



AANKIT GRANITES LIMITED

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15TH

ANNUAL REPORT
2003 - 2004

GRANITETHE BEAUTY OF NATURE



BOARD OF DIRECTORS : **Dr. ADARSH KUMAR** - *Managing Director*
Mr. NEERAJ GUPTA - *Commercial Director*
MRS URMILA RANI - *Director*
Mr. ANUJ KUMAR SINGHAL - *Director*
Mr. K.B. MURUGENDRAPPA - *Director*

AUDITORS : **DALAL & SHAH**
Chartered Accountants

BANKERS : **BANK OF BARODA**
CANARA BANK

REGISTERED OFFICE : **NO.886, 19TH MAIN, 4TH CROSS, B.T.M. LAYOUT,
 II STAGE, BANGALORE - 560 076.**

CORPORATE OFFICE : **37, SIPCOT INDUSTRIAL COMPLEX**
 WORKS & SHARE **HOSUR - 635 126**
 DEPARTMENT **TAMILNADU**

PHONE : **04344 - 276273 / 276275**
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 WEBSITE : **www.aankitstone.com**



NOTICE TO MEMBERS

Notice is hereby given that the Fifteenth Annual General meeting of the members of the Company will be held at Hotel Pai Vijay, 11th Main, 4th Block, Jayanagar, Bangalore-560 011. on Friday the 6th Day of August' 2004 at 12.30 P.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2004 and the Profit and Loss Account for the year ended as on that date together with the reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mrs. Urmila Rani, who retires by rotation, and who has offered for re-appointment.
3. To note that Mr. Neeraj Gupta, retires by rotation and he has not offered for re-appointment.
4. To appoint the Auditors and authorize the Board to fix their remuneration. In this connection, to consider and, if thought fit, to pass, with or without modifications(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT Messrs. Dalal & Shah, Chartered Accountants, Mumbai be and are hereby reappointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and authorise the Board to fix their remuneration".

5. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Section 228 and other applicable provisions, if any, of the Companies Act, 1956, the Board of Directors of the Company be and are hereby authorised to appoint Messrs. Natarajan & Swaminathan, Certified Public Accountants, Singapore as Branch Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and that the Board be authorised to fix the remuneration thereof".

SPECIAL BUSINESS:

6. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to Section 257, and other applicable provisions if any of the Companies Act, 1956, Mr. K.B. Murugendrappa be and is hereby appointed as a Director of the Company liable to retire by rotation"

By Order of the Board
For **AANKIT GRANITES LIMITED**

Place: **Bangalore**
Date: **29th June 2004**

DR. ADARSH KUMAR
MANAGING DIRECTOR

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself or herself and such Proxies need not be members of the company. Proxies, to be effective must be deposited with the company not less than 48 hours before the commencement of the meeting.
2. Change of address, if any, may kindly be intimated to the Company's Corporate Office and Share Department at 37, Sipcot Industrial Complex, Hosur-635 126, Tamilnadu.
3. Members are requested to bring the copies of Annual Report to the meeting
4. The share transfer books and register of members will remain closed on 6th August'2004.
5. Explanatory Statement as per Section 173(2) of the Companies Act, 1956 is attached.
6. Information pursuant to clause 49 of the listing-agreement regarding re-appointment of Directors is furnished.

ANNEXURE TO THE NOTICE**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT 1956.****ITEM 5:**

The Board of Directors at its meeting held on 25th April 2004 had co-opted Mr. K.B. Murugendrappa as Director of the Company and he holds office upto the date of ensuing Annual General Meeting under Section 260 of the Companies Act, 1956. Due notice under Section 257 of the Act has been received from a Member proposing the appointment of Mr. K.B. Murugendrappa as a Director of the Company along with a deposit of Rs.500/-.

Brief Profile of Mr. K.B. Murugendrappa:

Mr K B Murugendrappa is a Graduate in Commerce and is a Member of the Institute of Chartered Accountants of India. He had served heading the Finance portfolio in public sector and private sector enterprises for over 12 years. He has been practising as Chartered Accountant and has wide experience in Finance related affairs.

Mr Murugendrappa has been appointed as Chairman of the Audit Committee.

Your Board recommends the resolution for your approval.

Except Mr Murugendrappa himself, no other Director is interested or concerned in the resolution.

AANKIT GRANITES LIMITED

**ADDITIONAL INFORMATION ON DIRECTOR RETIRING BY ROTATION AND SEEKING ELECTION AT THE ANNUAL GENERAL MEETING.**

(Pursuant to Clause 49 VI of the Listing Agreement) *Profile of Mrs. Urmila Rani*

Mrs Urmila Rani has been a Director of the Company from 15.03.1998. She has vast exposure to the business that the Company is carrying on. Her continuation on the Board will only add strength to the Company. She is not Director on any other Board of Directors.

By Order of the Board
For **AANKIT GRANITES LIMITED**

Place: **Bangalore**
Date: **29th June 2004**

DR. ADARSH KUMAR
MANAGING DIRECTOR

DIRECTORS' REPORT

To

THE AANKIT SHARE OWNERS

Your Directors have pleasure in presenting the Fifteenth Annual Report together with the Audited Statement of Accounts for the Year ended 31.03.2004

Financial Results:

Performance of the Company for the financial year 2003-04 is summarized as below.

(Rupees in Lacs)

Particulars	31.03.2004	31.03.2003
Gross Income	1654.87	2132.24
Expenditure Other than Depreciation	1532.11	1891.37
Profit Before Depreciation	122.76	240.87
Less Depreciation	95.40	93.63
Profit After Depreciation	27.36	147.24
Add : Extra-Ordinary Item	Nil	1179.08
Less: Income Tax	2.20	12.50
Prior Period Adjustments (Net)	3.60	7.22
Profit after Extra-Ordinary Item and Prior Period Adjustment	21.56	1306.60

DIVIDEND:

In view of the carry forward losses, the Board of Directors express their inability to recommend any dividend for the year

MANAGEMENT DISCUSSION & ANALYSIS:**Operations & Performance:**

Production / Purchase for the Year	:	1,04,764.00 Sqm
Dispatches for the year	:	1,12,456.00 Sqm
Sales Value for the year in Rs.	:	1,632.41 Lacs

The Market continues to be depressed with demand for longer credit allowed by International Competitors. In view of the stiff competition by Chinese manufacturers and shrinking market, the business during the year was reduced. consequent to this there had been fall in gross sales from Rs.2110.36 lacs in 2002-2003 to Rs.1632.41 lacs in 2003-2004.

OUTLOOK:

- In view of the stiff competition from International Manufacturers the prices have drastically reduced resulting in reduced realization on pro-rata basis
- Since the Company does not have any facility with the banks the working capital needs of the company could not be met as a consequence the production also came down even though the order book of the company is fairly satisfactory.
- The Branch operation in Singapore was closed during the year and sales from this branch was also only for a part of the year.

The Market for tiles is becoming increasingly competitive both in terms of prices as well as order volumes. Chinese manufacturers continue to offer lower prices and longer credits, which has forced your company to fall in line.

Considering the reduction in business in Singapore, your company has called back its representatives from Singapore which area will be serviced from India and the business prospects is not very bright.

INTERNAL CONTROL SYSTEM:

The Company has got an adequate system of Internal Control commensurate with the size of its operation and it is properly designed to protect and safeguard the assets of the Company. There is a proper system for recording the transactions which ensures that each transaction is properly authorized and executed according to the norms.

**FOREIGN EXCHANGE TRANSACTIONS:**

Foreign Exchange Earnings	Rs. 1632.41 Lakhs
Foreign Exchange Outgo	Rs. 137.32 Lakhs

ACKNOWLEDGEMENT:

The Board of Directors wish to thank all the Shareholders, Government Authorities, Financial Institutions, Bankers, Suppliers, Customers and all the Employees for their continued assistance, support, cooperation and direction to the company during the year under review.

By Order of the Board
For **AANKIT GRANITES LIMITED**

Place: **Bangalore**
Date: **29th June 2004**

DR. ADARSH KUMAR
MANAGING DIRECTOR

URMILA RANI
DIRECTOR

ANNEXURE TO DIRECTORS' REPORT – CONTD.**REPORT ON CORPORATE GOVERNANCE AS PER CLAUSE 49 OF THE LISTING AGREEMENT.****1. BRIEF STATEMENT ON COMPANY'S PHILOSOPHY ON THE CODE OF GOVERNANCE.**

Aankit Granites Limited believes that good Corporate Governance is essential to achieve long-term corporate goals and to enhance stakeholders' value. The Company's philosophy on Corporate Governance envisage attainment of high level transparency, accountability and integrity in the functioning of the Company and the conduct of its business, its relationship with employees, stakeholders, creditors, customers and institutional and other lenders. The Company places due emphasis on regulatory compliance.

During the year the Company complied with most of the requirements as per clause 49 of the listing agreement with Stock Exchanges and Companies Act, 1956 except the formation of the Committees where Independent Directors are required.

Due to accumulated losses, the Company could not meet its commitments to the Financial Institutions and as a consequence, the Company was declared "sick" by Board for Industrial & Financial Reconstruction. Any Director connected with such companies will be disqualified from becoming Directors of other companies. However, with great difficulty the Company could get the consent of one Chartered Accountant to act as Independent Director and to act as Chairman of Audit Committee.

In view of the above the Company could not form Remuneration Committee, Share Holders Committee and other Committees where in the independent Directors are involved, even though the principles of governance of such committees have been followed.

The Company believes that its systems and actions must be integrated for enhancement of corporate performance resulting in the maximization of stakeholders' value in the long run.

2. BOARD OF DIRECTORS

The Board of Directors consists of 5 Directors, out of which 3 are Independent Directors. The composition of the Board and category is as follows:

Sl.No.	Name of the Director	Category
1.	Mr. Adarsh Kumar	Promoter / Executive Director
2.	Smt. Urmila Rani	Non-Executive Director
3.	Mr. Neeraj Gupta	Promoter / Executive Director
4.	Mr. Anuj Kumar Singhal	Independent Director/Non Executive
5.	Mr. K. B. Murugendrappa	Independent Director/Non Executive

Bio-Data of Directors Proposed to be appointed/re-appointed

Name of the Director	Mr. K. B. Murugendrappa	Mrs. Urmila Rani
Qualification	Chartered Accountant	Intermediate
Nature of Expertise	Financial Management	Administration
Date of First Appointment	25-4-2004	15.03.1998
Name of the Other Companies in which he holds Directorship	Nil	Nil

None of the Non-executive Directors of the Company has any pecuniary relationship or transaction with the Company.

3. BOARD MEETING AND PROCEDURES:**a. Scheduling and selection of Agenda Items for Board Meetings.**

- The Company holds minimum of four Board Meetings in each year, which are pre-scheduled after the end of each financial quarter. Apart from the four prescheduled Board Meetings, additional Board Meetings are convened by giving appropriate notice at any time to address the specific needs of the company. The Board may also approve/permit urgent matters by passing resolutions by circulation. The Managing Director would give an overview of the performance of the Industry, in general and the Company, in



particular. The Board of Directors generally review the following:

- Annual operating plans
- Compliance with statutory and legal requirements.
- Adoption of quarterly un-audited (limited reviewed) financial results.
- Funding requirements and patterns of the Company.
- Transaction of Capital nature.
- Proceedings of the Committee Meetings.
- Technical Aspects of Production & Maintenance

- i. The Board invites the concerned managers for detailed discussion.
- ii. The Meetings are generally held at Company's Corporate Office at No.37, Sipcot Industrial Complex Hosur-635 126.
- iii. All Division/Department in the Company are encouraged to plan their functions well in advance, particularly with regard to matters requiring discussion/approval/decision in the Board. All such matters are communicated to the Company Secretary who assists the Company in compliance matters in advance so that the same could be included in the agenda for the Board Meetings.
- iv. The Board is given presentation covering Finance, Sales and Marketing, and the major business Operations of the Company, before taking on record the results of the Company for preceding financial quarter at each of the pre-scheduled Board Meetings. The Board's annual agenda includes recommending determining directors who shall retire by rotation and recommending, appointment of Directors/Auditors, authentication of annual accounts and approving Director's Report, long-term strategic plan for the Company and the principle issues that the Company expects to face in the future.
- v. The Chairman of the Board and the Part-time Company Secretary in consultation with other concerned persons in the senior management, finalise the agenda papers for the Board Meetings.

b. Distribution of Board Material in Advance.

- i. Agenda papers are circulated to the Directors in advance. All material information is incorporated in the agenda papers for facilitating and focused discussions at the meeting. Where it is not practicable to attach any document to the Agenda, the same are placed on the table at the meeting with specific reference to this effect in the agenda.
- ii. In special and exceptional circumstances, additional or supplementary item(s) on the agenda are permitted. Sensitive subject matters may be discussed at the meeting without written material being circulated in advance or at the meeting.

c. Recording minutes of proceedings at Board Meetings

The minutes of the proceedings of each Board Meeting is recorded. Draft minutes are circulated to all the members of the Board for their comments. The minutes of proceedings of the meeting is entered in the Minutes Book with in 30 days from the conclusion of the Meeting.

d. Compliance

The Finance Manager while preparing the agenda, notes on agenda, minutes etc., of the meeting(s), is responsible for and is required to ensure adherence to all the applicable provisions of law including the Companies Act, 1956 and the Secretarial Standards recommended by the Institution of Company Secretaries of India, New Delhi.

4. ATTENDANCE OF EACH DIRECTOR AT THE BOARD MEETINGS, LAST ANNUAL GENERAL MEETING AND NUMBER OF OTHER DIRECTORSHIP AND CHAIRMAN-SHIP OF COMMITTEE OF EACH DIRECTOR IN VARIOUS COMPANIES:

Sl. No.	Name of the Director	No. of Board Meetings Attended	AGM Attendend	No. Boards / Committees (Other then Ankit Granites Limited) in which Chairman / Member			
				Boards		Committees	
				Chairman	Member	Chairman	Member
1.	Mr. Adarsh Kumar	8	1	Nil	Nil	Nil	Nil
2.	Smt. Urmila Rani	8	1	Nil	Nil	Nil	Nil
3.	Mr. Neeraj Gupta	---	---	Nil	Nil	Nil	Nil
4.	Mr. Anuj Kumar Singhal	6	---	Nil	Nil	Nil	Nil

Mr. K.B. Murugendrappa was appointed as Director on 25th April 2004.

Number of Board Meetings held and date on which held :

The Company convened 8 (Eight) Board Meetings during the Financial Year 2003-2004. as against minimum requirement of 4 meetings. The dates on which the meetings held are as follows: 19th April '2003, 10th July '2003, 27th August '2003, 15th October '2003, 29th October '2003, 19th January '2004, 30th January'2004 and 1st March '2004. The company has held at least one meeting in every three months and the maximum time gap between any two meetings was not more than four months. None of the Directors of the Company was a member of more than ten committees nor was the Chairman of more than five committees across all companies in which he/she was a Director.

5. BOARD COMMITTEES:

Audit Committee/Remuneration Committee/Shareholders'/Investors' Grievance Committee

In accordance with clause 49 of the Listing Agreement as well as Under Section 292A of the Companies Act, 1956, the company is required to constitute Audit Committee.



Similarly the Company is also required to constitute Compensation, Remuneration, Investors' Grievances Committees.

On Account of huge losses, the Company was referred to Board for Industrial and Financial Reconstruction and was declared a Sick Industrial Undertaking under the Provisions of Sick Industrial Companies (Special Provisions) Act, 1985. Due to financial difficulties, the Company was not in a position to make the payments to various lenders on respective due dates.

For constituting above Committees sufficient number of Independent Directors are required to be on the Board of the Company. Since the Company was not regular in making payments to various lenders the Directors become disqualified to continue as Directors in other Companies. Hence no person was interested in becoming Director of the Company. However, with great difficulty one eminent Chartered Accountant accepted to be on the Board.

The Management of the Company approached various lenders and has reached One Time Settlement with them and net worth of the Company has since become positive. Now the Management is trying to approach suitable persons who can be inducted on the Board of the Company and required committees can be constituted.

6. GENERAL BODY MEETINGS

The Date, location and time of the last three Annual General Meetings of the Company are given below.

Financial Year	Location	Date	Time
2000 – 2001 AGM	Hotel Pai Vijay, 11th Main, 4th Block, Jayanagar, Bangalore-560 011	14th December, 2001	12.30 P.M.
2001 – 2002 AGM	Hotel Pai Vijay, 11th Main, 4th Block, Jayanagar, Bangalore-560 011	20th December, 2002	12.30 P.M.
2002 – 2003 AGM	Hotel Pai Vijay, 11th Main, 4th Block, Jayanagar, Bangalore-560 011	29th December, 2003	11.30 A.M.
2003 – 2004 EGM	No.37, Sipcot Industrial Complex, Hosur - 635 126	19th April, 2003	10.30 A.M.

There was no requirement of passing resolutions by way of Postal Ballot in the above said three Annual General Meetings.

7. DISCLOSURES

- There are no transactions of material nature with the Promoters, Directors or the management or their subsidiaries or relatives, etc., potentially conflicting with Company's interest at large, during the year.
- There were no instances of non-compliances or imposition of any penalty / strictures on the Company by the SEBI / Stock Exchange / any Statutory Authority, on any matter relating to capital markets, during the last three years.

8. MEANS OF COMMUNICATION

- Half – yearly report is not being sent to each household of shareholder or shareholders. However the same was published in (News Papers) The Asian Age & Sanje Vani and forwarded to stock exchanges.
- The Quarterly Financial results for the financial year 2003-04 were Published in The Asian Age and Sanje Vani and also sent to Stock Exchange.

9. GENERAL SHAREHOLDER INFORMATION:

a) Date, time and Venue of the Annual General Meeting	Date : 6th August '2004 Time : 12.30 P.M. Venue: Hotel Pai Vijay, 11 th Main, 4 th Block, Jayanagar, Bangalore-560 011
b) Financial Calendar	Financial year: 1st April to 31st March Unaudited Financial Results: Quarter Ending 30th June '04 — Last Week of July '04 Quarter Ending 30th Sept '04 — Last Week of Oct '04 Quarter Ending 31st Dec '04 — Last Week of Jan '05 Quarter Ending 31st March '05 — Last Week of April '05
c) Date of Book Closure	Financial year: 6th August to date of AGM
d) Dividend Payment Date	Not Applicable
e) Listing on Stock Exchange	Mumbai Stock Exchange and Bangalore Stock Exchange
f) Stock Code	AGR
g) Market Price Date : High, Low during each month in last Financial Year 2003-04	During the year, there were no transition in the Company's shares being perhaps a Sick Company
h) Registrars and Transfer Agent	In House Share Transfer SECRETRIAL DEPARTMENT AANKIT GRANITES LIMITED NO.37, SIPCOT INDUSTRIAL COMPLEX, HOSUR - 635 126. TAMIL NADU.
i) Share Transfer System	The Share Transfer Committee meets on Monthly basis for approval of share transfer in physical form. The processing activities with respect to request received from share transfers are complied within 10-15 days from the date of their receipt at the Corporate Office, provided the necessary documents are in order.