (₹)	Total
Mr. S.L. Agarwal Managing Director	2,694,664	NIL	2,694,996
Mr. S.M. Agarwal Executive Director	1,399,996	NIL	1,399,996
Mr. G. K. Saraf Executive Director	2,594,901	NIL	2,594,901
Mr. M.P. Dhanuka Executive Director Marketing	3,057,000	NIL	3,057,000
Mr. Utsav Kapadia Director	-	5,000	5,000
Mr. K.M.Panthaki Director	-	-	-
Mr. Sujit Sen Director	-	-	-

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.

7. General Body Meetings

The details of Annual General Meetings held during the last three years are as under :-

Year	Date	Time	Venue	Special Resolution Passed
2012-13	14th September, 2013	12.45 p.m.	Hotel Satkar Residency, Pokhran Road No.1, Thane(West) 400 606.	0
2011-12	17th September, 2012	04.00 p.m.	Hotel Satkar Residency, Pokhran Road No.1, Thane(West) 400 606.	0
2010-11	17th September, 2011	11.30 p.m.	Hotel Satkar Residency, Pokhran Road No.1, Thane(West) 400 606.	0

Details of the Last Three Extra Ordinary General Meetings

Year	Date	Time	Venue
2012-13	NIL	NIL	NIL
2011-12	NIL	NIL	NIL
2010-11	NIL	NIL	NIL

All the resolutions placed before the shareholders at the above meetings were approved.

8. Disclosures

Details of related party transactions during the year have been set out under Note No.38 of the Annual Accounts. However, these have no potential conflict with the interests of the company at large.

There were no instances of non-compliance or penalty, strictures imposed on the Company by Stock Exchanges / SEBI or any other statutory authorities on any matter related to capital markets, during the last three years.

Presently the Company does not have a Whistle Blower Policy but has a policy similar to it, which is called Open Talk. No personnel of the Company has been denied access to the Audit Committee.

GEE Limited has implemented a Code of Conduct based on its business principles along with implementation framework for its Directors and senior management of the Company. In compliance with the code, Directors and senior management of the Company have affirmed compliance with the Code for the year ended on 31st March 2014. A declaration to this effect signed by the Managing Director form part of this Annual Report.

9. Means of Communication

The financial results of the Company are published in widely circulating dailies such as Free Press Journal & Navashakti. Information released to the press at the time of declaration of results is also sent to 'The Bombay Stock Exchange' where the shares of the Company are listed for trading.

All the above results and documents are also displayed on the Company's official website www.geelimited.com

10. Management Discussion & Analysis Report

The comprehensive Management Discussion & Analysis Report has been enclosed with this report.

11. Compliance**Mandatory requirements**

The Company has fully complied with the applicable mandatory requirements of the Clause 49.

Adoption of non-mandatory requirements**1. Tenure of Independent Directors**

No specific tenure has been specified for the Independent Directors.

2. Remuneration Committee

The Company has Remuneration Committee that comprises of three members. The Chairman of the Committee is an independent Director.

3. Audit Qualifications

The Auditors have raised no qualification for the Financial Statements of the Company.

4. Whistle Blower Policy

The Company does not presently have a Whistle Blower Policy in place, but a similar policy called Open Talk. However, no personnel are denied access to the Audit Committee.

Compliance Certificate of the Auditors

The Statutory Auditors' Certificate that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchange is annexed hereto as Annexure C to the Directors' Report.

12. CEO / CFO Certification

The Managing Director (de-facto Chief Executive Officer) has given a certificate to the Board as contemplated in Clause 49 of the Listing Agreement, attached hereto in Annexure - E to the Directors' Report.

13. General Shareholder Information

Annual General Meeting (Date, Time & Venue)	Saturday, August 2 nd , 2014 at 2.00 p.m. at Hotel Satkar Residency, Pokhran Rd. No. 1, Thane (W)-400604, Mumbai, Maharashtra
Financial Year	1st April 2013 - 31st March 2014
Dividend for Financial Year 2013-14	The Board of Directors has, subject to the approval of Shareholders at Annual General Meeting, recommended dividend @ 15% for the financial year 2013-14
Listing on Stock Exchange	Shares of the Company are listed on The Bombay Stock Exchange, Mumbai. Annual Listing fees have been duly paid to The Bombay Stock Exchange
Stock Code	504028
Financial Calendar 2013-14 (Tentative & subject to change)	1. First Quarter result-31st July, 2014 2. Second Quarter result-31st October, 2014 3. Third Quarter result-31st January, 2015 4. Fourth Quarter result-30th May, 2015 5. Audited yearly result for the year ended March, 2015-End of May 2015
Register & Transfer Agents (both for Electronic & Physical Segment)	Sharepro Services (India) Pvt. Ltd., 13 AB Samhita Warehousing Complex, 2nd Floor, Off. Andheri Kurla Road, Sakinaka Telephone Exchange Lane, Sakinaka, Andheri East, Mumbai 400 072
Share Transfer Systems	The share transfers that are received in physical form are processed and the share certificates returned within 30 days of lodgement subject to the documents being valid and complete in all respects
Dematerialization of Shares	The Company's shares are available for dematerialization on both the depositories viz. National Securities Depository Ltd. (NSDL) and Central Depository Service Ltd. (CDSL). The ISIN No. allotted to equity shares of the Company is INE 064H01021
Regd. Office	Plot No. E-1, Road No.7, Wagle Industrial Estate, Thane(W) - 400604
Address for Correspondence	Plot No. 12B, MIDC, Kalyan Bhiwandi Road, Saravali, Kalyan (W) - 421 311
Compliance Officer	SANWARMAL AGARWAL (EXECUTIVE DIRECTOR) Tel: 02522 281176/88, Fax: 02522 281199, E-Mail: shares@geelimited.com