

*ANNUAL
REPORT
1997-98*

*MADHAV
MARBLES & GRANITES LIMITED*

MADHAV MARBLES AND GRANITES LIMITED

MD	✓		BKC	✓
CS	AA		DPY	AA
RO	✓		DIV	AA
TRA	✓		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		

BOARD OF DIRECTORS

Mr RAJ SINGH DUNGARPUR Chairman

Mr C D GOPINATH

Mr ARVIND APTE

Mr AJAY THAKORE

Mr JAGDISH DASHORA

Mr R K KRISHNAMURTHI

Ms LATA MANGESHKAR

Mr VIPIN DOSHI

Mr M J VICHARE IDBI Nominee

Mr SURANJAN GUPTA Wholetime Director

Mr RAJ KUMAR BAPNA Wholetime Director

Mr ASHOK DOSHI Managing Director

Bankers

State Bank of India
Allahabad Bank

Auditors

Nyati & Associates
Chartered Accountants

Share Transfer Agent

Ankit Consultancy (P) Ltd.
2nd Floor, Alankar Point
Gita Bhawan Chouraha
A.B. Road
Indore (M.P.) 452 001

Registered Office

N.H. 8, Amberi
Udaipur (Raj) 313 001

Works

Marble Division

Sukher Industrial Area
N.H.8, Udaipur

Granite Division

Village Thopur
Distt. Dharampuri
Salem (Tamil Nadu)

MADHAV MARBLES AND GRANITES LIMITED

NOTICE

NOTICE is hereby given that the Nineth Annual General Meeting of the Members of **MADHAV MARBLES AND GRANITES LIMITED** will be held as under:

Day : Thursday
Date : 24th September 1998
Time : 4.15 P.M.
Place : Registered Office, N.H.8, Amberi, Udaipur-313001

to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as at 31st March, 1998 and the Profit & Loss Account for the year ended 31st March, 1998, together with the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr Ajay Thakore who retires by rotation and eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr Jagdish Dashora who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr Arvind Apte who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors 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

6. To consider and if thought fit to pass with or without modification the following resolution as special resolution :

"RESOLVED that subject to all applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof and any ordinance promulgated in this regard for the time being in force and as may be enacted/promulgated from time to time) and subject to such other approvals, permission and sanctions, as may be necessary and subject to such conditions and modification as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be aggred to, by the Board of Directors of the Company (hereinafter referred to as the 'Board'), the consent of the Company be and is hereby accorded to the Board to buy back from the existing holders of shares and/or from the open market and/or from the lots smaller than market lots of the shares (odd lots) and/or through any other source as may be permissible under the law than in force, the shares as may hereafter be notified by the Central Government or any other regulatory authority from time to time of the Company from out of its free reserves or out of the proceeds of any issue made by the Company specifically for the purpose, or from such other sources as may be

MADHAV MARBLES AND GRANITES LIMITED

permitted by law on such terms, conditions and in such manner and upto such limit so that the ratio of debt owned by the Company is not more than twice the capital and its free reserves after such buy back or such other ratio as may be prescribed.

"RESOLVED further that the Board be and is hereby authorised to raise funds to the extent of such amount of funds as may be required to acquire the equity shares upto such limit as stated above in one or more trenches through issue/private placement of debenture/bonds or any other forms of securities for the purpose of buy back of Company's equity shares on such terms and conditions as may be decided by the board and permissible under the law.

"RESOLVED further that the board be and is hereby authorised to do all such acts, deeds and things and deal with all such matters and take all such steps in this regard as it may, in its absolute descretion, deem necessary, fit or proper."

7. To consider and if thought fit to pass with or without modifications as a special resolution, the following:

"RESOLVED that pursuant to the provisions of Section 31 of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered by the addition of a new Article 55A after Article 55 as follows :

"Buy back of Shares :

"55A Notwithstanding anything contained in the Article 3 but subject to the provisions of the Act and all other applicable provisions of law, as may be in force at any time and from time to time, the Company may acquire, purchase, hold, resell any of its own fully/partly paid or redeemable shares and may make payment out of funds of its disposal for and in respect of such acquisition/purchase on such terms and conditions and at such times as the Board may in its discretion decide and deem fit."

8. To consider and if thought fit to pass with or without modifications, the following resolution as an ordinary resolution :

"RESOLVED that the approval of the general meeting be and is hereby accorded to the commencement by the Company of a new business as stated below, in relation to objects coming under the "other objects" as per Clause III(14) of the Memorandum of Association of the Company which is not germane to the business carried on by the Company namely;

"To carry on all or any of the business of constructional engineers, architects, builders, contractors, decorators, electricians, wood workers and to acquire, develop, buy, sell real estate, multistoreyed or other buildings".

By Order of the Board of Directors

Registered Office :

N.H. 8, Amberi
Udaipur 313 001

Udaipur, 1st September, 1998

ASHOK DOSHI
Managing Director

*MADHAV MARBLES AND GRANITES LIMITED***NOTES**

1. The relative Explanatory Statement pursuant of Section 173(2) of the Companies Act, 1956, in respect of the special business set out above is annexed hereto.
2. 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 by the Company not less than 48 hours before the meeting.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from 18th September, 1998 to 23rd September, 1998 (both days inclusive).
4. Members, who are holding shares in identical names in more than one folio are requested to write to the Company to enable the Company to consolidate their holdings in one folio.
5. A copy of the Article of Association together with all the proposed amendments is available for inspection at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on all working days, except Saturdays and holidays, upto the date of meeting.

ANNEXURE TO THE NOTICE**Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956****Item No. 6**

As per the provisions of Companies Act, 1956 the Company cannot purchase its own shares unless such purchase is authorised by its Articles of Association and is also approved by the shareholders by a special resolution and such special resolution is confirmed by the court. Section 77 of the Companies Act restricts the purchase of its own shares by a Company unless the same is done with a view to reduce its capital in pursuance of Section 100 to 104 and Section 402 of the Companies Act, 1956.

The Company proposes to buy back shares or other securities giving right to subscribe for shares of the Company from the existing security holders on a proportionate basis and/or from the open market and/or from the lots smaller than market lot of the securities (odd lots).

The buy back of shares as aforesaid would entail investing an amount which would not be less than market value of the shares or other securities giving right to subscribe for shares of the Company and shall be met out of the free reserve and/or the securities premium account and/or out of the proceeds of an issue specifically made for the purpose. The shares so bought back shall be cancelled forthwith.

The debt equity ratio after the buy back will not exceed the ratio 2 : 1 or such other ratio as may be prescribed.

The board is of the opinion that it will be in the best interest of the Company if shareholders approve the said resolution, should the provisions be enacted, permitting such buy back, so that the Company will be able to implement this resolution.

The resolution, if approved, will be operated and given effect to from the applicable date as may be prescribed in this regard.

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The resolution is an enabling provision aimed at facilitating the Company to buy back its shares as soon as legally permissible.

The Directors recommend the resolution for approval of the shareholders.

None of the Directors of the Company is, in any way, concerned or interested in the resolution.

Item No. 7

Article No-55 of the existing Article of Association of the Company permits the Company to reduce its capital subject to the provisions of the Companies Act, 1956. Article 3 of the Article of Association prohibits the Company from applying any of its fund for the purchase of any shares of the Company. In anticipation of an amendment in the Companies Act, 1956 or the re-enactment thereof, it is proposed to consider the introduction of the new article 55A in the Article of Association of the Company as mentioned in the resolution set out at item 7 of the notice to enable the Company to purchase any of its own shares.

None of the Directors is concerned or interested in the resolutions.

Item No. 8

In view of the slow down in the Indian economy and in order to diversify into certain new business ventures, your Directors have been always considering various proposals which will be beneficial for the Company and the Shareholders.

The Board of Directors considers it advantageous for the Company to pursue another of its objects contained in its Memorandum, namely, "To carry on all or any of the business of constructional engineers, architects, builders, contractors, decorators, electricians, wood workers and to acquire, develop, buy, sell real estate, multistoreyed or other buildings which can be conveniently carried on with its existing business".

Pursuant to Section 149(2A) of the Act before the Company can commence the said business which is not germane to the existing business the said proposal requires the approval of the Company in General Meeting accorded by special resolution.

As commencement of the said business will be beneficial to the members and will diversify the business of the Company, the Directors commend the resolution for the approval of the members.

No Director of the Company is concerned or interested in the resolution except as a member of the Company.

By Order of the Board of Directors

Registered Office :

N.H. 8, Amberi
Udaipur 313 001

Udaipur, 1st September, 1998

ASHOK DOSHI
Managing Director

MADHAV MARBLES AND GRANITES LIMITED

DIRECTORS' REPORT

To The Members,

The Directors have pleasure in submitting their report for the year ended 31st March 1998.

FINANCIAL RESULTS

	<i>Rs. in lacs</i>	
	1997-98	1996-97
Profit before interest and depreciation	957.55	775.61
Interest	269.64	316.44
Depreciation	191.30	191.00
Profit/(Loss) before tax	496.61	268.17
Provision for taxation	—	10.44
Profit/(Loss) after taxation	496.61	257.73
Prior year adjustment	(4.05)	(5.64)
Adding/(deducting) thereto balance brought forward from the previous year	277.13	525.04
Transfer to general reserve	500.00	500.00
Leaving a balance to be carried forward	269.69	277.13

OPERATION

The Company had a consistent record of growth in the last four years since 1993-94, the sales increased from Rs. 14.74 crores to Rs. 30.28 crores resulting in compounded annual growth rate of 105.43%. The operating profit before interest, depreciation jumped to Rs.957.55 lacs from Rs. 724.20 lacs. The Company could achieve growth in operation due to strongly maintaining its policy of keeping the highest standards for quality. The profit after tax is the highest ever achieved by the Company. In spite of adverse environment the Company produce good results. Our operating

margins are amongst the best in the industry segment. This year the Company had no incidence of tax on account of Minimum Alternative Tax in view of the exemption granted for exports.

MARBLE DIVISION

The sales continued to grow. The profit was severally affected due to unprecedented cost increase in the major input exerted considerable pressure on operating margin even though the impact of this was partly offset by higher realisation due to exchange rate.

The sales value of the marble division was Rs. 1054.35 lacs as against Rs.732.94 lacs in the previous year.

The production of marble tiles and slabs during the year under review was 83628.87 sq.mtr. as against 88655.06 sq.mtr. in the previous year.

The slow down in the construction activities, lack of investment in infrastructure areas and overall slowing down of the economy resulted in low growth in demand and consequently depressed prices.

The Company continued its efforts for cost reduction. In the year 1996-97 the Company had provided mining equipments to the mine owners so as the main raw material is available on regular basis and of desired specifications so as to meet the requirement in the international market. However, because of lack of technical skill the mine owners were not able to raise the mineral in a economic manner and as a result the Company has entered into a long term contract for raising of mineral in economic and scientific manner which would not only help in getting the marble blocks of desired specifications but would also help in reducing the cost of rough blocks.

*MADHAV MARBLES AND GRANITES LIMITED***GRANITE DIVISION**

The granite division continued to enjoy leadership position in the market due to its consistently better quality. The quality of granite tiles is considered to be excellent and is well accepted in the international market.

With the solid base that has been built up over the last five years granite business continued to perform well during the year and contributed significantly to overall the Company's higher business volume.

The sales during the year under review was Rs. 1973.37 lacs as against Rs.1681.09 lacs in the previous year.

The profit margin were better due to increase in sales volume, and realisation from sale of rejects/ waste in domestic tariff area undertaken for the first time since commencement of commercial production.

The production of granite for the year increased to an all time high of 140625.69 sq.mts. against 98877.10 sq.mts. for the previous year.

AWARDS

Your Company had received Capexil award for the highest exports for the year 1996-97 of the processed marble. You may be aware that your Company has been awarded Capexil award consecutively for the last five years for processed marbles and the Directors are hopeful of receiving the same for the year under review.

EXPORTS

The international trade has been sluggish and Indian export growth too has declined considerably. In spite of the export growth slowing down your Company continued its efforts towards maximisation of value added exports and which is a strong commitment to serve the national interest.

It is a measure of the strong fundamentals of the business that your Company's export recorded an increase from Rs. 2390.66 lacs in 1996-97 to Rs. 2740.97 lacs in 1997-98 including export through third party.

DIRECTORS

Shri S.P. Chatterjee who was Nominee Director of the Industrial Finance Corporation of India Ltd (IFCI) on the Board of this Company since 28-6-96 ceased to be a Director of the Company with effect from 15-5-98. The Board has placed on record its warm appreciation of the valuable services rendered by Mr S.P. Chatterjee during his tenure of office.

In accordance with the provision of the Companies Act, 1956 and the Company's Articles of Association, Mr Ajay Thakore, Mr Jagdish Dashora and Mr Arvind Apte retire by rotation and are eligible for reappointment.

AUDITORS

The Auditors, M/s Nyati & Associates, hold office until the conclusion of the ensuing AGM and are recommended for reappointment. Certificate from the auditors has been received to the effect that their reappointment, if made, would be within the prescribed limit under Section 224(1) of the Companies Act, 1956.

AUDITORS REPORT

The notes referred to by the Auditors in their Report are self explanatory and hence do not require any further explanation.

DISCLOSURE OF PARTICULARS

Information as per the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, relating to conservation of energy, technology absorption, foreign exchange earnings and outgo are given in Annexure 'A' forming part of this report.

MADHAV MARBLES AND GRANITES LIMITED

PERSONNEL

The Board of Directors wishes to express its appreciation to all the employees of the Company for their outstanding contribution during the year to the operations of the Company.

Particulars regarding employees of the Company, as required under Section 217 (2A) of the

Companies (Particulars of Employees) Rules, 1975, is annexed hereto as Annexure 'B' which forms part of this report.

ACKNOWLEDGEMENT

Your Directors take this opportunity to offer their sincere thanks to the financial institutions, bankers, government departments, etc., for their valuable support and encouragement of the Company.

By Order of the Board of Directors

Udaipur, 1st September, 1998

RAJ KUMAR BAPNA
Wholetime Director

ASHOK DOSHI
Managing Director



MADHAV MARBLES AND GRANITES LIMITED**ANNEXURE 'A' TO THE DIRECTORS REPORT****A. CONSERVATION OF ENERGY**

Conservation of energy is very high priority area for the Company. The efforts are continuing to examine and implement fresh proposals for conservation of energy and minimize its use by regularly monitoring consumption and improved maintenance of the existing systems. Currently, the Company is also using imported plant which are equipped with energy efficient equipments.

B. TECHNOLOGY ABSORPTION**1. Research and Development (R&D)**

In house R&D activities are primarily directed towards development of company's products and reduced cost of Diamond Tools. Faster adaptation with changing market demand with improved productivity and better yield results into cost savings and higher quality products.

The Company has not maintained separate accounts for expenditure incurred on R&D and therefore no specific figures are mentioned.

2. Technology Absorption, Adoption and Innovation

The Company has been successfully using its imported tiling plant. In addition to this the company is making continuous efforts to develop and absorb latest manufacturing and quality control facilities for maintaining high quality standards and consistency in its products to confirm with international specifications.

C. FOREIGN EXCHANGE EARNING AND OUTGO

The turnover of the Company includes Rs. 2632.27 lacs towards value of exports of Granite/Marble Tiles as against Rs. 2294.07 in the previous year. Your Company continues its efforts to improve its export performance.

Foreign exchange earnings and outgo during the year has been as follows:

Earning : Rs. 2632.27 lacs

Outgo : Rs. 450.19 lacs

ANNEXURE 'B' TO THE DIRECTORS REPORT

Particulars of Employees in terms of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975.

S.No.	Name, designation and age	Gross remuneration (in lacs)	Qualification	Last employment and total experience in years	Commencement of employment	Nature of employment
1.	Mr. Ashok Doshi Managing Director 48 years	4.82	B.Sc.	A.R. Enterprises Ltd 20 years	1-5-1995	Contractual
2.	Mr. Suranjan Gupta Wholetime Director 53 years	7.39	B.E (Mining)	Atlas Copco Ltd. 22 years	30-7-1990	Contractual