

SOLID GRANITES LIMITED



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ANNUAL REPORT
2002 - 2003

13TH ANNUAL REPORT 2002-2003

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THIRTEENTH ANNUAL REPORT 2002-2003**BOARD OF DIRECTORS**

Mr. Milan B. Khakhar -

Chairman and
Managing Director
Joint Managing Director

Mr. Prakash B. Khakhar -

Mrs. Vasumati B. Khakhar

Mr. K. Natarajan

Ms. A. Y. Parekh

Mr. K. Gopi Nair

AUDITORS

M/s. Joshi Poddar & Co.

Chartered Accountants

Mumbai

BANKERS

State Bank of India

Citi Bank N. A.

Syndicate Bank

REGISTERED OFFICE

65/73, C. P. Tank Road,
Corner of 2nd Panjrapole Lane,
Mumbai - 400 004.

ADMINISTRATIVE OFFICE

1501, Maker Chambers V,
Nariman Point,
Mumbai - 400 021.

WORKS

Plot No. 33/34, S. No. 831/15 & 25,
Village Mahim, Chintupada,
Taluka Palghar, Dist. Thane.

THIRTEENTH ANNUAL GENERAL MEETING

AT

Garware Club House,
Wankhede Stadium, 'D' Road,
Churchgate, Mumbai - 400 020.
On Thursday, 18th September, 2003
at 9.15 A.M.

NOTICE OF MEETING

NOTICE is hereby given that the Thirteenth Annual General Meeting of the Shareholders of **SOLID GRANITES LIMITED** will be held at the Garware Club House, Wankhede Stadium, "D" Road, Churchgate, Mumbai - 400 020 on Thursday, 18th September, 2003 at 9.15 am to transact, as may be permissible the following business :

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2003, Profit and Loss Account for the year ended on that date and the Reports of the Auditors and Directors thereon.
2. To declare a Dividend.
3. To appoint a Director in place of Ms. A. Y. Parekh who retires by rotation and being eligible offers herself for re-appointment.
4. To appoint M/s. K. Poddar & Associates, Chartered Accountants in place of M/s. Joshi Poddar & Co., Chartered Accountants, existing Auditors and to fix their remuneration.

SPECIAL BUSINESS :

5. To consider and if thought fit, to pass with or without modification(s) the following resolution as Ordinary Resolution :

"RESOLVED THAT Mr.K.Gopi Nair be and is hereby appointed as a Director of the Company liable to retire by rotation."

6. To consider and if thought fit, to pass with or without modification(s) the following resolution as Special Resolution :

"RESOLVED THAT pursuant to the provisions of Section 61 and other applicable provisions of the Companies Act, 1956 (hereinafter referred to as "the Act") and all applicable provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 (hereinafter referred to as "the Delisting Guidelines") including any statutory modifications and sanctions as may be necessary and subject to such conditions and modifications as may be considered necessary by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any committee constituted or to be constituted by the Board), or as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions which may be agreed to by the Board in its sole discretion, the consent of the Company be and is hereby accorded to the Board to delist the Equity Shares of the Company from the Stock Exchange, Ahmedabad (hereinafter referred to as "the Delisting Stock Exchange") on such terms and conditions and in such manner as may be considered desirable and expedient by the Board in its absolute discretion."

"RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution the Board be and is hereby authorized to do all such acts, deeds, matters and things including filing of applications and other documents with the Delisting Stock Exchange, as it may in its absolute discretion deem necessary, expedient, usual or proper or desirable and to settle all questions, difficulties or doubts whatsoever that may arise in regard to the aforesaid voluntary delisting of the Equity Shares as it may in its absolute discretion deem fit without being required to seek any further approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval expressly by the authority of this Resolution."

NOTES :

- A) A MEMBER ENTITLED TO ATTEND AND VOTE IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE FOR HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
- B) The Register of Members and Share Transfer Books of the Company will be closed from 11th September, 2003 to 18th September, 2003 (both days inclusive) for the purpose of Dividend.
- C) The form of proxy should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
- D) Dividend on Equity Shares when declared will be made payable to those members whose names appear on the Company's Register of Members on 18th September, 2003.
- E) Members intending to require information about accounts to be explained in the meeting are requested to inform the Company in writing at least seven days in advance of the Meeting.
- F) Members are requested to :
- i) Bring their copies of the Annual Report alongwith duly filled in attendance slip to the Meeting.
 - ii) Notify immediately any change in their address, at the Administrative office of the Company, quoting their Folio numbers.

REGISTERED OFFICE

65/73, C.P.Tank Road,
Corner of 2nd Panjrapole Lane,
Mumbai – 400 004.

By Order of the Board of Directors

Milan B. Khakhar
Chairman & Managing Director

Place : Mumbai

Date : 19th August, 2003

13TH ANNUAL REPORT 2002-2003**5****EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956****Item No.5**

Mr. K.Gopi Nair was appointed as Additional Director by the Board of Directors of the Company on 1st January, 2003 in accordance with Article 140 of the Articles of Association of the Company and pursuant to section 260 of the Companies Act, 1956, to hold the office upto the date of this Annual General Meeting.

The Company has received notice in writing as required under section 257 of the Companies Act, 1956, signifying intention to propose his candidature for the office of the Director.

None of the Directors except the one being appointed as above, is interested in the resolution.

Item No. 6

As the Members are aware, the Company's Equity Shares have been listed for past several years on the Stock Exchange at Mumbai & Ahmedabad, in order to provide the shareholders and investors with liquidity in trading of Company's Equity Shares. The bulk of the trading, since listing, however has taken place on the Stock Exchange, Mumbai (BSE)

An analysis of the data of the last few years reveals that trading volume in the Company's Equity Shares on Ahmedabad Stock Exchange is very negligible and there is no quotations for the Company's shares and is disproportionate to the cost in terms of listing fees payable by the Company to the Ahmedabad Stock Exchange arising from expansion of BSE and emergence of the extensive networking and extension of terminals to various cities across the country where investors have access to on-line dealings in the Company's Equity Shares.

Considerable expenditure is required to be incurred by the Company by way of listing fees, charges for advertisement in newspapers under the various provisions of Listing Agreements, charges on postage and facsimile communications, etc. with the Ahmedabad Stock Exchange, without proportionate benefit being available to the shareholders of the Company by continued listing of the Equity Shares on the Ahmedabad Stock Exchange.

In the circumstances, the Board of Directors of the Company at its Meeting held on 31st July, 2003 has decided to seek voluntary delisting of the Company's Equity Shares on Ahmedabad Stock Exchange subject to the Company complying with the various provisions of SEBI (Delisting of Securities) Guidelines, 2003 ("the Delisting Guidelines") and obtaining necessary approvals, permissions and sanctions in this regard. The proposed voluntary delisting will further contribute to the cost reduction exercise initiated across the various functional areas by the Company.

The delisting Guidelines have done away with the requirement of providing an exit option to the Members situated in the regions covered by the Delisting Stock Exchange, in case where the securities continue to be listed on a stock exchange having nationwide trading terminals. For the purpose of the Delisting Guidelines, stock exchanges having nationwide trading terminals means BSE and any other stock exchange which may be specified by SEBI.

The Company's Equity Shares will continue to be listed on BSE having nation-wide trading terminals, thereby giving opportunity to the investors to engage in free trading of the Company's shares.

As required by the Delisting Guidelines, a public announcement in respect of the proposed delisting will be published in due course and the delisting will become effective after all approvals, sanctions and permissions are received.

The proposed delisting of the Company's Equity Shares on the Delisting Stock Exchange is not considered to be prejudicial to, or to affect adversely, the interest of the investors since trading facilities are available on the connectivity of BSE in most of the cities across the country.

The Directors commend the Special Resolution at Item No.6 for approval by the Members.
No Director of the Company is concerned or interested in the said Resolution.

REGISTERED OFFICE :

65/73, C.P. Tank Road,
Corner of 2nd Panjarapole Lane,
Mumbai-400 004.

By Order of the Board of Directors

Milan B. Khakhar
Chairman & Managing Director

MUMBAI : 19th August, 2003

DIRECTOR'S REPORT

To,

The Members,

Your Directors have pleasure in presenting their Thirteenth Annual Report of the Company for the year ended on 31st March, 2003.

FINANCIAL RESULTS :

	Year Ended 31 st March, 2003 Rs.in '000s	Year Ended 31 st March, 2002 Rs.in '000s
Gross Income	81,993	83,007
Profit before Depreciation and Tax	4,731	7,555
Profit after Tax	3,320	6,399
Balance brought forward from Previous year	19,396	15,897
Amount available for Appropriation	22,716	22,296
Appropriation :		
Transfer to General Reserve	NIL	500
Proposed Dividend	2,400	2,400
Additional Tax on Dividend	308	NIL
Surplus carried to Balance Sheet	20,008	19,396

DIVIDEND :

Your Directors are pleased to recommend a Dividend at the rate of 8% for the year ended 31st March, 2003 on the paid up Equity Share Capital. The Dividend payout has been maintained, despite overall recessionary business trends and liquidity crunch.

OPERATIONS :

During the year under review, there was marginal decrease in turnover, but sharp fall in margins on account of competition, falling US Dollar, shrinking of exports to U.S.A and U.K. due to Iraq war and climatic conditions prevailing.

Your company has established itself in the global market as a reputed supplier of granite, marble and allied products, and has in fact exported 97% of its total turnover during the year 2002-2003.

During the current year the improvement in economic indices, will also be reflected in the Company's performance.

DIRECTORATE :

Ms. A.Y.Parekh, Director of the company shall retire by rotation at the forthcoming Annual General Meeting and being eligible offers herself for re-appointment.

Mr.K.Gopi Nair, was appointed as Additional Director of the company on 1st January, 2003. Mr.K.Gopi Nair (43) is a Commerce Graduate having experience of about 18 years in Production, Sales and Marketing of Natural Stones and building materials and in business affairs. Mr. K. Gopi Nair holds the office till the ensuing Annual General Meeting of the company. The company has received notice in writing under section 257 of the Companies Act, 1956, signifying intention to propose Mr.K.Gopi Nair's candidature for the office of Director.

13TH ANNUAL REPORT 2002-2003**7****PARTICULARS OF EMPLOYEES :**

The information as per section 217 (2A) of the Companies Act 1956 read with Companies (Particulars of Employees) Rules, 1975 is not attached to this report, since the company did not employ during the year under review, any employee drawing remuneration exceeding the limits specified in the said section.

Director's Responsibility Statement under Section 217 (2AA) is as follows :

Your Directors make the following statement pursuant to section 217(2AA) of the Companies Act, 1956 ;

1. That in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
2. That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.
3. That the Directors have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. That the Directors have prepared the Annual Accounts on a going concern basis.

INSURANCE :

All the assets of the Company are adequately insured.

CORPORATE GOVERNANCE :

Your company has always striven to incorporate appropriate standards for good corporate governance . A separate report on Corporate Governance pursuant to clause 49 of the Listing Agreement with the Stock Exchanges, including the Management Discussion and Analysis, Shareholders' Information and Auditors' Certificate on its compliance, form part of this Annual Report.

AUDITORS :

M/s. Joshi Poddar & Co., Chartered Accountants, existing Auditors have expressed their unwillingness to be reappointed as Statutory Auditors of the Company. It is proposed to appoint M/s. K. Poddar & Associates, Chartered Accountants, as Statutory Auditors of the company at the ensuing Annual General Meeting. The Company has received notice from a member signifying his intention to propose the candidature of M/s. K. Poddar & Associates, Chartered Accountants, to the office of the Auditors of the Company.

DISCLOSURES :

Information as required under section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board Directors) Rules, 1988 is set out as under :

i) Conservation of Energy :

Energy conservation measures have already been implemented by the Company and there are no major areas where further conservation measures appear necessary. However, efforts to conserve and to optimize the use of energy through improved operational methods and other means will continue on an ongoing basis.

	Current Year	Previous Year
Power Consumption (Electricity)		
Unit	1,36,830	1,32,941
Total Cost	Rs. 6,16,370	Rs. 7,69,391
Rate per unit	Rs. 4.50	Rs. 5.78
Consumption per unit of production (Units per sq.ft.)	4.77	2.88

ii) Technology Absorption : Not Applicable

iii)	Year Ended 31 st March, 2003 Rs.in '000s	Year Ended 31 st March, 2002 Rs.in '000s
a. Earning from Exports	75910.62	75941.01
b. Foreign Exchange Outgo	1283.23	1065.00

APPRECIATION :

Your Directors wish to place on record their sincere appreciation for the support and co-operation received from the banks, customers and employees at all levels.

For and behalf of the Board

PLACE : MUMBAI

Milan B. Khakhar

DATED : 19th August, 2003

Chairman.

