

ANNUAL REPORT
2005-2006



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. A. T. GOWDA	-	<i>Director</i>
MR. A. VENKATESH	-	<i>Director</i>
MR. R. S. MATHUR	-	<i>(Upto 31.05.2005)</i>

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**

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 : mcsca1@cal2vsnl.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 :**

Bangalore and Mumbai.

NOTICE

NOTICE is hereby given that the Sixteenth 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 22nd day of September, 2006 at 12.30 P.M. to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited accounts of the Company for the year ended 31st March, 2006 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 A.Venkatesh who retires by rotation and being eligible offer himself for reappointment.
4. To appoint Auditors and to fix their remuneration.

Registered Office :

42, K. I. A. D. B. Industrial Area,
Hoskote, Karnataka - 562 114
Date : 30th day of June, 2006

By order of the Board

R. G. Agarwal

Company Secretary

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM DULY COMPLETED MUST BE RETURNED SO AS TO REACH THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE SCHEDULED TIME OF THE MEETING.
2. The Register of Members and Share Transfer Books of the Company shall remain closed from 20th September, 2006 to 22nd September, 2006 (both days inclusive) for the Annual General Meeting.
3. The members holding shares in the dematerialised mode are requested to intimate all change; with respect to their mandate, nomination, power of attorney, change of address, change in name etc. to their depository participant (DP), which would be changed automatically in the company's record which will help the company to provide efficient and better service to the members.
4. The shares of the Company are under compulsory demat list & can be traded only in demat form.
5. All documents referred to in the notice are open for inspection at the registered office of the Company between 11.00 a.m. to 1.00 p.m. on any working day prior to the date of the meeting and also at the meeting venue.
6. Members intending to require information about accounts to be explained at the meeting are requested to write to the Company at least seven days in advance of the Annual General Meeting.
7. Details of Directors seeking re-appointment as required under Clause 49 of the Listing Agreement with the Stock Exchanges.

Sri Bimal Kumar Agarwal, aged about 49 years, is the Promoter Director of the Company. He has vast experience in Granite Industries over a decade. He is holding 818100 equity shares of the Company.

Sri A.Venkatesh, aged about 49 years, is a practising Chartered Accountant having experience in Accounts, Finance & Taxation for more than two decade.

Registered Office :

42, K. I. A. D. B. Industrial Area,
Hoskote, Karnataka - 562 114
Date : 30th day of June, 2006

By order of the Board

R. G. Agarwal

Company Secretary



DIRECTORS' REPORT TO THE SHAREHOLDERS,

Your Directors have pleasure in presenting the Sixteenth Annual Report and Audited Accounts for the year ended 31st March 2006.

1. FINANCIAL RESULTS :

(Rs. in lacs)

	31.03.2006	31.03.2005
Sales & Other Income	1152.52	1712.54
Profit before Interest, Depreciation & Exceptional Items	112.52	209.36
Less: Interest	63.55	77.25
Depreciation	96.10	98.68
Net Profit for the year	4.28	33.43
Balance brought forward from last year	(67.19)	(100.62)
Balance Carried forward	(62.91)	(67.19)

2. DIVIDEND

In view of non-availability of sufficient 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.1,146.24 Lacs in comparison to Rs.1,708.27 Lacs and earned a Profit of Rs. 4.28 Lacs in comparison to Rs. 33.43 Lacs in the previous year. The Working of the Company adversely affected because of suspension of work at the factory from 09.02.2006 to 04.04.2006 due to labour unrest.

During the year the Company has allotted 20,00,000 Equity Shares of Rs.5/- each at par to IDBI Ltd. on 04.04.2005 towards part payment of Deferred Interest.

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:

- The Applicable Accounting Standards have been followed in the preparation of Annual Accounts.
- 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, 2006, and the Profit & Loss Account for the year ended on that date.
- 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.

- The Annual Accounts have been prepared on a going concern basis.

5. CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a report on corporate Governance with Auditors' Certificate on Compliance with conditions of Corporate Governance and a Management Discussion & Analysis Report have been attached as part of the Annual Report.

6. LISTING INFORMATION

The Securities of the Company are listed with and traded in dematerialized form at the Bombay Stock Exchange Ltd. (BSE), and the Bangalore Stock Exchange Ltd.

The Listing Fee is paid to the Stock Exchange for the year 2006-07. The ISIN No. of the company is INE 741B01027.

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. A. Venkatesh 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, 1956.

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

9. FIXED DEPOSITS

The Company has not accepted any fixed deposits during the year under review.

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

The particulars as prescribed under sub-section 1(e) of Section 217 of the Companies Act, read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are Provided in the Annexure to this 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

Place: Hoskote

Date : 30th day of June, 2006

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

Bimal Kumar Agarwal

Chairman

ANNEXURE TO THE DIRECTOR'S REPORT

Particulars required under the Companies (Disclosure of Board of Directors) Rules, 1988.

A) CONSERVATION OF ENERGY

- Your company accords highest priority for conservation of energy and necessary measures for optimising energy consumption have been taken.
- Additional Investment & proposal, if any, being implemented for reduction of consumption energy. - NIL -
- 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.

- Form - A

	Current Year	Previous Year
1. Power & Fuel Consumption:		
Electricity		
a) Purchase Units	13,63,565	13,37,368
Total Amount (Rs.)	66,47,761	64,96,704
Rate/Unit (Rs.)	4.87	4.86
b) Own Generation (thru' Diesel Generator)		
Units	2,69,172	4,96,152
Units Per Ltr. of Diesel Oil	2.79	3.18
Cost per unit (Rs.)	9.30	6.45
2. Consumption per unit of production:		
Production of Tiles & Slabs (Sq.mtr)	64,692.554	82,255.101
Consumption per Sq.Mtr.	25.24	22.29

B) TECHNOLOGY ABSORPTION

- Research and Development

- 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.

- Future plan of action

The Company's financial problem has kept in abeyance its plan on research & development.

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

- Foreign Exchange earnings and outgo:

	(Rs. in Lacs)	
	Current Year	Previous Year
Earnings	1,126.84	1,678.43
Outgo	78.28	111.16

On behalf of the Board

Bimal Kumar Agarwal

Chairman

Place: Hoskote

Date : 30th day of June, 2006



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

As per the requirement of Clause 49 of the Listing Agreements with the Stock Exchanges, the Management Discussion and Analysis of the events that have taken place and conditions prevailing during the period under review are elucidated.

a) 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.

b) OPPORTUNITY AND THREATS

The company has established its very good brand image in the international market particularly in the USA. The Company is benefiting 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.

c) 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.

d) 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.

e) HUMAN RESOURCES

The Company has a total man power of 98 as on 31st March, 2006. The Employer-Employee relations were cordial throughout the year.

f) CAUTIONARY STATEMENT

Statement 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 regulation. Actual results might differ materially from those either expressed or implied.

**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.

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 Two (2) independent directors.

The Constitution of the Board as at 31st March, 2006 is given below:

Name of Director	Category	Executive/Non-Executive Independent	No. of other Directorship#	Membership of other Board Committees
Mr. Bimal Kumar Agarwal	Chairman	Promoter, Non-Executive, Non-Independent	1	3
Mr. Kamal Kumar Agarwal	Managing Director	Executive, Non-Independent	2	1
Mr. Ashoke Agarwal	Joint Managing Director	Executive, Non-Independent	2	—
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. A.Venkatesh
Date of Birth	13th January,1957	15th June.1957
Date of Appointment	29.10.1990	20.03.2003
Qualifications	B.Com	F.C.A.
Experience	Mr. Bimal Kumar Agarwal a promoter director of the Company having experience in Granite Industry over a decade.	Mr.A.Venkatesh is a Practising Chartered Accountant having experience in Accounts, Finance and Taxation for more than two 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.	NIL
Membership/ Chairmanship of Committees other public companies	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:

4 th April 2005	30 th June 2005	30 th July 2005
29 th Oct. 2005	30 th Jan. 2006	

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
	Held during Tenure	Attended	Meeting
Mr.Bimal Kumar Agarwal	5	5	Yes
Mr.Kamal Kumar Agarwal	5	5	Yes
Mr.Ashoke Agarwal	5	4	Yes
Mr.A.T.Gowda	5	5	Yes
Mr.A.Venkatesh	5	5	Yes
Mr. R. S. Mathur	1	—	N.A.

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 2005-06, Four Meetings were held. The dates on which the said meetings were held are as follows:

30.06.2005, 30.07.2005, 29.10.2005 & 30.01.2006.

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	4

The terms of reference/powers 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.
- To obtain outside legal or other professional advice.

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 for complying with the requirements of SEBI Regulations, 1992 and the Listing Agreements with the Stock Exchange of India.

During the year 111 complaints were received from the Share-holders and all of which have been resolved to date and there were no outstanding complaints as on 31st March, 2006.

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 131300.

As at 31st March, 2006 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. B.K.Agarwal	Non-Executive	Member

Remuneration of Directors

Details of remuneration paid/payable to Directors for the year ended March 31,2006 are as follows:

Name of the Director	Sitting fees (Rs.)	Salary & Perquisites (Rs.)	Contribution to Provident Fund (Rs.)	Total (Rs.)
Mr. Kamal Kumar Agarwal	—	4,80,000/-	36,000/-	5,16,000/-
Mr. Ashoke Agarwal	—	4,80,000/-	36,000/-	5,16,000/-
Mr. A.T.Gowda	2,500/-	—	—	2,500/-
Mr. A.Venkatesh	2,500/-	—	—	2,500/-

Note:

- Presently, the Company does not have a scheme for grant of Stock option.
- The employment of both the whole-time Directors are contractual in nature by necessary implications and is terminable by either side on three months' Notice or pay in lieu thereof. No servance fee is payable to any of the whole-time Directors upon termination of his employment.

6. Annual General Meetings

The location and time of the Annual General Meetings held during the last 3 years are as follows:

Sl.No.	Annual General Meeting	Date	Time	Venue	If Special Resolution Passed
01.	13th Annual General Meeting for the year 2002-2003	19.09.2003	11.30 A.M.	42, KIADB Industrial Area, Hoskote 562 114	No
02.	14th Annual General Meeting for the year 2003-2004	24.09.2004	11.30 A.M.	42, KIADB Industrial Area, Hoskote 562 114	Yes
03.	15th Annual General Meeting for the year 2004-2005	27.09.2005	11.30 A.M.	42, KIADB Industrial Area, Hoskote 562 114	Yes

All resolutions including the special resolutions are generally Passed by way of show of hands. No postal ballots, were used for voting at these meetings.