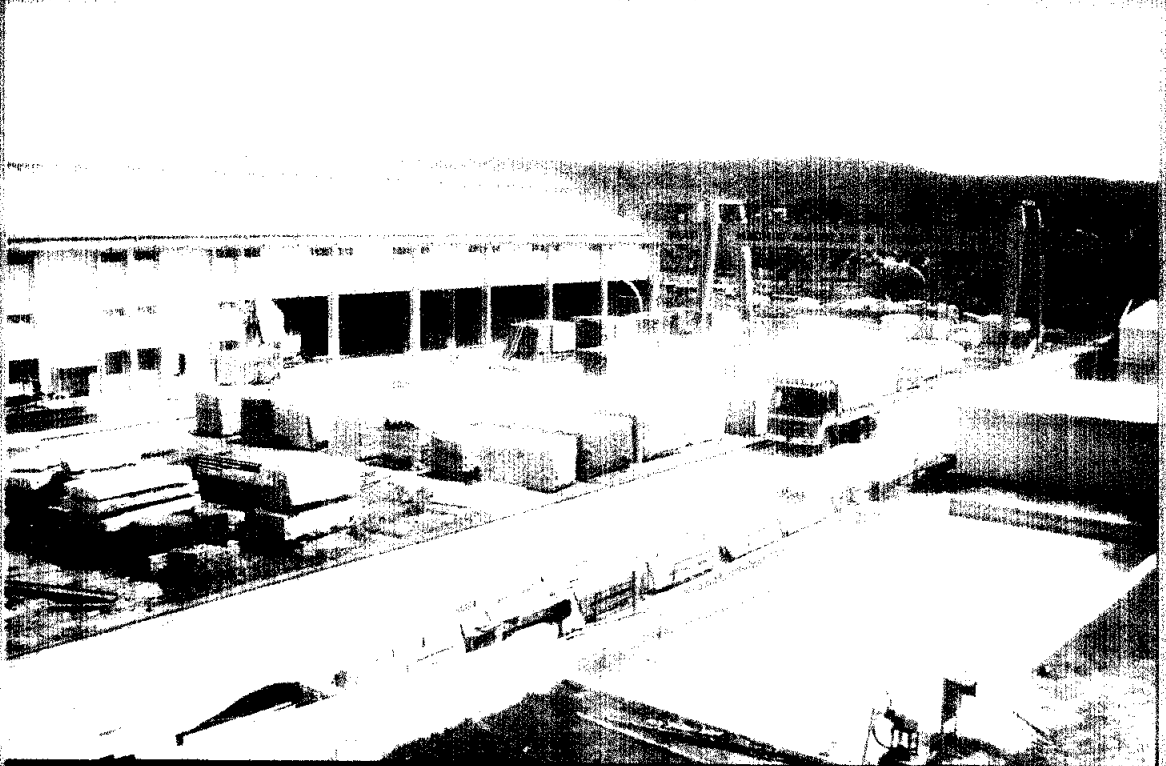


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MADHAV MARBLES & GRANITES LIMITED



Granite Division, Thoppur, Tamil Nadu



MADHAV MARBLES & GRANITES LIMITED

BOARD OF DIRECTORS

RAJ SINGH DUNGARPUR

Chairman

C D GOPINATH

LATA MANGESHKAR

ARVIND LAXMAN APTE

AJAY INDERJIT THAKORE

JAGDISH DASHORA

RAVI KUMAR KRISHNAMURTHI

VIPIN DOSHI

RAJ KUMAR BAPNA

Whole-time Director

ASHOK DOSHI

Managing Director

Company Secretary

R SRIDHAR

Bankers

State Bank of India
Allahabad Bank

Auditors

Nyati & Associates
Chartered Accountants
Udaipur (Raj.) 313 001

Registered Office

N H 8, Amberi
Udaipur (Raj.) 313 004

Works

Marble Division

Sukher Industrial Area
N H 8, Udaipur (Raj.)

Granite Division

Unit I & II

Village Thoppur
Distt. Dharampuri
Tamil Nadu

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Thirteenth Annual Report 2001–2002

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MADHAV MARBLES & GRANITES LIMITED

Notice to the Shareholders

NOTICE is hereby given that the Thirteenth Annual General Meeting of the Company will be held at the Registered Office of the Company, N H 8, Amberi, Udaipur 313 004, Rajasthan on Saturday the 14th day of September 2002, at 4:15 P.M. to transact the following business:

ORDINARY BUSINESS

- 1 To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution:

RESOLVED THAT the audited balance sheet as at 31st March 2002 and the profit and loss account of the Company for the year ended on that date, together with the directors' report and the auditors' report thereon as presented to the meeting be and the same are hereby approved and adopted.

- 2 To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution:

RESOLVED THAT pursuant to the recommendation of the directors, a dividend of Rs.2.00 per share absorbing a sum of Rs.178.94 lakhs be and is hereby declared on 8947000 equity shares of Rs.10/- each fully paid-up, comprised in the paid-up equity share capital of the Company viz., Rs.894.70 lakhs, for the year ended 31st March 2002 and the same be paid to shareholders whose names appear in the register of members of the Company on 14th September 2002 and to the beneficial holders on 05th September 2002.

- 3 To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution:

RESOLVED THAT Mr Ravi Kumar Krishnamurthi, director who retires by rotation and being eligible for re-appointment be and is hereby re-appointed as a director of the Company.

- 4 To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution:

RESOLVED THAT Mr Raj Singh Dungarpur, director who retires by rotation and being eligible for re-appointment be and is hereby re-appointed as a director of the Company.

- 5 To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution:

RESOLVED THAT Mr C D Gopinath, director who retires by rotation and being eligible for re-appointment be and is hereby re-appointed as a director of the Company.

- 6 To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution:

RESOLVED THAT the retiring auditors Messrs. Nyati & Associates, Chartered Accountants, Udaipur be and are hereby re-appointed as auditors of the Company to hold office from the conclusion of this meeting till the conclusion of the next annual general meeting of the Company on such remuneration as may be fixed in this behalf by the board of directors of the Company.

SPECIAL BUSINESS

- 7 To consider and if thought fit to pass with or without modification the following resolution as a special resolution:

RESOLVED THAT in accordance with the provisions of Sections 198, 309, 310 & 311 and other applicable provisions, if any, of the Companies Act, 1956 and subject to approval of the Central Government and such other approvals as may be required, Mr Raj Singh Dungarpur, chairman, be paid for a period of five financial years commencing from 01st April 2002, remuneration by way of



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commission not exceeding 1% of the net profits of the Company, as computed under Sections 198, 349 and 350 of the Companies Act, 1956.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to decide, from time to time the quantum and manner of distribution to Mr Raj Singh Dungarpur, chairman within the limits prescribed.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to take all such steps as may be necessary, desirable or expedient to give effect to the Resolution.

By Order of the Board

Udaipur
31st July 2002

R SRIDHAR
Company Secretary

Notes

- 1 **A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself and the proxy or proxies so appointed need not be a member or members as the case may be of the Company. The instrument appointing the proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the registered office of the Company not later than 48 hours before the time fixed for holding the meeting.**
- 2 The explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of special business under item no.7 as set out above is annexed hereto.
- 3 The Register of Directors' Shareholdings, maintained under Section 307 of the Companies Act, 1956, will be available for inspection by the members at the Annual General Meeting.

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- 4 The register of members and the share transfer books of the Company will remain closed from 05th September 2002 to 14th September 2002 both days inclusive.
- 5 The dividend on the equity shares as recommended by the Board of Directors when declared, will be made payable on or after 14th September 2002 to those shareholders (or their mandatees) whose names appear in the Register of Members of the Company on 14th September 2002, in the physical form or in the Register of Beneficial Owners maintained by Depositories as on 05th September 2002, in the de-mat form.
- 6 As per the provisions of the Income-tax Act, 1961 as amended by the Finance Act, 2002, Tax @10.5% required to be deducted at source if the gross amount of dividend payable to the Resident Individual Shareholder during the financial year exceeds Rs.2500/- . Resident Individual Shareholders who are likely to receive dividend amount more than Rs.2500/- during the financial year and their total estimated income from dividend and sources as provided in Section 197 A (1B) of the Income-tax Act, 1961 during such financial year is not likely to exceed Rs.50,000/- shall claim gross dividend without deduction of tax at source by submitting declaration in Form 15 G (in duplicate) with the Company on or before 12th September 2002. **The Company will, however, not be able to give effect to Form 15 G received after 12th September 2002.**

All other shareholders are requested to give their Permanent Account Number (PAN) allotted to them under Section 139-A of the Income-tax Act, 1961, as it is mandatory to quote payee's PAN in Form No.16-A certificate, in the following seriatim, Name of the Shareholder, Folio No. / Client ID, PAN.

- 7 Consequent upon the amendment to Section 205A read with Section 205C of the Companies Act, 1956, the dividend declared for the year ended 31st March 1999, 31st March



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- 2000 and for any financial year ending thereafter which remain unclaimed for a period of seven years' will be transferred to the Investor Education and Protection Fund established by the Central Government.
- 8 Members who have not encashed their dividend warrants are requested to make their claim directly to the Company.
 - 9 Members holding more than one share certificate in the same name under different ledger folio are requested to apply for consolidation of such folios and send the relevant share certificates to the Company.
 - 10 Non-resident Indian Shareholders are requested to inform us immediately, the change in their Residential Status on return to India for permanent settlement and the particulars of NRE Account, if not furnished earlier.
 - 11 Members are requested to notify immediately any change in their addresses, to the Company and those who are holding their shares in depository mode are requested to notify to their respective Depository Participants (DPs).
 - 12 Members are requested to intimate, to the Company **at least seven days' before the date of annual general meeting**, the details of their bank accounts, like, bank account no., bank name, branch name, city, etc., which will be used by the Company for printing on dividend warrants.
 - 13 As a measure of economy, copies of the annual report will not be distributed at the Annual General Meeting. Members are therefore requested to bring their copies of the annual report to the meeting.
 - 14 Members are requested to affix their signature at the space provided on the attendance sheet annexed to the proxy form and handover the slip at the entrance of the meeting hall.
 - 15 A member desirous of getting any information on the accounts or operations of the Company, is requested to forward his / her queries to the Company at least five working days prior to the meeting, so that the required information will be made available at the meeting.

Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956

The following explanatory statement sets out all material facts relating to the special business mentioned in the accompanying notice dated 31st July 2002 and shall be taken as forming part of the notice.

Item No.7

Mr Raj Singh Dungarpur has served as the Chairman of the Company since February 1991. He has served as the director of the Company from October 1989 to February 1991. He is also the Chairman of the Audit Committee of the Board of the Company.

Mr Raj Singh Dungarpur is devoting much of his time in discussion, drawing up on his vast experience, and his contribution is also available outside the meetings of the Board and Committees, which is of great advantage to the Company.

The turnover of the Company has increased from Rs.36.56 lakhs as on 31st March 1992 to Rs.4181.96 lakhs as on 31st March 2002, which is the highest, in the history of the Company. This has been due to the increasing contributions made by the Chairman.

Further the Company has taken various term loans right from its inception and Mr Raj Singh Dungarpur, chairman was one of the personal guarantors for re-payment of such loans. Also Mr Raj Singh Dungarpur, chairman is giving personal guarantee for all the working capital loans taken by the Company, year after year.

It is therefore considered proper to pay him in the light of the above background, remuneration by way of commission on the net profits commensurate with the advice, guidance and service given / provided

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by him from time to time, which in turn contribute to the efficient management and performance of the Company.

Hence, it is proposed to pay Mr Raj Singh Dungarpur, chairman, remuneration by way of commission not exceeding 1% of the net profits of the Company for a period of five financial years commencing from 01st April 2002 in the manner as stated in the Resolution.

The proposed payment of remuneration by way of commission to Mr Raj Singh Dungarpur, chairman requires the approval of the shareholders in General Meeting through a special resolution, and subject to prior approval of the Central Government. The Company shall make the necessary application to the Central Government in this regard, after the approval of the resolution by the Shareholders at the Annual General Meeting.

Accordingly Directors' recommend the special resolution as set out under Item No.7 of the Notice submitted to the Meeting.

None of the Directors except Mr Raj Singh Dungarpur are deemed to be concerned or interested in the Resolution.

Inspection of documents

The documents referred to in the notice will be available for inspection at the registered office of the Company on any working day between 11:00 a.m. and 1:00 p.m., and will also be available for inspection at the Annual General Meeting.

By Order of the Board

Udaipur
31st July 2002

R SRIDHAR
Company Secretary

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MADHAV MARBLES & GRANITES LIMITED

Directors' Report to the Shareholders

The directors have great pleasure in presenting the 13th annual report and the audited accounts for the year ended 31st March 2002.

2 FINANCIAL HIGHLIGHTS

(Rupees in Lakhs)

Details	Year ended 31.03.2002	Year ended 31.03.2001
Sales and other income	4347.84	3916.20
Profit before interest and depreciation	1011.35	1015.62
Interest	221.44	185.24
Depreciation	305.59	204.39
Profit before tax	484.32	625.99
Provision for taxation		
Current Tax	—	—
Deferred Tax	73.16	—
Profit after tax	411.16	625.99
Add / (Less)		
Prior period adjustment	(2.89)	(1.12)
Provision no longer required	—	2.25
Surplus brought forward from previous year	948.37	401.25
Total	1356.64	1028.37
Dividend	178.94	—
Transfer to general reserve	500.00	80.00
Surplus in Profit & Loss Account	677.70	948.37

3 PERFORMANCE

During the year under review, the Company has achieved a turnover of Rs.4181.96 lakhs as against the turnover of Rs.3830.30 lakhs during 2000 – 2001, registering a positive growth of 9.18%.

The profitability of the overall operations of the Company affected due to the adverse effect of the foreign exchange realisation and recorded Rs.411.16 lakhs as against Rs.625.99 lakhs, a decline of 34.32%.

Other initiatives helped the Company post an improvement which bettered the industry

average: maintaining high quality standards, cost control measures, professional approach of the management, also the Company's operating margins are amongst the best in the marble and granite segment.

The Company at present is exporting its products to more than 30 countries and has established strong business relations with the overseas buyers due to long association with them and also continuously participating in various exhibitions / fairs being organised all over the world.

During the year, the Company had received Capexil Award for the highest exports for the year 2000 – 2001 of granite tiles. The Company had received this award, for the ninth consecutive year.

4 MARBLE DIVISION

The marble division registered a sales turnover of Rs.917.14 lakhs during the year, as against Rs.1172.75 lakhs in the previous year, reduction in turnover to an extent of 21.80%.

The production of the marble tiles and slabs was 55582.46 sq. meters, as against 79663.46 sq. meters, in the previous year.

The marble division continues to face various constraints for its growth, more significantly, due to stagnant prices and increase in the cost of major inputs.

Further the Company had already put in place various cost control measures, quality standards and other measures to turnaround the division.

As reported in the last year regarding development of mines, this year also the Company could not make much headway and did not also get any allotment.

5 GRANITE DIVISION

Granite Tile Unit:

The granite tile unit declined in terms of quantity of sales by 20.81%, in exports.



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The sales during the year by the Unit were Rs.1974.59 lakhs as against Rs.2633.86 lakhs in the previous year, registering a negative growth of 25.03%.

The production during the year was at 156326.72 sq. meters as compared to 194647.34 sq. meters of previous year.

The turnover and profitability of the Unit declined due to the general slowdown in the international market, lower sales realisation and lower value of Euro Currency.

However the Unit has established itself as a leading exporter of granite tiles from India. It has also fulfilled the value addition and export obligation norms.

Granite Slab Unit:

The Company's granite slab unit had successfully completed its first full year of operation. The sales during the year by the Unit were Rs.1290.23 lakhs as against Rs.23.69 lakhs (one month) in the previous year.

The production during the year was at 85532.79 sq. meters as against 4454.74 sq. meters of previous year.

6 SUBSIDIARY COMPANY

During the year your Company had acquired 52300 equity shares of Rs.100/- each, representing 51.27% equity of M/s Rose Marbles Limited (RML), Udaipur, which is in the business of processing Marble Slabs, and by virtue of such acquisition RML has become a subsidiary of Madhav Marbles and Granites Limited.

Further your Company also acquired the management control during April 2002 by nominating two directors on the Board of the RML.

During the financial year ended 31st March 2002, RML has made a turnover of Rs.160.82 lakhs and net profit of Rs.10.83 lakhs.

As required under Section 212 of the Companies Act, 1956 the Audited Statement of Accounts, the Reports of the Board of Directors' and Auditors' of RML is annexed.

7 DIVIDEND

The directors have pleasure in recommending a dividend of 20% for the year ended 31st March 2002. The dividend, if approved by the shareholders, would absorb Rs.178.94 lakhs and be paid to those shareholders whose names appear in the register of members of the Company on 14th September 2002 and to the beneficial holders on 05th September 2002. Consequent to the Finance Act, 2002, the above dividend is subject to deduction of tax at source.

8 FINANCE

Out of the term loan of Rs.850 lakhs sanctioned by the State Bank of India, Rs.450 lakhs was disbursed during 2000-2001 and Rs.300 lakhs was disbursed during 2001-2002. The Company has not availed any additional working capital facilities during the year from its bankers.

9 DEPOSITORY SYSTEM

The equity shares of the Company are tradable compulsorily in electronic form and your Company has established connectivity with both the depositories, i.e., the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL). This will facilitate the shareholders to hold and trade their shares in "electronic form". As the depository system offers numerous advantages, members are requested to avail the facility of dematerialization of the Company's shares on either of the Depositories.

10 DIRECTORS

Mr Ravi Kumar Krishnamurthi, Mr Raj Singh Dungarpur and Mr C D Gopinath, retire by rotation at the ensuing Annual General Meeting, and being eligible offer themselves for re-appointment.