



AANKIT GRANITES LIMITED

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16TH

ANNUAL REPORT

2004 - 2005

GRANITETHE BEAUTY OF NATURE



BOARD OF DIRECTORS : Dr. ADARSH KUMAR - *Managing 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

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 WEBSITE : www.aankitstone.com

AANKIT GRANITES LIMITED



NOTICE TO MEMBERS

Notice is hereby given that the Sixteenth Annual General Meeting of the members of the Company will be held at 12.30 P.M. on Friday, the 9th September, 2005 at Hotel Pai Vijay, 11th Main, 4th Block, Jayanagar, Bangalore-560 011 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2005 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 Mr. Anuj Kumar Singhal, who retires by rotation, and being eligible, offers himself for re-appointment.
3. 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 modification(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".

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

Place: **Bangalore**
Date: **30th June 2005**

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 at the registered office of 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 9th September' 2005.
5. Information pursuant to clause 49 of the listing-agreement regarding re-appointment of Directors is furnished.

ANNEXURE TO THE NOTICE**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 Mr. Anuj Kumar Singhal*

Mr. Anuj Kumar Singhal 45 years of age has been a Director of the Company from 12-01-2001. Being a Chartered Accountant, he has wide exposure to corporate management and has taken keen interest in these areas. He is also member of the Audit Committee of your Company.

Presently he is practicing as Chartered Accountant rendering professional services in many areas.

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

Place: **Bangalore**
Date: **30th June 2005**

DR. ADARSH KUMAR
MANAGING DIRECTOR

AANKIT GRANITES LIMITED



DIRECTORS' REPORT

To

THE AANKIT SHARE OWNERS

Your Directors have pleasure in presenting the Sixteenth Annual Report together with the Audited Statement of Accounts for the Year ended 31.03.2005

Financial Results:

Performance of the Company for the financial year 2004-05 is summarized as below.

(Rupees in Lacs)

Particulars	31.03.2005	31.03.2004
Gross Income	1728.32	1654.87
Expenditure Other than Depreciation	1595.43	1532.11
Profit Before Depreciation	132.89	122.76
Less Depreciation	95.31	95.40
Profit After Depreciation	37.58	27.36
Less: Income Tax	3.53	2.20
Prior Period Adjustments (Net)	1.12	3.60
Profit after Prior Period Adjustment	32.93	21.56

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 : 1,34,870.00 Sqm
 Dispatches for the year : 1,12,456.00 Sqm
 Sales Value for the year in Rs. : 1,707.41 Lacs

With the changing trend in the use of tiles, the industry has started looking up. However, as stated last year, the on slaught of Chinese Vendors on pricing is a matter of concern for your Board of Directors. Your Company recorded 21.75% increase in quantity dispatched where as there is only 4.59% increase in its revenue from sales.

OUTLOOK :

In view of the stiff competition from International Manufacturers the prices have drastically reduced resulting in reduced realization on pro-rata basis. 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.

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.

INDUSTRIAL RELATIONS :

As always, the Industrial relations during the year has been very cordial and contributed to mutual development. Training programmes at all levels were conducted to utilise the quality of Manpower available, thereby increasing the efficiency of the personnel.

STANDARDISATION - ISO 9001 :

Your Company has been adhering to International Standards in terms of quality and also the systems and procedures adopted. Therefore, the Company is now in the process of obtaining ISO 9001 Certification. The preparations for the same are on and the certificate is expected in the coming months.

PUBLIC DEPOSITS :

The Company has not accepted any fixed deposits.

DEBT RESTRUCTURING :

As reported earlier, the Company has finalised One Time Settlement with Banks and the Institution. The Directors are pleased to report that your Company has cleared in full the dues to ICICI. In case of Banks, as on 31.03.2005 we have paid Rs.506.42 Lakhs to Bank of Baroda and Rs.278.71 Lakhs to Canara Bank. The balance outstanding including interest at PLR as on 31.03.2005 is Rs.133.48 Lakhs to Bank of Baroda and Rs.220.52 Lakhs to Canara Bank. The Company however is making efforts to obtain the re-schedulement of payment of the dues to the banks taking into account the difficult financial situation.

STATUS AT BIFR/AIFR :

It may be recalled that the Board for Industrial and Financial Reconstruction had opined that since the Company has not tied up with regard to

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repayments to the Institutions and banks, the Company be wound up. Consequent upon this, the Company preferred an appeal before the Appellate Authority for Industrial and Financial Reconstruction (AAIFR), who upheld the opinion of Board for Industrial and Financial Reconstruction. Subsequently, the Board of Industrial and Financial Reconstruction referred the matter to Honorable High Court of Karnataka. The Company represented to the High Court of Karnataka that the Company has substantially paid back its debt and the left over portion is only a very small percentage of the total dues. Considering this, the Honorable Court ordered, "It is neither Just nor Equitable to wind up the Company" and referred the case back to Board for Industrial and Financial Reconstruction for review of the case. Accordingly, the Company has now submitted an application to the Honourable Board for Industrial and Financial Reconstruction for sanctioning of the Rehabilitation Package and thereafter deregistration of the Company.

DIRECTORS:

Mr. Anuj Kumar Singhal, Director of the Company retires by rotation and is eligible for re-appointment.

CORPORATE GOVERNANCE:

As per the provisions of the Listing Agreement with the Stock Exchange, a report on Corporate Governance is given in the annexure hereto.

AUDITORS

Messrs. Dalal and Shah, Chartered Accountants, retire at the ensuing Annual General Meeting and are eligible for re-appointment.

AUDITORS' REPORT:

Attention is drawn to the Auditors report and the following explanation is furnished:

1. Note No.4:**a. Regarding the appointment of full time Company Secretary**

The Explanation provided under 'N' II (18) regarding the aforesaid item is self-explanatory.

STATUTORY INFORMATION REGARDING EMPLOYEES:

There was no employee drawing remuneration in excess of the limits prescribed under section 217(2A) of the Companies Act, 1956.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Director's Responsibility Statement, it is hereby confirmed:

- i) That in the preparation of the accounts for the financial year ended 31st March 2005, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) That the Directors have followed such accounting policies, standards as prescribed by ICAI applied them consistently and made judgments and estimates that were 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 the year under review;
- iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) That the Directors have prepared the accounts for the financial year ended 31st March, 2005 on a "going concern" basis.

ENERGY CONSERVATION/ TECHNOLOGY ABSORPTION:

Your Company continues to put in the best efforts to conserve and efficiently utilize energy wherever possible.

The machinery being sophisticated with built-in technology, the quality of the products manufactured are on par with the international standards.

FOREIGN EXCHANGE TRANSACTIONS:

Foreign Exchange Earnings	Rs. 1707.41 Lakhs
Foreign Exchange Outgo	Rs. 280.11 Lakhs

ACKNOWLEDGMENT:

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: 30th June 2005

DR. ADARSH KUMAR
MANAGING DIRECTOR

URMILA RANI
DIRECTOR

AANKIT GRANITES LIMITED

**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.**

Your Company 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 items as per clause 49 of the listing agreement with Stock Exchanges and Companies Act, 1956.

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 4 (Four) Directors, out of which 2 (Two) are Independent Directors, 1 (One) is a Non-Executive Director. 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. Anuj Kumar Singhal	Independent Director/Non Executive
4.	Mr. K. B. Murugendrappa	Independent Director/Non Executive

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

Name of the Director	Mr. Anuj Kumar Singhal
Qualification	Chartered Accountant
Nature of Expertise	Financial Management
Date of First Appointment	12-01-2001
Name of the other companies in which he holds directorship	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.**

- i. 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 financial results.
- Funding requirements and patterns of the Company.
- Transaction of Capital nature.
- Proceedings of the Committee Meetings.
- Technical Aspects of Production & Maintenance

The Board invites the concerned executives for detailed discussion.

- ii. The Meetings are held at Company's Corporate Office at No.37, Sipcot Industrial Complex Hosur-635 126.
- iii. All Divisions / Departments 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 Part Time Company Secretary 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.

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- 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 within 30 days from the conclusion of the Meeting.

d. Compliance

The Finance Manager / Company Secretary 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 than Aankit Granites Limited) in which Chairman / Member			
				Boards		Committees	
				Chairman	Member	Chairman	Member
1.	Mr. Adarsh Kumar	4	1	Nil	Nil	Nil	Nil
2.	Smt. Urmila Rani	4	1	Nil	Nil	Nil	Nil
3.	Mr. Neeraj Gupta*	Nil	Nil	Nil	Nil	Nil	Nil
4.	Mr. K. B. Murugendrappa	4	1	Nil	Nil	Nil	Nil
5.	Mr. Anuj Kumar Singhal	1	---	Nil	Nil	Nil	Nil

*Ceased to be Director from 06-08-2005, the date of last AGM

Number of Board Meetings held and date on which held :

The Company convened 4 (Four) Board Meetings during the Financial Year 2004-2005. as against minimum requirement of 4 meetings. The dates on which the meetings held are **29th June '2004, 30th July '2004, 29th October '2004, and 20th January '2005**. 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:

I Audit Committee

The Board of Directors of the Company has constituted an Audit Committee comprising of One Non-Executive Director and Two Independent Directors, that is, Shri. K.B. Murugendrappa (Chairman) Shri. Anuj Kumar Singhal and Smt. Urmila Rani. The Composition of the Audit Committee also meets the requirements of Clause 49 of the Listing Agreement as well as under Section 292A of the Companies Act, 1956. The Scope of the Committee, inter alia, includes.

- Review of Company's Financial Statements, before submission to the Board
- Review of adequacy of internal control systems and functioning on internal control systems
- Reviewing the quarterly and annual financial statements with primary focus on accounting policies and practices, compliance with accounting standards and legal requirements concerning financial statements.

Apart from the Members of the Committee, Senior Executives, Finance Manager and Auditors are invitees to the Meeting of the Committee. During the year, the committee has met 4 times, as against the minimum requirement of 3 Meetings. All the Members of the Audit Committee were present in all the meetings held during the year. Audit Committee held the meetings on **29th June 2004, 30th July 2004, 29th October 2004, 20th January 2005**.

II Remuneration Committee

Aankit Granite Limited does not have a Remuneration Committee. And there is no remuneration payable to any Directors other than the Managing Director. Suitable steps are being initiated to comply thereof.

III Shareholders'/Investors' Grievance Committee

Shareholders/Investment Grievances Committee was constituted in terms of provision of listing agreement. The Committee comprises of the following.

Mr. Anuj Kumar Singhal (Non-Executive Director)
Mr. Arun Kumar Garg (Compliance Officer)

IV Share Transfer Committee

Share Transfer Committee was constituted to deal with the cases like re-materialisation of shares, transfer, transmission and transposition of shares in physical mode. Presently, it is comprising of the following members.

Mr. Anuj Kumar Singhal (Non-Executive Director)
Mr. Arun Kumar Garg
Mr. Rajesh Kumar Garg

Mr. Anuj Kumar Singhal is the Chairman of the Committee.