



AANKIT GRANITES LIMITED

22nd

**ANNUAL REPORT
2010 - 2011**

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 : R. SINGHVI & ASSOCIATES
Chartered Accountants

BANKERS : CANARA BANK
STATE BANK OF MYSORE

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

FAX : 04344 – 276933

EMAIL : aankitagl@vsnl.net

WEBSITE : www.aankitstone.com



NOTICE TO MEMBERS

Notice is hereby given that the Twenty Second 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 19th day of September, 2011 at 12.30 pm to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March 2011 and the Profit and Loss Account for the year ended 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 Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 ('the Act') read with Schedule XIII of the Act, as amended and subject to such permissions, consents and approvals, if any, from Central Government and subject to such conditions, if any, that may be imposed by the Central Government while granting their consents, permissions and approvals and which the Board of Directors is hereby authorized to accept, the Company hereby accords approval to the reappointment of Mr. Adarsh Kumar as Managing Director of the Company for 3 years from 1.10.2011 to 30.9.2014 on the terms and conditions as to remuneration by way of salary and perquisites as set out below:

1. The appointment shall be for a period of Three years commencing from 1st October 2011.
2. The Managing Director shall be subject to the supervision and control of the Board of Directors and shall be entrusted with substantial powers of the day to day management and shall also perform such other duties as may from time to time be entrusted to him.
3. **SALARY:** Salary of Rs. 2,25,000/- (Rupees Two Lakhs Twenty Five Thousand only) per month:
 - i. The Managing Director so long as he functions as such, shall not be paid any sitting fees for attending meetings of Board or Committee thereof.
 - ii. Perquisites: In addition to Salary, Perquisites of the following category, the aggregate value of which shall be restricted to the Annual Salary.

Category A:

1. The Expenditure incurred by the Company on hiring furnished accommodation at the place of residence of the Managing Director will be subject to a ceiling of 60% of Salary over and above 10% of Salary payable by Managing Director.

Explanation:

Expenditure incurred by the Company on gas, electricity, water and furniture shall be valued as per the income tax Rules, 1962. This shall however be subject to a ceiling of 10% of salary of the Managing Director.

2. Medical Reimbursement: Expenses incurred for the Managing Director and his family subject to a ceiling of One Month's Salary in a year or three months salary over a period of 3 years.
3. Leave Travel Assistance: For Managing Director and his family once in a year in accordance with the rules specified by the Company.
4. Club Fees: Fees of club subject to a maximum of 2 clubs. This will not include admission and life membership fees.
5. Personal Accident Insurance: Premium not to exceed Rs.4000/- P.A. Explanation: "Family" Means the Spouse, Dependent children and dependent parents of the Managing director.

Category: B

1. Contribution to Provident Fund, Superannuation Fund or Annuity Funds will not be included in the Computation of the Ceiling on perquisite to the extent these, either singly or put together are not taxable under Income Tax Act.
2. Gratuity at half months' salary for each completed year of service subject to a ceiling of Rs.100000/-.

Category: C

Provision of car for use of Company's business and telephone at residence will not be considered as perquisites. Personal long distance call and use for private purposes shall however be chargeable by the Company to the Managing Director.

Reimbursement of Expenses: The Company shall reimburse to the Managing Director entertainment, traveling expenses incurred by him for the business of the Company.

MINIMUM REMUNERATION

In the event of absence or inadequacy of profits in any Financial Year during the tenure of his appointment, the Managing Director may be paid the substantive remuneration as stated above as the Minimum Remuneration subject to however that unless approved by the Shareholders and the Central Government, as may be necessary, the amount of salary, commission, perquisites and other allowances payable to the



Managing Director shall be subject to the limits prescribed under Per Clause B of Paragraph 1 of Section II of Part II of Schedule XIII of the Companies Act, 1956 as may be in force for the time being.

FURTHER RESOLVED THAT, in the event of any Statutory Amendments or modifications or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorized to vary or increase the remuneration, including the salary, commission, perquisites, allowances, etc., with such prescribed limit or ceiling and any arrangement between the Company and Dr. Adarsh Kumar be suitably amended to give effect to such modification, relaxation or variation, so long as such revised terms are within the limits prescribed under Schedule XIII to the Companies Act, 1956, without any further reference to the Company in General Meeting."

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

Place: **Bangalore**
Date: **1-08-2011**

**DR. ADARSH KUMAR
MANAGING DIRECTOR**

NOTES:-

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote on a poll instead of himself/herself and a proxy need not be a member of the company. Proxies in order to be effective should be deposited at the Registered Office of the Company not less than 48 hours before the time scheduled for 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, Tamil Nadu.
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 19th September, 2011.
5. Pursuant to SEBI notification no. MED/ DOP/ Circular/05/2009 dated May 20, 2009, it has become mandatory for the transferee(s) to furnish copy of PAN Card to the Company/to enable/effect transfer of Shares in physical form.
6. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of items of business mentioned above is annexed hereto.

INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT :

As required under the Listing Agreement the particulars of Director who is proposed to be re-appointed are given below:

Mr. Anuj Kumar Singhal is 50 years old and has been Director of the Company for quite some time. He is a qualified Chartered Accountant, has good experience in general business aspects and has taken keen interest in these areas. He is also a member of the Audit Committee.

Information required to be furnished under the Listing Agreement:

Name of the Director	Mr. Anuj Kumar Singhal
Date of Birth	02-03-1961
Date of Appointment	25-04-2004
Qualification	Chartered Accountant
Experience / Expertise	Expertise in Finance
Other Directorships	NIL
Other Committee Memberships in the Company	Audit Committee, Remuneration committee, Share Transfer Committee and Shareholders / Investment Grievances Committee
Number of Shares held directly or indirectly	NIL

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item No. 4

The members may recall that the Chief Promoter of the Company namely Dr. Adarsh Kumar was appointed earlier by the Shareholders and his tenure will end on 30.9.2011. Based on his contribution to the Company, his educational background, experience and the need for the Company, the Remuneration Committee recommended and the Board approved the proposal to reappoint Dr. Adarsh Kumar as Managing Director from 1.10.2011 for a further period of three years on the terms and conditions exhibited in the resolution itself, subject to the approval of the Shareholders.



Dr. Adarsh Kumar is the Chief promoter of the Company and has been involved from inception. Lots of efforts are being put in to bring the Company back on rails, by Dr. Adarsh Kumar.

MEMORANDUM OF INTEREST

None of the Directors except Dr. Adarsh Kumar himself may be deemed to be interested/concerned in the above resolution.

This may be deemed as compliance with the provisions of Section 302 of the Companies Act, 1956, as an abstract of the terms of appointment as well as Memorandum of concern/interest of the concerned Director.

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

Place: **Bangalore**
Date: **1-8-2011**

**DR. ADARSH KUMAR
MANAGING DIRECTOR**

ADDITIONAL INFORMATION RELEVANT TO DR. ADARSH KUMAR, MANAGING DIRECTOR AS PER CLAUSE B OF PARAGRAPH 1 OF SECTION II OF PART II OF SCHEDULE XIII OF THE COMPANIES ACT, 1956:

General Information :

01	Nature of Industry	Granite Processing
02	Date or expected date of commencement of production	The Company was incorporated on 14.09.1989 and it commenced commercial production thereafter.
03	Financial performance based on given indicators	For the year ended on 31-03-2011 Turn over and other income : Rs. 7,52,69,917/- Profit before IT : Rs. 16,49,389/- Net Worth : Rs. 9,05,88,702/-
04	Export performance and net foreign exchange collaborations	Major portion of the revenue is out of exports. There is no foreign collaboration.
05	Foreign investment or collaborations if any	NIL

Information about the Appointee

01	Back ground details	Dr. Adarsh Kumar holds degrees of BA, LLB, PhD
02	Past remuneration	Rs. 2.00 Lakhs per month which was in line with the provisions of Schedule XIII of the Companies Act, 1956.
03	Job profile and his suitability	Dr. Adarsh Kumar is the Managing Director of the Company; with his rich experience, he is the most appropriate person to be at the helm of the affairs of the Company. He has been steering the operations of the Company in the past many years successfully.
04	Remuneration proposed	Rs. 2.25 Lakhs (Rupees Two Lakhs Twentyfive thousand only) per month which is in line with the provisions of Schedule XIII of the Companies Act, 1956.
05	Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t the country of his origin)	The proposed remuneration is in line with the other comparable Companies.
06	Pecuniary relationship / relationship with the managerial personnel, if any.	NA

Other Information :

01	Reason of loss or inadequate profit	The Company has been earning profits after coming out of the purview of BIFR. Global recession is the cause for lesser profits.
02	Steps taken or proposed to be taken for improvement	The Chief Promoter and other Directors are infusing all efforts to achieve better profits.
03	Expected Increase in productivity and profits in measurable terms	The nature of the industry being granite processing, it will be difficult to calculate the increase in productivity, significant improvements can be seen in the days to come.



DIRECTORS' REPORT

To

THE AANKIT SHARE OWNERS

Your Directors are pleased to present their Report on the business and operations of your Company together with the Audited Statement of Accounts for the year ended 31st March 2011:

FINANCIAL RESULTS:

Performance of the Company for the Financial Year 2010-11 is summarized as below.

(Rupees in Lacs)

Particulars	31.03.2011	31.03.2010
Gross Income	752.58	994.27
Expenditure Other than Depreciation	720.80	936.07
Profit Before Depreciation	31.78	58.20
Less Depreciation	15.28	15.16
Profit After Depreciation	16.50	43.03
Less: Income Tax	5.00	8.00
Prior Period Tax Adjustments	5.55	9.64
Prior Period Adjustments (Net)	0.51	1.30
Profit after Tax and Prior Period Adjustment	5.44	45.63

DIVIDEND:

In view of the carried forward losses, the Board of Directors expresses their inability to recommend any dividend for the year.

MANAGEMENT DISCUSSION & ANALYSIS:

Operations & Performance:

Production/Purchase for the year:	71,782	Sqm
Dispatches for the year :	55,130	Sqm
Sales Value for the year in Rs.:	748.59	Lakhs

Your Company continues to carry on its business with the focus on exports. As against the revenue of Rs.9.94 Crores in the previous year, the Company has achieved revenue of Rs. 7.53 Crores. Operating profits reduced from Rs. 45.60 Lakhs to Rs.5.44 Lakhs.

Global competition with supplies coming from China has been the primary reason for the reduction in sales and slide in the profits. The market in the United States seems to have shut its door for the granite products. Recession in Europe continues to haunt the granite industry with the vagaries of construction business. Having passed the most difficult situation in the past, your Directors are infusing all out efforts to ensure continued operations and look for better opportunities in the days to come.

OUTLOOK:

The exposure of the Management to the business being carried out by the Company and the experience earned by the Core Team coupled with the requisite infrastructure for operations, network of market globally, collectively constitute the unique core strength for your Company. Relentless efforts continued by the Company on implementing austerity measures and cost cutting uniformly. With uncertainties and global recession, your Directors will focus on achieving better profitability by garnering all the resources at their disposal. The Directors hope that the situation will change to offer the Company better market opportunities.

INTERNAL CONTROL SYSTEMS:

Your Company has in place adequate systems of Internal Controls which are commensurate with the size of its operations 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. Reorganization of some of the key positions was implemented during the year under report and your Directors are of the view that this will help the Company to great extent.

INDUSTRIAL RELATIONS:

Your Company continued to extend the training programmes at various levels in order to optimize the productivity. The Company continues to have about 160 personnel including casual labours.

During the year under report, unfortunately due to certain issues, the employees struck work for a brief period. Your Company's Management expeditiously resolved the issues and three years agreement was signed with the Union.

However, this did impact adversely the production process to some extent.

PUBLIC DEPOSITS:

The Company has not accepted any fixed deposits.

DIRECTORS:

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

AUDIT COMMITTEE:

Audit Committee constituted by the Board of Directors with requisite composition to fall in line with the prevailing laws continued to discharge its functions during the year under report.

**CORPORATE GOVERNANCE:**

As per the provisions of the Listing Agreement with the Stock Exchange, a Report on Corporate Governance has been given in the Annexure I hereto.

AUDITORS:

Messrs R Singhvi & Associates, Chartered Accountants, Bangalore, the retiring Auditors of the Company hold office until the conclusion of the forthcoming 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 :

Regarding appointment of full time Company Secretary.

The explanation provided under Schedule 'O' II (18) regarding the aforesaid item is self-explanatory.

PARTICULARS OF EMPLOYEES:

Statement pursuant to Section 217(2a) of the Companies Act, 1956, read with the Companies (Particulars of Employees) rules, 1975.

Name & Designation	Dr. Adarsh Kumar, Managing Director
Qualification	BA, LLB, PhD
Age	58 Years
Gross Remuneration	Rs.27,60,000
Date of Commencement	14-9-1989
Total Experience	30 Years
Last Employment	Business

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:

- That in the preparation of the accounts for the financial year ended 31st March 2011, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- 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 of the Company for the year under review;
- 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;
- That the Directors have prepared the accounts for the financial year ended 31st March, 2011 on a "going concern" basis.

OTHER STATUTORY DISCLOSURES :

In terms of Section 217(1)(e) of the Companies Act, 1956 following particulars are furnished:

Energy Conservation/ Technology Absorption :

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

Technology Absorption, Adaptation and Innovation :

The machinery being sophisticated with built-in technology, the quality of the products manufactured is on par with the international standards. From time to time, the core technical personnel are imparted the latest technology.

Foreign Exchange Transactions :

Foreign Exchange Earnings	Rs. 639.53 Lakhs
Foreign Exchange Outgo	Rs. 42.21 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: 1-08-2011

DR. ADARSH KUMAR
MANAGING DIRECTOR

URMILA RANI
DIRECTOR



ANNEXURE I 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 CORPORATE 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 envisages attainment of high level of 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 compliances.

During the year, the Company complied with most of the items as per Clause 49 of the Listing Agreement with Stock Exchange and the 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 long run.

2. BOARD OF DIRECTORS

The Board of Directors consists of four Directors, out of which two are Independent Directors and one Non-executive Director. The composition of the Board and category is as follows:

Sl.No.	Name of the Director	Category
1.	Dr. 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

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

3. BOARD MEETINGS 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 reviewed 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 Managers / Functional Heads / Others for detailed discussion.

- ii. The Meetings are held at Company's Registered Office at # 886, 19th Main, 4th Cross, BTM Layout, II Stage, Bangalore-560 076 or at the Corporate Office at 37, Sipcot Industrial Complex, Hosur - 635 126, Tamilnadu.
- 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 Company Secretary/ Company Secretary Consultant 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 Directors' Report, long-term strategic plan for the Company and the principal issues that the Company expects to face in the future.
- v. The Chairman of the Board and the Company Secretary/ Company Secretary Consultant in consultation with other concerned persons in the senior management, finalise the agenda papers for the Board Meetings.

b. Distribution of Board Meeting material in advance

- i. Agenda papers are circulated to the Directors in advance. All material information is incorporated in the agenda papers for facilitating focused discussions at the Meeting. Where it is not practicable to attach any document to the Agenda, the same is 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 within 30 days from the conclusion of the Meeting.

d. Compliance

The Finance Manager / Company Secretary/Company Secretary Consultant 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.