

SOLID GRANITES LIMITED



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**ANNUAL REPORT
2003-2004**

14TH ANNUAL REPORT 2003-2004**1****CONTENTS**

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FOURTEENTH ANNUAL REPORT 2003-2004**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. K. Poddar & Associates

Chartered Accountants

Mumbai

BANKERS

State Bank of India

Citi Bank N. A.

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.

FOURTEENTH ANNUAL GENERAL MEETING

AT

Garware Club House,

Wankhede Stadium, 'D' Road,

Churchgate, Mumbai - 400 020

On Monday, 20th September, 2004

at 9.15 A.M.

NOTICE OF MEETING

NOTICE is hereby given that the Fourteenth Annual General Meeting of the Shareholders of SOLID GRANITES LIMITED will be held at the Garware Club House, Wankhede Stadium, "D" Road, Churchgate, Mumbai - 400020 on Monday, 20th September, 2004 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, 2004, Profit and Loss Account for the year ended on that date and the Reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Mr. K. Natarajan who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

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

"RESOLVED THAT pursuant to sections 198,269,309,310,311, 314 and other applicable provisions, if any, of the Companies Act, 1956 (" the Act ") or any amendment thereto or re-enactment thereof read with Schedule XIII and all guidelines for Managerial remuneration issued by the Central Government from time to time, consent of the Company be and is hereby accorded for re-appointment by the Board of Directors (" the Board") of Mr. Milan B. Khakhar as Chairman and Managing Director with effect from 1st August, 2004 for 5 years i.e. upto 31st July, 2009 on such terms and condition as are set out in the Agreement dated 30th July, 2004, between the Company and Mr.Milan B. Khakhar, the copy whereof initialed by the Chairman for the purpose of identification is placed before this Meeting."

"Provided that where in any financial year the company has no profits or its profits are inadequate, the company shall pay the remuneration and provide perquisites as set out in the Agreement, to Mr.Milan B.Khakhar, Chairman and Managing Director as and by way of minimum remuneration subject to the applicable provisions of schedule XIII of the said Act and the approval of the Central Government as may be required."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to do all acts, deeds, matters, and things as may be considered necessary, desirable or expedient for giving effect to this Resolution."

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

"RESOLVED THAT pursuant to sections 198,269,309,310,311, 314 and other applicable provisions, if any, of the Companies Act, 1956 (" the Act ") or any amendment thereto or re-enactment thereof read with Schedule XIII and all guidelines for Managerial remuneration issued by the Central Government from time to time, consent of the Company be and is hereby accorded for re-appointment by the Board of Directors (" the Board") of Mr. Prakash B. Khakhar as Joint Managing Director with effect from 1st August, 2004 for 5 years i.e. upto 31st July, 2009 on such terms and condition as are set out in the Agreement dated 30th July, 2004, between the Company and Mr.Prakash B. Khakhar, the copy whereof initialed by the Chairman for the purpose of identification is placed before this Meeting."

"Provided that where in any financial year the company has no profits or its profits are inadequate, the company shall pay the remuneration and provide perquisites as set out in the Agreement, to Mr.Prakash B.Khakhar, Joint Managing Director as and by way of minimum remuneration subject to the applicable provisions of schedule XIII of the said Act and the approval of the Central Government as may be required."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to do all acts, deeds, matters, and things as may be considered necessary, desirable or expedient for giving effect to 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 13th September, 2004 to 20th September, 2004 (both days inclusive).
- C) The form of proxy should be deposited at the *Administrative Office* of the Company not less than 48 hours before the commencement of the meeting.
- D) 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.
- E) 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.
 - iii) Send all their documents and communications pertaining to shares to Sharex (India) P.Ltd. (Share Transfer Agents of the company) at 17/B, Dena Bank Building, 2nd Floor, Horniman Circle, Fort, Mumbai-400001,
- F) *The Company's shares are now available for dematerialisation. Members opting for the same may contact their Depository Participants (ISIN:INE584G01012)*
- G) *Details regarding retiring Director , seeking re-appointment at the Annual General Meeting :*
 Mr. K. Natarajan (75), is a Chartered Accountant, and former Secretary (Investment) with Life Insurance Corporation of India (LIC). He has rich experience of more than 50 years in areas of Accountancy, Law, Finance and Insurance. He is not holding any other Directorships. He is a member of committees appointed by the Board for effective Corporate Governance. The relevant details about his attendance of meetings are given in Report on Corporate Governance forming part of Annual Report.

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 : 23rd August, 2004

14TH ANNUAL REPORT 2003-2004**5****EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956****Item No.4 and 5**

Mr. Milan B. Khakhar and Mr. Prakash B. Khakhar are appointed as Managing Director and Joint Managing Director respectively, of the Company with effect from 1st August, 1994. Having regard to their long and rich experience in the industry and their significant contribution to the progress of the Company right from the inception, the Board of Directors of the Company at its meeting held on 30th July, 2004 have proposed to re-appoint Mr. Milan B. Khakhar as Managing Director and Mr. Prakash B. Khakhar as Joint Managing Director of the company from 1st August, 2004 to 31st July, 2009, as mentioned below, pursuant to provisions of section 198, 269, 309, 310, 311, 314, Schedule XIII and any other applicable provisions of the Companies Act, 1956 and requisite approvals of members at the ensuing Annual General Meeting.

Remuneration Payable to each of them :**Section I : Payable when the Company has adequate profits :**

Remuneration, by way of salary dearness allowance, perquisites, and other allowance payable monthly, to be decided by the Board of Directors, and commission, which together shall not exceed five percent of net profit of the company for one such managerial person, and if there is more than one such managerial person, ten percent for all of them together.

Section II : Payable when the company has no profits or inadequate profits :

1. Rs.67,500/- (Rupees Sixty Seven Thousand Five Hundred Only) per month or Rs.8,10,000/- (Rupees Eight Lakh, Ten Thousand Only) per annum including salary, perquisites, dearness and all others allowances.
2. The following perquisites shall not be included in the computation of ceiling on perquisites included under " Remuneration"
 - i) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
 - ii) Gratuity payable as per rules of the Company, so as not to exceed half month's salary for each completed year of service.
 - iii) Encashment of Leave : As per the Company's Rules, and at the end of the tenure.
 - iv) Medical Re-imbursement as in force from time to time.
 - v) Use of 2(two) Telephones for company's business at residence provided, cost of the personal long distance calls shall be borne by the Managing Director(s).
 - vi) Use of Motor Car with drivers (all running and maintenance expenses paid by the company)
- ★ The remuneration payable to Mr.Milan B.Khakhar and Mr.Prakash B.Khakhar is within the limits prescribed under Schedule XIII to the Companies Act, 1956.
- ★ The appointment may be terminated at any time by either party by giving to the other party six month's notice of such termination and neither party will have any claim against the other for damages or compensation by reason of such termination. In any event, the appointee will not be entitled to any compensation in cases mentioned in Section 318 (3) of the Companies Act, 1956.
- ★ Mr. Milan B. Khakhar and Mr. Prakash B. Khakhar will not be paid any fees for attending the Meetings of the Board or of Committee thereof.
- ★ Mr.Milan B. Khakhar and Mr.Prakash B. Khakhar are not liable to retire by rotation.

In compliance with the provisions of Sections 269 and 309 and other applicable provisions, if any, of the Companies Act, 1956 and Schedule XIII thereto, the terms of remuneration specified above are now being placed before the Members in General Meeting for their approval.

Copies of Letters of Appointment and Agreements dated 30th July, 2004 are open for inspection of the Members at the Administrative Office of the Company on working days of the Company between 10.30 a.m. and 12.30 noon upto and including the date of the Annual General Meeting or any adjournments thereof.

The Board of Directors recommends the passing of the resolution.

Apart from Mr.Milan B. Khakhar, Mr. Prakash B. Khakhar, Mrs. Vasumati B. Khakhar who is the relative of Mr. Milan B. Khakhar and Mr. Prakash B. Khakhar, no other Director is interested in the above resolutions.

This Explanation, together with the accompanying Notice is and shall be treated as an abstract under section 302 of the Companies Act, 1956.

REGISTERED OFFICE :

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

MUMBAI : 23rd August, 2004

By Order of the Board of Directors

Milan B. Khakhar
Chairman & Managing Director

DIRECTOR'S REPORT

To,

The Members,

Your Directors have pleasure in presenting their Fourteenth Annual Report of the Company for the year ended on 31st March, 2004.

FINANCIAL RESULTS :

	Year Ended 31 st March, 2004 Rs.in '000s	Year Ended 31 st March, 2003 Rs.in '000s
Gross Income	83,423	81,993
Profit before Depreciation and Tax	2,774	4,731
Profit after Tax	1,908	3,320
Balance brought forward from		
Previous year	20,008	19,396
Amount available for Appropriation	21,916	22,716
Appropriation :		
Proposed Dividend	—	2,400
Additional Tax on Dividend	—	308
Surplus carried to Balance Sheet	21,916	20,008

OPERATIONS :

During the year under review, there was marginal increase in turnover, but sharp fall in margins on account of competition and falling US Dollar.

Your company has established itself in the global market as a reputed supplier of granite, marble and allied products, and has in fact exported 83% of its total turnover during the year 2003-2004. During the current year the improvement in economic indices, will also be reflected in the Company's performance. In order to conserve resources, the Directors have not recommended any Dividend for the year under review.

DIRECTORATE :

Mr. K.Natarajan, Director of the company shall retire by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

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 :

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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. K. Poddar & Associates, Chartered Accountants are eligible for re-appointment and have indicated their willingness to act as such. In terms of section 224A of the Companies Act 1956, their appointment needs to be confirmed and their remuneration needs to be fixed.

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)		
Units	1,08,165	1,36,830
Total Cost	Rs. 5,20,600	Rs. 6,16,370
Rate per unit	Rs. 4.81	Rs. 4.50
Consumption per unit of production (Units per sq.ft.)	2.60	4.77

ii) Technology Absorption : Not Applicable

iii)	Year Ended 31 st March, 2004 Rs.in '000s	Year Ended 31 st March, 2003 Rs.in '000s
a. Earning from Exports	69841.16	75910.62
b. Foreign Exchange Outgo	1338.94	1283.23

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 : 23rd August, 2004

Chairman.

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