



For Madhav Marbles & Granites Ltd.

R. Sridhar
(R. SRIDHAR)

Company Secretary

MADHAV MARBLES & GRANITES LIMITED

**Fifteenth Annual Report 2003 - 2004**

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MADHAV MARBLES & GRANITES LIMITED

BOARD OF DIRECTORS

RAJ SINGH DUNGARPUR

Chairman

C D GOPINATH

LATA MANGESHKAR

(upto 21.06.2003)

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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MADHAV MARBLES & GRANITES LIMITED

FINANCIAL HIGHLIGHTS

(Rupees in Millions)

Year ended	2000	2001	2002	2003	2004
Profit and Loss Account					
Sales	350.71	383.03	418.20	542.92	618.40
Other Income	15.11	8.59	16.59	14.50	5.65
<i>Total Income</i>	<i>365.82</i>	<i>391.62</i>	<i>434.79</i>	<i>557.42</i>	<i>624.05</i>
Profit before Interest, Depreciation, and Tax	114.44	101.56	101.14	123.56	143.65
Depreciation	21.07	20.44	30.56	29.46	29.60
Profit before Interest and Tax	93.37	81.12	70.58	94.10	114.05
Interest	9.26	18.52	22.14	19.34	11.70
Profit before Tax and Extra-ordinary Item	84.11	62.60	48.44	74.76	102.35
<i>Profit after Tax and Extra-ordinary Item</i>	<i>83.89</i>	<i>62.60</i>	<i>41.12</i>	<i>74.56</i>	<i>105.42</i>
Balance Sheet					
Net Fixed Assets	151.32	248.66	223.32	225.94	220.84
Investments	0.50	0.50	5.23	9.40	0.00
Net Current Assets	326.00	331.17	392.21	414.63	501.25
<i>Total</i>	<i>477.82</i>	<i>580.33</i>	<i>620.76</i>	<i>649.97</i>	<i>722.09</i>
Share Capital	89.47	89.47	89.47	89.47	89.47
Reserves and Surplus	342.13	404.84	400.75	453.46	538.24
Miscellaneous expenditure not written off	23.25	16.09	7.43	1.28	0.56
Net Worth	408.35	478.22	482.79	541.65	627.15
Total Borrowings	69.47	102.11	103.63	80.01	69.70
Deferred Tax Liability	--	--	34.34	28.31	25.24
<i>Total</i>	<i>477.82</i>	<i>580.33</i>	<i>620.76</i>	<i>649.97</i>	<i>722.09</i>
Ratios					
Earning Per Share (Rs.)	9.38	7.00	4.60	8.33	11.78
Dividend (%)	20	--	20	20	20
Dividend Per Share (Rs.)	2.00	--	2.00	2.00	2.00
Dividend Payout (%)	21.32	--	43.52	24.00	16.97
Book Value Per Share (Rs.)	45.64	53.45	53.96	60.54	70.10
Return on Capital Employed (ROCE) (%)	21.19	14.87	12.08	15.89	17.44
Return on Net Worth (RONW) (%)	22.60	14.12	8.56	14.56	18.04
Fixed Assets Turnover (No. of times)	2.35	1.92	1.77	2.42	2.77
Working Capital Turnover (No. of times)	1.31	1.17	1.16	1.35	1.35
Net Profit as % of Total Income	22.93	15.98	9.46	13.38	16.89
Market Capitalisation	122.57	92.15	58.16	114.97	210.70

ROCE is profit before interest and taxation divided by average networth plus total borrowings.

RONW is profit after tax divided by average networth.

Fixed assets turnover is sales divided by average net fixed assets as at the end of the year.

Working capital turnover is sales divided by average net current assets as at the end of the year.

Market capitalisation is calculated by considering the market prices for shares at the end of the year.



MADHAV MARBLES & GRANITES LIMITED

Notice to the Shareholders

NOTICE is hereby given that the Fifteenth 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 Friday the 27th day of August 2004, 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 2004 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.17.90 million 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.89.47 million, for the year ended 31st March 2004 and the same be paid to shareholders whose names appear in the register of members of the Company on 27th August 2004 and to the beneficial holders on 16th August 2004.

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

RESOLVED THAT Mr Arvind Laxman Apte, 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 Vipin Doshi, director liable to retire by rotation, does not seek re-election, is therefore, not re-appointed as director of the Company.

RESOLVED FURTHER THAT the vacancy on the Board of Directors of the Company so created, be not filled.

- 5 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

- 6 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 (4), 310 and 311 and other applicable provisions, if any, of the Companies Act, 1956, and in modification of the earlier resolution no.7 passed at the Thirteenth Annual General Meeting of the Company held on 14th September 2002, and subject to approval of the Central Government and such other approvals as may be required, the Directors of the Company (excluding the Managing Director(s) and Whole-time Director(s)), be paid remuneration by way of commission not exceeding 2% of the net profits of the Company, as computed in the manner



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provided in Sections 198, 349 and 350 of the Companies Act, 1956, for each of the five financial years of the Company commencing from 01st April 2004.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to decide, from time to time the quantum and manner of distribution, within the limits prescribed.

RESOLVED FURTHER THAT the payment of commission, as aforesaid, shall be exclusive of the fees payable to such Directors for attending the meetings of the Board and Committees thereof.

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

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

RESOLVED THAT subject to the provisions of the Companies Act, 1956, the Securities Contracts (Regulation) Act, 1956 and the rules framed thereunder, the Listing Agreements with the Stock Exchanges, the Securities and Exchange Board of India (De-listing of Securities) Guidelines, 2003 (including any

statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted hereinafter), and all other applicable laws, rules, regulations and guidelines and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company, consent is hereby accorded to the Board of Directors of the Company to voluntarily de-list the Equity Shares of the Company from the Jaipur Stock Exchange Limited (JSE) and the Stock Exchange, Ahmedabad (ASE), at such time as the Board may decide.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as they may, in their absolute discretion, deem necessary, desirable or expedient to give effect to the Resolution.

By Order of the Board

Mumbai
10th July 2004

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 ordinary business under item no.4 and in respect of special business under item nos.6 & 7 as set out above, are 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.
- 4 The register of members and the share transfer books of the Company will remain closed from 16th August 2004 to 27th August 2004 both days inclusive.



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- 5 The dividend on the equity shares as recommended by the Board of Directors when declared, will be made payable on or after 27th August 2004 to those shareholders (or their mandatees) whose names appear in the Register of Members of the Company on 27th August 2004, in the physical form or in the Register of Beneficial Owners maintained by Depositories as on 16th August 2004, in the de-mat form.
- 6 Pursuant to the provisions of Section 205A read with Section 205C of the Companies Act, 1956, the dividend declared for the year ended 31st March 1999, 31st March 2000, 31st March 2002, 31st March 2003 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. Thereafter, Members shall not be able to register their claim in respect of their unencashed dividends.
- 7 Members who have not encashed their dividend warrants are requested to make their claim directly to the Company.
- 8 Members holding more than one share certificate in the same name under different ledger folios are requested to apply for consolidation of such folios and send the relevant Share Certificates to the Company for consolidating their holdings in one folio. The Share Certificates will be returned to the Members after making requisite changes thereon.
- 9 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.
- 10 Members are requested to notify immediately any change in their addresses / bank account details / mandate, to the Company and those who are holding their shares in depository mode are requested to notify to their respective Depository Participants (DPs).
- 11 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.
- 12 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.
- 13 As per the provisions of the Section 109A of the Companies Act, 1956, facility for making nominations is now available to INDIVIDUALS holding shares in the Company. The Nomination Form – 2B as prescribed, can be obtained from the Registered Office of the Company. In case of shares held in de-mat form, the nomination has to be lodged with Depository Participants (DPs).
- 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 ordinary and special business mentioned in the accompanying notice dated 10th July 2004 and shall be taken as forming part of the notice.

Item No.4

Mr Vipin Doshi, a director of the Company, is due to retire by rotation, in accordance with the provisions of the Section 256 of the Companies Act, 1956 and the Articles of Association of the Company, at the forthcoming Annual General Meeting, has not sought re-election on personal grounds. It has been decided by the Board that the vacancy so created on the Board of Directors of the Company should not be filled. The resolution at item no.4 is pursuant to Section 256(4) of the Companies Act, 1956. Members' attention is drawn to the Board's Report.

Item No.6

At the eleventh annual general meeting of the Company held on 26th May 2000, the Members approved by a Special Resolution, the payment to Directors (other than Managing Director(s) and Whole-time Director(s)) remuneration by way of commission not exceeding 1% of the net profits of the Company for each of the five financial years commencing from 01st April 2000.

Further, at the thirteenth annual general meeting of the Company held on 14th September 2002, the Members approved by a Special Resolution, the payment to Mr Raj Singh Dungarpur, remuneration by way of commission not exceeding 1% of the net profits of the Company for each of the five financial years commencing from 01st April 2002, subject to approval of the Central Government.

The Central Government vide their letter dated 13th May 2003 advised the Company to obtain a revised resolution duly passed by the shareholders, regarding payment of 2% commission, i.e. for payment of 1% commission to Chairman and for

payment of 1% commission for remaining non-working directors.

Therefore, the Board of Directors, at its meeting held on 10th July 2004, has decided to obtain a revised resolution for payment of remuneration to the Directors (other than Managing Director(s) and Whole-time Director(s)) of the Company.

Further, the Company has performed consistently well over the last few years. This has been largely due to the increasing contributions made by the Directors who are required to devote considerable quality time and effort providing valuable guidance and counsel to the Management team.

It is, therefore, considered desirable to pay the Directors ((other than Managing Director(s) and Whole-time Director(s)), remuneration by way of commission not exceeding 2% of the Company's net profits for each of the five financial years commencing from 01st April 2004 in the manner stated in the Resolution.

The proposed payment of remuneration by way of commission to Directors (other than Managing Director(s) and Whole-time Director(s)), requires the approval of the Shareholders in General Meeting by a Special Resolution.

Accordingly, Directors' recommend the special resolution as set out under item no.6 of the Notice submitted to the Meeting.

All the Directors (other than Mr Ashok Doshi, Managing Director and Mr Raj Kumar Bapna, Whole-time Director) are interested or deemed to be concerned or interested in the Resolution to the extent of the remuneration by way of commission that may be received by them.

Item No.7

The Equity Shares of the Company are presently listed at Jaipur Stock Exchange Limited (JSE) (the Regional Stock Exchange to the Company), the Stock Exchange, Mumbai (BSE) and the Stock Exchange, Ahmedabad (ASE).



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With the extensive networking of BSE and availability of nationwide trading terminals, the shareholders / investors have access to online dealings in the Company's shares across the Country. Moreover, the Company's equity shares are one of the scrip which the Securities and Exchange Board of India (SEBI) has specified for settlement only in de-mat form by all investors, effective 02nd April 2001, and the equity shares of the Company are available for trading in electronic mode with effect from 15th February 2001, and the allotted ISIN Number is "INE 925CO1016".

There were no trading of the Company's equity shares at JSE and ASE for last few years, and the entire trading of the equity shares takes place at BSE and the trading volumes were 990,967 equity shares and 3,102,088 equity shares for the financial years 2002 – 2003 and 2003 – 2004 respectively.

The annual recurring listing fees paid to JSE and ASE, do not offer commensurate benefits to the Company / its investors in the changed scenario of the nationwide trading terminals set up by the BSE. The continued listing at JSE and ASE is not considered necessary. It would further contribute to the reduction in administrative costs / effect of the Company.

Therefore, the Board of Directors, at its meeting held on 10th July 2004, has decided to get the shares voluntarily de-listed from Jaipur Stock Exchange Limited and the Stock Exchange,

Ahmedabad, in accordance with the applicable laws, rules, regulations and guidelines.

The proposed voluntary de-listing of the Company's equity shares from the said stock exchanges will not adversely affect any investors including the Members located in the regions where the said Stock Exchanges are situated.

Pursuant to the SEBI (De-listing of Securities) Guidelines, 2003, as the Company's equity shares shall continue to remain listed on BSE, no Exit Option is required to be offered to the shareholders.

Further in terms of the aforesaid guidelines, the proposed de-listing requires the approval of the Shareholders in General Meeting through a Special Resolution.

Accordingly, Directors' recommend the special resolution as set out under item no.7 of the Notice submitted to the Meeting.

None of the Directors of the Company is 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

Mumbai
10th July 2004

R SRIDHAR
Company Secretary

Information on Director retiring by rotation seeking re-appointment at this Annual General Meeting

MR ARVIND LAXMAN APTE

Mr Arvind Laxman Apte, aged 69, has a Bachelor's Degree in Arts from Bombay University.

He has served as an independent and non-executive director of the Company since October 1992.

He is an eminent businessman with rich experience in the field of Finance, Management and Corporate Affairs.

He also brings in his vast and diversified experience in the conduct of the proceedings of the Company.

As at 31st March 2004 he held 1000 equity shares of the Company.

He is also a Director in the following companies -

- 1 Sadhana Nitrochem Limited
- 2 Shanudeep Private Limited
- 3 Dr. Writer's Food Products Private Limited.



Directors' Report to the Shareholders

The directors have great pleasure in presenting the 15th annual report and the audited accounts for the year ended 31st March 2004.

2 FINANCIAL HIGHLIGHTS

(Rupees in Millions)

Details	Year ended 31.03.2004	Year ended 31.03.2003
Net sales and other income	620.49	553.11
Profit before interest and depreciation	143.65	123.56
Interest	11.70	19.34
Depreciation	29.60	29.46
Profit before tax	102.35	74.76
Extra-ordinary item	--	(6.22)
Provision for taxation		
Current tax	--	--
Deferred tax	(3.07)	(6.02)
Profit after tax	105.42	74.56
Add / (Less)		
Prior period adjustment	(0.13)	(1.66)
Provision no longer required	--	--
Surplus brought forward from previous year	70.48	67.77
Total	175.77	140.67
Proposed dividend (20%)	17.90	17.90
Tax on proposed dividend	2.29	2.29
Transfer to general reserve	15.00	50.00
Surplus in Profit & Loss Account	140.58	70.48

3 PERFORMANCE

During the year under review, the turnover of the Company has gone up by 14.15% to Rs.614.84 million. Other income was at Rs.5.65 million. Profit before interest, depreciation and tax has increased 16.26% to Rs.143.65 million and profit after tax and extra-ordinary item has increased 41.39% to Rs.105.42 million. The earning per share has gone up to Rs.11.78 as compared to Rs.8.33 of previous year.

The Company performed well in Granite Slab Business, growing 50% in sales to Rs.349.57 million.

A detailed performance analysis of the businesses is given in the Management Discussion and Analysis Section.

Net interest cost declined by 39.50% to Rs.11.70 million, compared with Rs.19.34 million in FY 2003. The reduction in interest cost was achieved through debt repayments, and the total debt was at Rs.69.70 million at the end of the year, compared with total debt of Rs.80.01 million at the end of FY 2003.

4 DIVIDEND

The directors have pleasure in recommending a dividend of 20% for the year ended 31st March 2004. The dividend, if approved by the shareholders, would absorb Rs.17.90 million and be paid to those shareholders whose names appear in the register of members of the Company on 27th August 2004 and to the beneficial holders on 16th August 2004. This dividend is free from tax in the hands of the shareholders of the Company, while the Company has to pay tax at 12.50% together with surcharge, on dividend, aggregating to Rs.2.29 million.

5 SUBSIDIARY COMPANY

As reported in the last year, the Company has sold its entire investment in the Subsidiary Company (M/s Rose Marbles Limited (RML)). Consequently, RML has ceased to be a subsidiary to the Company with effect from 17th June 2003.

Therefore, the requirement as to annexure of Audited Statement of Accounts, the Reports of the Board of Directors and Auditors of RML and incorporation of the Consolidated Financial Statements, does not arise.