

ANNUAL REPORT 2002-2003



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GLITTEK GRANITES LIMITED

**BOARD OF DIRECTORS**

- MR. B. K. AGARWAL** - *Chairman*
MR. K. K. AGARWAL - *Managing Director*
MR. ASHOKE AGARWAL - *Jt. Managing Director*
MR. ARUN SINHA - *(Special Director)*
MR. A. T. GOWDA - *Director*
MR. A. VENKATESH - *Director*

COMPANY SECRETARY

MR. RAM GOPAL AGARWAL

Registered Office & Works

42, K.I.A.D.B. Industrial Area
Hoskote, Bangalore
Karnataka - 562 114
Phone : (080) 7971565, 7971566
Fax : (080) 7971567
E-mail : glittek@vsnl.com

AUDITORS

M/S. RUNGTA & RUNGTA
Chartered Accountants

Share Transfer Agent

Computech International Ltd.
77/2A. Hazra Road,
Kolkata - 700 029
Contact person :
Mrs. B. Biswas, Mr. Prabir Sarkar
Phone : (033) 2476-7350-54 (5 lines)
Fax : (033) 2474-7674
Email : computec@cal.vsnl.net.in

BANKERS

STATE BANK OF HYDERABAD
CENTRAL BANK OF INDIA
STATE BANK OF INDIA
ANDHRA BANK

Exchange on which Company's Shares are listed :

Ahmedabad, Bangalore, Calcutta and Mumbai.

**NOTICE**

NOTICE is hereby given that the Thirteenth Annual General Meeting of the Members of Glittek Granites Ltd. will be held at its Registered Office 42, K.I.A.D.B. Industrial Area, Hoskote - 562 114 on Friday, the 19th day of September, 2003 at 11:30 A.M. to transact the following business:-

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended on 31st March, 2003, the Balance Sheet as on that date and the Reports of the Directors and Auditors thereon.
2. To reappoint Sri Ashoke Agarwal who retires by rotation and being eligible offers himself for reappointment.
3. To reappoint Sri A.T.Gowda who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

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

"Resolved that Mr.A.Venkatesh, who was appointed as an Additional Director by the Board under Section 260 of the Companies Act, 1956 and Article 140 of the Articles of Association of the Company and who holds office only upto the date of this Annual General Meeting and in respect of whom the Company has received notice in writing, under Section 257 of the Companies Act, 1956 from a member signifying his intention to propose him as a candidate for the office of a Director of the Company, be and is hereby appointed as a Director of the Company."

Registered Office :

42, K.I.A.D.B. Industrial Area,
Hoskote, Karnataka 562 114
Date : 28th day of June, 2003

By order of the Board
R.G.Agarwal
Company Secretary

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. Proxies in order to be effective, must be received at the Company's Registered Office not less than 48 hours before the meeting.
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business Under Item No.5 is annexed hereto.
3. Register of Members and Share Transfer Books of the Company will remain closed from 15th September to 19th September, 2003 (both days inclusive) for the Annual General Meeting.
4. Members are requested to notify the change of address, if any, promptly to the Company.
5. As per the provisions of the Companies Act, 1956, facility for making nominations is available to the Shareholders in respect of shares held by them. Nomination forms can be obtained from the Share Transfer Agent of the Company.
6. The trading of the Company's Equity Share fall under the category of compulsory delivery in dematerialised mode by all categories of investors.
7. Members desiring any information on accounts are requested to write to the company at its' Registered Office giving at least 7 days notice prior to the date of the Annual General Meeting to enable the management to comply and keep information ready.

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Company Secretary

**Explanatory Statement under Section 173(2) of the Companies Act,1956.****Item No.5**

Mr.A.Venkatesh, a Chartered Accountant, was co-opted as an Additional Director by the Board under section 260 of the Companies Act,1956 and Article 140 of the Articles of Association of the company w.e.f 20th March,2003 and holds office until the date of this Annual General Meeting. The Company has received a Notice, under Section 257(1) of the Companies Act,1956 in writing from a member proposing the candidature of Mr.A.Venkatesh for the office of Director liable to retire by rotation in terms of Article 146 of the Articles of Association of the Company alongwith the deposit of Rs.500/- as prescribed under the section.

The Board keeping in view the requirements of Corporate Governance as stipulated by Clause 49 of the Listing Agreement with the Stock Exchanges, consider it beneficial and in the interest of the Company to continue to have the guidance and advice of Mr.A.Venkatesh and accordingly recommend his appointment as Director of the Company. Mr.A.Venkatesh has already filed with the Company his Consent,pursuant to the provisions of Section 264(1) of Companies Act,1956 to act as Director, if appointed.

This may also be treated as Notice under sub-section (1A) of Section 257 of the Companies Act,1956.

None of the Directors is in any way concerned or interested in the aforesaid resolution, except Mr.A.Venkatesh.

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Company Secretary

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DIRECTORS' REPORT AND MANAGEMENT DISCUSSION & ANALYSIS

TO THE SHAREHOLDERS,

Your Directors have pleasure in presenting the Thirteenth Annual Report alongwith Audited Statement of Accounts for the year ended 31st March, 2003.

1. FINANCIAL RESULTS:

	(Rs. in lacs)	
	31.03.2003	31.03.2002
Sales & Other Income	1,327.81	1,558.59
Profit before Interest & Depreciation	186.35	223.36
Less: Interest	120.99	152.40
Depreciation	95.21	96.01
Net Loss for the year	29.85	25.05
Balance brought forward from last year	80.48	55.43
Loss Carried forward	110.33	80.48

2. DIVIDEND:

Due to losses suffered by the Company, the Directors regret their inability to recommend dividend to the Shareholders.

3. REVIEW OF OPERATION:

During the year under review, your Company has achieved an export Sales turnover of Rs.1,291.44 Lacs in comparison to Rs.1515.19 Lacs and suffered a loss of Rs. 29.85 Lacs in comparison to Rs. 25.05 Lacs in the previous year.

The lack of orders for Granite Tiles and decrease in the Selling prices have further eroded the margins.

Further to information in the last report the Rehabilitation Scheme sanctioned by the Hon'ble BIFR is under implementation by the Company.

The Company has been consistently following Policies to consolidate its position in respect of sales, productivity and marketing by optimum utilisation of its available resources.

4. DIRECTORS' RESPONSIBILITY STATEMENT:

In compliance with Section 217(2AA) of the Companies Act, 1956, as amended by the Companies (Amendment) Act, 2000 your Directors state that:

- A. That the Applicable Accounting Standards have been followed in the preparation of annual Accounts excepting the valuation of finished goods and work in progress which are on estimated realisable value instead of valuing the same at cost or net realisable value, whichever is lower. Pursuant to the Accounting Standard 2 issued by The Institute of Chartered Accountants of India, which is mandatory, finished goods and work in progress are required to be valued at cost or net realisable value, whichever is lower. Your Directors would like to mention that since its inception, your company has consistently followed the practice of valuing finished goods and work in progress at estimated realisable value which is arrived at after deduction

of applicable discounts and adjusting there from cost incurred/ to be incurred to complete the sales. The Company has also followed the practice of provision for diminution in the value of slow and non-moving stocks as considered adequate. Your Directors would like to further mention that considering the nature of business, the practice of valuing the stock at realisable value has been continued.

- B. That the accounting policies have been selected and applied consistently and the judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2003, and the Profit & Loss Account for the year ended on that date.
- C. That proper and sufficient care has been taken for 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.
- D. That the Annual Accounts have been prepared on a going concern basis.

5. CORPORATE GOVERNANCE

Your Company has taken adequate steps to ensure that all mandatory provisions of "Corporate Governance" as stipulated in Clause 49 of the Listing Agreement of the Stock Exchanges with which the Company's Equity Shares are listed are duly complied with within stipulated time i.e. within the Financial Year ended 31st March, 2003.

A separate Report on Corporate Governance is annexed hereto along with Auditors' Certificate for its due compliance and forms part of the Report.

6. Management Discussion and Analysis

6.1 INDUSTRY STRUCTURE & DEVELOPMENT

The Company is engaged in manufacturing of Granite Tiles & Slabs. The main market for the Company's product is USA and Europe. The sales of the Company has been adversely effected due to recessionary trend prevailing in the International Market.

6.2 OPPORTUNITY AND THREATS

The Company has established its very good brand image in the international market particularly in the USA. The Company will be benefited by the revival of international natural stone market.

The perceived threats for the Company are acute competition from Italy and China, ever increasing material cost, unremunerative prices and availability of good quality raw materials due to export of the same in raw form.

6.3 RISKS & CONCERNS

Rough Granite Blocks are raw material in the manufacture of products of the company. As such



the export of Rough Blocks may affect the profitability of the Company. Exports of the Company are in US Dollar and imports are in EURO. Hence any adverse exchange fluctuation may affect the performance of the Company.

6.4 INTERNAL CONTROL SYSTEM

Through the long years of experience in its line of business, the Company has developed and implemented internal control systems in the various functional areas of its operation. Your Directors are satisfied about the adequacy of the same.

6.5 HUMAN RESOURCES

The Company has a total man power of 101 as on 31st March, 2003. The Employer-Employee relations were cordial throughout the year.

6.6 CAUTIONARY STATEMENT

Statements in this Report, particularly those which relate to Management Discussion and Analysis describing the Company's objectives, projections estimates and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied.

7. DIRECTORS

In accordance with Article 149 of the Articles of Association of the Company and the applicable provisions of the Companies Act, 1956, Mr. Ashoke Agarwal and Mr. A.T. Gowda will retire from the Board by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Mr. A. Venkatesh hold office until the conclusion of the ensuing Annual General meeting and is eligible for re-appointment. The Company has received notice from a member under Section 257 of the Companies Act, 1956, proposing his candidature for the office of Director, subject to retirement by rotation. The Directors recommend his appointment.

8. AUDITORS & AUDITORS' REPORT

M/s. Rungta & Rungta, Chartered Accountants, statutory auditors of the company hold office until the conclusion of the ensuing Annual General meeting and being eligible offer themselves for re-appointment. The Company has received a certificate from them that their re-appointment, if made, would be within the limits laid down under Section 224(1)(B) of the Companies Act.

The notes on accounts referred to the Auditors' Report are self explanatory and therefore, do not call for any further explanation.

9. AUDIT COMMITTEE

In compliance with Clause 49 of the Listing Agreement with the Stock Exchanges, the Board of Directors has

Place: Hoskote

Date: 28th June, 2003

constituted Audit Committee consisting of Non-Executive/Independent Directors, which will assist the Board in fulfilling the responsibility towards shareholders relating to Corporate Governance.

10. FIXED DEPOSITS

The Company has not accepted any deposit from the public within the meaning of Section 58-A of the Companies Act, 1956, during the year 2002-03.

11. DEMATERIALISATION OF SHARES

Company's fully paid-up equity shares are required to be compulsorily traded in dematerialized form, therefore it is advisable to all shareholders to expedite having their physical shareholding to convert them into DEMAT form through D/PS.

There were 12800190 equity shares of the Company held by the shareholders in DEMAT form as on 31st March, 2003.

12. TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING & OUTGO

In accordance with the requirement of section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 a statement showing particulars with respect to conservation of energy, Technology Absorption and Foreign Exchange Earnings and Outgo is annexed hereto and forms part of the report.

13. INDUSTRIAL RELATIONS

The Company continued to maintain cordial relation with the employees. The Directors express their appreciation for the very good co-operation received from all sections of all Associates/Officers of the Company.

14. PERSONNEL

No employee of the Company is covered under section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended.

15. LISTING OF EQUITY SHARES

The Equity Shares of the Company are listed on Bangalore, Mumbai, Calcutta and Ahmedabad Stock Exchanges. The Listing fees for the year 2003-2004 have been paid to the Stock Exchanges.

16. ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation of the continued support rendered by the shareholders, customers, suppliers, Bankers, Financial Institutions, the Central Government and the State Government agencies for their co-operation extended to the Company.

For and on behalf of the Board

K.K. Agarwal
Managing Director

Ashoke Agarwal
Jt. Managing Director

ANNEXURE

INFORMATION PURSUANT TO SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF DIRECTORS) RULES, 1988 FORMING PART OF DIRECTORS REPORT FOR THE YEAR ENDED 31ST MARCH, 2003.

A) CONSERVATION OF ENERGY

- a) Your company accords highest priority for conservation of energy and necessary measures for optimising energy consumption have been taken.
- b) Additional Investment & proposal, if any, being implemented for reduction of consumption energy. - NIL -
- c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.

The above measures have resulted in saving of energy.

d) Form - A

	Current Year	Previous Year
1. Power & Fuel Consumption:		
Electricity		
a) Purchase Units	11,48,214	9,94,266
Total Amount (Rs.)	52,02,072	44,94,515
Rate/Unit (Rs.)	4.53	4.52
b) Own Generation (thru' Diesel Generator)		
Units	6,79,208	7,79,756
Units Per Ltr. of Diesel Oil	3.09	3.25
Cost per unit (Rs.)	5.16	4.70
2. Consumption per unit of production:		
Production of Tiles & Slabs (Sq.mtr)	87,784.68	78,738.54
Consumption per Sq.Mtr.	20.82	22.53

B) TECHNOLOGY ABSORPTION

a) Research and Development

1. Specific areas in which Research & Development carried out by the Company, expenditure incurred on the same and benefits derived as a result of above efforts.

No Research and Development work has been carried out by the Company and therefore, there is no expenditure on the head or any other benefit accrued from it.

2. Future plan of action

The Company being a sick Company with financial problem has kept in abeyance its plan on research & development.

- b) Technology absorption, adaptation and innovation. Technical Innovations/modifications are being made on regular basis in the process to achieve cost reduction, product improvement etc.

C) Foreign Exchange earnings and outgo:

	(Rs.in Lacs)	
	Current Year	Previous Year
Earnings	1,271.67	1,490.26
Outgo	97.53	130.61

**REPORT ON CORPORATE GOVERNANCE**

(Pursuant to Clause 49 of the Listing Agreement)

Your Company has complied in all material respects with the features of Corporate Governance Code as per Clause 49 of the Listing Agreement with the Stock Exchanges.

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

A. Mandatory Requirements**1. Company's Philosophy on Corporate Governance**

Corporate Governance is the combination of voluntary practices and compliance with laws and regulations leading to effective control and management of the organisation. Good Corporate Governance leads to long term shareholder value and enhances interest of other stake holders. It brings into focus the fiduciary and the trusteeship role of the Board to align and direct the actions of the organisation towards creating wealth and shareholder value.

2. Board of Directors

The Board presently consists of a majority of non-executive /independent directors. Chairman is Non-Executive Director. The Board comprises of Two (2) executive directors, One (1) non-executive director and Three (3) Non-Executive, independent directors.

The Company has inducted Mr.A.Venkatesh on its Board during the year under review.

The Constitution of the Board is given below:

Name of Director	Catetory	Executive/Non-Executive Independent	No.of other Directorship #	Membership of other Board Committees
Mr. Bimal Kumar Agarwal	Chairman	Promoter, Non-Executive Non-Independent	1	2
Mr. Kamal Kumar Agarwal	Managing Director	Executive, Non-Independent	1	1
Mr. Ashoke Agarwal	Joint Managing Director	Executive, Non-Independent	1	—
Mr. Arun Sinha (Nominated by BIFR)	Special Director	Independent, Non-Executive	—	1
Mr. A.T.Gowda	Director	Independent, Non-Executive	1	3
Mr. A.Venkatesh (w.e.f. 20.03.2003)	Director	Independent, Non-Executive	—	2

None of the Non-Executive Director / Independent Director have any material pecuniary relationship or transactions with the Company.

This includes directorship held in public limited companies and excludes directorship held in private limited companies.

Re-appointment of Directors

The brief particulars of the Directors of the Company proposed to be re-appointed at the ensuing Annual General Meeting are as under :



Name of the Directors	Sri Ashoke Agarwal	Sri A.T.Gowda	Sri A.Venkatesh
Date of Birth	24th September, 1963	12th March, 1940	15th June, 1957
Date of Appointment	29.10.1990	14.03.2002	20.03.2003
Qualifications	B.Com.	Mech.Engr.	F.C.A.
Experience	Sri Ashoke Agarwal a promoter director of the Company having experience in Granite Industry over a decade. He has been actively involved in top management.	Sri A.T.Gowda is a Mechanical Engineer, retired Air Force Officer of Technical Branch of IAF. During his Carrier of about 40 yrs. he served 29 yrs.in various capacities to IAF and retired as Wing Commander in 1992. After retirement he has worked for more than 10 yrs. in Granite Industry.	Sri A.Venkatesh is a Practising Chartered Accountant having experience in Accounts, Finance and Taxation for more than a decade.
Directorship in other co.	United Sales Agencies (Cal) Pvt.Ltd. U.S.D.Industries Pvt.Ltd. Glittek Infotech Ltd. Auto Sales Agencies Pvt. Ltd.	Hotriya Technologies Services Ltd.	NIL
Membership/ Chairmanship of Committees across public companies	NIL	NIL	NIL

Attendance of Directors at Board Meetings and Annual General Meeting

The Board of the Company met Five times during the last financial year, on the following dates:

29th June, 2002	27th July, 2002	17th September, 2002
31st Oct., 2002	30th Jan., 2003	

The Company placed before the Board the annual operating plans, budgets, performance and various other informations including those specified under Annexure I of the Listing Agreement from time to time.

The attendance at the Board Meetings and Annual General Meeting were as under:

Name of Director	Board Meetings		Annual General Meeting
	Held during Tenure	Attended	
Mr. Bimal Kumar Agarwal	5	—	No
Mr. Kamal Kumar Agarwal	5	4	Yes
Mr. Ashoke Agarwal	5	5	Yes
Mr. Arun Sinha	5	4	Yes
Mr. A.T.Gowda	5	5	Yes
Mr. A.Venkatesh *	—	—	Not Applicable

* Appointed as director w.e.f. 20.03.2003.