

ANNUAL REPORT 2003-2004



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GLITTEK GRANITES LIMITED

**GLITTEK GRANITES LIMITED****BOARD OF DIRECTORS**

MR. B. K. AGARWAL	- <i>Chairman</i>
MR. K. K. AGARWAL	- <i>Managing Director</i>
MR. ASHOKE AGARWAL	- <i>Jt. Managing Director</i>
MR. ARUN SINHA	- <i>(Special Director upto 05.07.2004)</i>
MR. A. T. GOWDA	- <i>Director</i>
MR. A. VENKATESH	- <i>Director</i>
MR. R. S. MATHUR	- <i>(Special Director upto 08.07.2004)</i>

COMPANY SECRETARY**MR. RAM GOPAL AGARWAL****AUDITORS****M/S. RUNGTA & RUNGTA***Chartered Accountants***BANKERS**

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

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

Share Transfer Agent

M/s. MCS 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 : mcscal@cal2vsnl.net.in

Exchange on which Company's Shares are listed :

Ahmedabad, Bangalore, Calcutta and Mumbai.

**NOTICE**

NOTICE is hereby given that the Fourteenth 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 24th day of September, 2004 at 11:30 A.M. to transact the following business:-

ORDINARY BUSINESS :

1. To consider and adopt the Audited Profit & Loss Account for the year ended on 31st March, 2004 the Balance Sheet as on that date and the Reports of the Directors and Auditors thereon.
2. To reappoint Sri Bimal Kumar Agarwal who retires by rotation and being eligible offer himself for reappointment.
3. To reappoint Sri Kamal Kumar Agarwal who retires by rotation and being eligible offer himself for reappointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

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

5. Voluntary Delisting of the Company's Shares from certain Stock Exchanges

"RESOLVED THAT subject to the provisions of the Companies Act, 1956, Securities Laws (Regulations) Act, 1956 and rules framed thereunder, SEBI (Delisting of Securities) guidelines, 2003 and all other Acts, rules and regulations and subject to such approvals as may be required from the Stock Exchanges with which the securities of the company are listed and / or any other relevant authority, the approval of the company be and is hereby accorded to the delisting of equity shares of the company from any one or more of the Stock Exchanges where the Company's shares are presently listed, and in particular, from Ahmedabad and Calcutta Stock Exchanges at such time as the Board of Directors (which term shall be deemed to include a committee of the Board or any other person authorised by the Board) may, in their absolute discretion, consider appropriate and on the terms and conditions as may be stipulated and mutually agreed to in the best interest of the Company, after taking into account various factors such as but not limited to the incidence, impact or burden of the cost of listing fee payable to Stock Exchange(s) and volume of trading on the relevant Stock Exchange(s).

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do and perform all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, appropriate or desirable and execute all such applications, documents and writings as it may consider necessary or proper for giving effect to this Resolution."

Registered Office :

42, K. I. A. D. B. Industrial Area,
Hoskote, Karnataka - 562 114
Date : 30th day of June, 2004

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.
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 20.09.2004 to 24.09.2004 (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 Shares Transfer Agent of the Company.
6. The trading of the Company's Equity Shares fall under the category of compulsory delivery in dematerialised mode by all categories of investors.

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R. G. Agarwal
Company Secretary

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

Presently the Company's Equity Shares are listed on the Calcutta, Mumbai, Bangalore & Ahmedabad Stock Exchanges.

With the wide and extensive networking of Centres of the BSE the investors have access to online dealings in the Company's Shares. Moreover the trading volume of the shares on the other Stock Exchanges are practically nil. No particular benefit is available to the shareholders of the company by continuing the listing of the shares on these stock exchanges and incurring expenditure thereof. In view of nil trading volumes at these stock exchanges the company is contemplating the possibility for delisting of its share from Ahmedabad & Calcutta Stock Exchanges.

The proposed delisting is in the interest of the Company and the Board Commends the Resolution for acceptance by the members. None of the Directors of the Company is concerned or interested in the Resolution except to the extent of shares held by them.

Registered Office :

42, K. I. A. D. B. Industrial Area,
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Date : 30th day of June, 2004

By order of the Board

R. G. Agarwal
Company Secretary



DIRECTORS' REPORT AND MANAGEMENT DISCUSSION & ANALYSIS

TO THE SHAREHOLDERS,

Your Directors have pleasure in presenting the Fourteenth Annual Report and Audited Accounts for the year ended 31st March 2004.

1. FINANCIAL RESULTS :

	(Rs. in lacs)	
	31.03.2004	31.03.2003
Sales & Other Income	1483.92	1,317.31
Profit before Interest & Depreciation	201.98	186.35
Less: Interest	96.57	120.99
Depreciation	95.70	95.21
Net Profit for the year	9.71	(29.85)
Balance brought forward from last year	(110.33)	(80.48)
Balance Carried forward	(100.62)	(110.33)

2. DIVIDEND:

In view of non-availability of profit, your Directors express their inability to recommend payment of dividend in respect of the year under review.

3. PERFORMANCE:

During the year under review, your Company has achieved turnover of Rs.1,482.48 Lacs in comparison to Rs.1,311.99 Lacs and earned a Profit of Rs.9.71 Lacs in comparison to Loss of Rs.29.85 Lacs in the previous year. The Company has made constant efforts to rationalize the operating cost and sealing down various administrative overheads. The Company will continuously strive towards further improvement in efficiency in operation focusing towards cost control.

Your Company is undergoing a significant turnaround and the business prospects are expected to improve substantially. The Company is also looking for capacity expansion.

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.

During the year the Company has changed the method of valuation of inventories to comply with AS2.

B. That the accounting policies have been selected and applied consistently and the judgments 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, 2004, 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 necessary measures to comply with the provisions of Corporate Governance as prescribed under the Listing Agreements with the Stock Exchanges. A separate Report on Corporate Governance is annexed to this Report.

A certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to this 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 is improving.

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 115 as on 31st March, 2004. 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. Bimal Kumar Agarwal and Mr. Kamal Kumar Agarwal will retire from the Board by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-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. 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 2003-04.

10. PARTICULARS RELATING TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO

The particulars as prescribed under sub-section 1(e) of Section 217 of the Act, read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is annexed hereto and form part of the report.

11. 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.

12. PARTICULARS OF EMPLOYEES

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.

13. 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 cooperation extended to the Company.

On behalf of the Board

K. K. Agarwal

Managing Director

Ashoke Agarwal

Joint Managing Director

Place: Hoskote

Date : 30th June, 2004

**ANNEXURE TO THE DIRECTOR'S REPORT**

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, 2004.

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	13,06,158	11,48,214
Total Amount (Rs.)	60,96,519	52,02,072
Rate/Unit (Rs.)	4.67	4.53
b) Own Generation (thru' Diesel Generator)		
Units	4,77,338	6,79,208
Units Per Ltr. of Diesel Oil	2.87	3.09
Cost per unit (Rs.)	5.26	5.16
2. Consumption per unit of production:		
Production of Tiles & Slabs (Sq.mtr)	94,835.011	87,784.68
Consumption per Sq.Mtr.	18.81	20.82

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 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	1,457.42	1,271.67
Outgo	113.41	97.53

On behalf of the Board

K. K. Agarwal
Managing Director

Ashoke Agarwal
Joint Managing Director

Place: Hoskote

Date : 30th June, 2004

**REPORT ON CORPORATE GOVERNANCE**

(Pursuant to Clause 49 of the Listing Agreement)

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. The Board comprises of Two (2) executive directors, One (1) non-executive director and Three (3) independent directors.

The Constitution of the Board as at 31st March,2004 is given below:

Name of Director	Category	Executive Non-Exe. 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	Director	Independent Non-Executive	—	2

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

This includes directorships 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 Director	Mr. Bimal Kumar Agarwal	Mr. Kamal Kumar Agarwal
Date of Birth	13th January, 1957	25th December, 1960
Date of Appointment	29.10.1990	29.10.1990
Qualifications	B.Com.	B.Com
Experience	Mr. Bimal Kumar Agarwal a promoter director of the Company having experience in Granite Industry over a decade.	Mr. Kamal Kumar Agarwal a promoter director of the Company having experience in Granite Industry over a decade.
Directorship in other Companies	United Sales Agencies (Cal) Pvt.Ltd. U.S.D. Industries Pvt.Ltd. Glittek Infotech Ltd. Auto Sales Agencies Pvt.Ltd. Rubiks Agencies & Resorts Pvt.Ltd. U.S.D.Tea Industries Pvt.Ltd.	U.S.D. Industries Pvt.Ltd. United Sales Agencies (Cal) Pvt.Ltd. Glittek Infotech Ltd.
Name of the Committees of other Companies in which the Director is a member	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:

27th May 2003 28th June 2003 30th July 2003
30th Oct. 2003 28th Jan. 2004

The Company placed before the Board the annual operating plans, budgets, performance and various other information, 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	2	No
Mr. Kamal Kumar Agarwal	5	4	Yes
Mr. Ashoke Agarwal	5	5	Yes
Mr. Arun Sinha	5	3	Yes
Mr. A. T. Gowda	5	5	Yes
Mr. A. Venkatesh	5	5	Yes

Leave of absence was granted by the Board to the directors who are absent at the respective Board Meeting(s).

COMMITTEES OF THE BOARD

3. Audit Committee

In terms of Clause 49 of the Listing Agreement, the Board has constituted an Audit Committee on 27.03.2003. During the financial year 2003-04, Four Meetings were held, one of which was before finalisation of accounts. The dates on which the said meetings were held are as follows:

28.06.2003, 30.07.2003, 30.10.2003 & 28.01.2004.



The constitution of the committee and the attendance of each member of the committee is given below:

Names	Designation	Category	Committee Meeting Attended
Mr. A.Venkatesh	Chairman	Independent	4
Mr. A.T.Gowda	Member	Independent	4
Mr. B.K. Agarwal	Member	Non-executive	1

The terms of reference of the Audit Committee include the following:

- To hold periodic discussions with the Statutory Auditors and Internal Auditors of the Company concerning the accounts of the Company, internal control systems, scope of audit and observations of the Auditors/Internal Auditors.
- To review compliance with internal control systems;
- To review the quarterly, half-yearly and annual financial results of the Company before submission to the Board;
- To investigate into any matter in relation to items specified in section 292A of the Companies Act, 1956 or as may be referred to it by the Board and for this purpose to seek any relevant information contained in the records of the company and also seek external professional advice, if necessary;
- To make recommendations to the Board on any matter relating to the financial management of the Company, including the Audit Report.

4. Shareholders/Investors Grievance Committee

The Shareholders / Investors Grievance Committee was constituted on 30.01.2003. The Committee looks into Shareholders & Investors grievance. The following are the members of the committee.

Name	Designation	Nature
Mr.A.T.Gowda	Chairman	Independent
Mr.B.K.Agarwal	Member	Non-Executive
Mr.K.K.Agarwal	Member	Executive

Mr.R.G.Agarwal, the Company Secretary is the Compliance Officer.

During the year 104 complaints were received from the shareholders and all of which have been resolved to date.

Share Transfers

All shares have been transferred and returned in 15 days from the date of receipt, so long the documents have been clear in all respects.

The Share Transfer Committee meets approximately fortnightly.

The Total number of shares transferred during the year 81700.

As at 31st March, 2004 there are Nil Equity Shares pending for transfer.

5. Remuneration Committee

The Remuneration Committee was constituted on 27th March, 2003. The following are the members of the Committee: No meetings of the committee was held during the year as because there were no business for the committee.

Name	Designation	Nature
i) Mr.A.T.Gowda	Independent	Chairman
ii) Mr.A.Venkatesh	Independent	Member
iii) Mr.Arun Sinha	Independent	Member