

# **SOLID GRANITES LIMITED**



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## **ANNUAL REPORT 2004-2005**

## **FIFTEENTH ANNUAL REPORT 2004-2005**

### **BOARD OF DIRECTORS**

Mr. Milan B. Khakhar -

Chairman and  
Managing Director

Mr. Prakash B. Khakhar -

Joint Managing Director

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.

## **FIFTEENTH ANNUAL GENERAL MEETING**

AT

Garware Club House,

Wankhede Stadium, 'D' Road,

Churchgate, Mumbai - 400 020.

On Monday, 19th September, 2005

at 9.15 A.M.

**15<sup>TH</sup> ANNUAL REPORT 2004-2005**

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**NOTICE OF MEETING**

NOTICE is hereby given that the Fifteenth 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, 19<sup>th</sup> September, 2005 at 9.15 am to transact , as may be permissible the following business :

1. To receive, consider and adopt the Balance Sheet as at 31<sup>st</sup> March, 2005, 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 Mrs. V.B.Khakhar who retires by rotation and being eligible offers herself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

**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 12<sup>th</sup> September, 2005 to 19<sup>th</sup> September, 2005 (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, 2<sup>nd</sup> Floor, Horniman Circle, Fort, Mumbai-400001.
- G) *The Company's shares are now available for dematerialisation. Members opting for the same may contact their Depository Participants.*
- H) *Details regarding retiring Director, seeking re-appointment at the Annual General Meeting :*  
 Mrs. Vasumati B.Khakhar (68), is a Commerce Graduate from University of Mumbai. She has rich experience of more than 20 years in Granite, Marble & Natural Stone Industry. She is a member of committees appointed by the Board for effective Corporate Governance. The relevant details about her attendance of meetings and other Directorships are given in Report on Corporate Governance forming part of Annual Report.

**REGISTERED OFFICE**

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

Place : Mumbai  
 Date : 22<sup>nd</sup> August, 2005

By Order of the Board of Directors

**Milan B. Khakhar**  
 Chairman & Managing Director

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**DIRECTOR'S REPORT**

The Members,

Your Directors have pleasure in presenting their Fifteenth Annual Report of the Company for the year ended on 31<sup>st</sup> March, 2005.

**FINANCIAL RESULTS :**

	Year Ended 31 <sup>st</sup> March, 2005 Rs.in '000s	Year Ended 31 <sup>st</sup> March, 2004 Rs.in '000s
Gross Income	75,133	83,423
Profit before Depreciation and Tax	1,532	2,774
Profit after Tax	20	1,908
Balance brought forward from Previous year	21,916	20,008
Amount available for Appropriation	21,936	21,916
Surplus carried to Balance Sheet	21,936	21,916

**OPERATIONS :**

The year under review was marked by slack global demand for Granite, Marble & Natural Stones, stiff competition in international market and falling dollar. Your company being predominantly engaged in export activity, had to suffer adverse impact of the above mentioned factors which has resulted in fall in turnover and steep fall in margins.

Your company in order to retain its global presence participated in International Trade Fairs. Although, the expenditure on these fairs has had an impact on the current years profitability, but these will bring enduring benefits in coming years.

In order to conserve resources, the Directors have not recommended any dividend for the year under review.

**DIRECTORATE :**

Mrs. Vasumati B.Khakhar, Director of the company shall retire by rotation at the forthcoming Annual General Meeting and being eligible offers herself 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 :

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 of 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	94,361	1,08,165
Total Cost	Rs. 4,60,030	Rs. 5,20,600
Rate per unit	Rs. 4.88	Rs. 4.81
Consumption per unit of production (Units per sq.ft.)	4.47	2.60

**ii) Technology Absorption : Not Applicable**

	Year Ended 31 <sup>st</sup> March, 2005 Rs.in '000s	Year Ended 31 <sup>st</sup> March, 2004 Rs.in '000s
a. Earning from Exports	65432.53	69841.16
b. Foreign Exchange Outgo	693.91	1338.94

**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.

PLACE : MUMBAI

DATED : 22<sup>nd</sup> August, 2005

For and behalf of the Board

**Milan B. Khakhar**

Chairman.

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**REPORT ON CORPORATE GOVERNANCE****A. Philosophy:**

The Company is committed to implementation of good corporate governance practices in all its activities to ensure the ultimate goal of making the company a value driven organization. The Company has taken a series of steps to implement all the measures of good corporate governance practice, laying emphasis on transparency, integrity, accountability and value creation in conducting its Corporate Affairs and enhance value for all its stakeholders.

**B. Board of Directors:****Composition, Meetings and Attendance:**

The Board of Directors comprises of six Directors four of them being Non Executive Directors. Fifty percent of the total strength of the Board comprises of independent Directors.

During the financial year ended 31<sup>st</sup> March 2005 the Board met six times on 30<sup>th</sup> April, 2004, 30<sup>th</sup> July, 2004, 23<sup>rd</sup> August, 2004, 13<sup>th</sup> September, 2004, 30<sup>th</sup> October, 2004, 31<sup>st</sup> January, 2005.

The gap between two Meetings did not exceed four months. The Company placed before the Board, the annual operating plans, budgets, performances and other information including those specified under Clause 49 of the Listing Agreement, from time to time.

Last Annual General Meeting was held on 20<sup>th</sup> September, 2004.

The composition of the Board of Directors as on March 31, 2005 and other details are as under

<b>Name of Director</b>	<b>Category</b>	<b>No of other Directorship Other than Pvt.Ltd.Co.</b>	<b>Committee Membership Of other Companies</b>	<b>Attendance at Last AGM of The Company</b>
Mr. Milan B. Khakhar	Executive Promoter	1	-	Yes
Mr. Prakash B. Khakhar	Executive Promoter	1	-	Yes
Mrs. Vasumati B. Khakhar	Non-Executive Promoter	1	-	Yes
Mr. K. Natarajan	Non-Executive Independent	-	-	Yes
Ms. Ashni Y. Parekh	Non-Executive Independent	-	-	Yes
Mr. K.Gopi Nair	Non-Executive Independent	-	-	Yes

**C. Audit Committee:**

The Audit Committee comprises of Mr.K. Natarajan, Mr.K.Gopi Nair and Ms.A.Y.Parekh. All the members of this Committee are independent Directors and Mr. K. Natarajan is the Chairman of the Audit Committee. The composition, powers, terms of reference and the role of the Audit Committee are in line with the requirements of Clause 49 of the Listing Agreement as well as section 292A of the Companies Act, 1956. All the members have experience and expertise across a wide spectrum of functional areas such as finance, accounts and law

The Audit Committee met at required times during the financial year ended March 31, 2005.

The Audit Committee has adequate powers and detailed terms of reference to play effective role as required under the Clause 49 of the Listing Agreement.

The Compliance Officer acts as the Secretary of the Committee.

**D. Remuneration Committee:**

Subject to the overall ceiling approved by the Board and the shareholders, the Remuneration Committee of the Directors recommend to the Board, the salary [including annual increments], perquisites and commission to be paid to the Company's Managing Director.

Meetings of this committee are held only when required.

The composition of the Remuneration Committee and the details of Meetings attended by the Directors are given below:

Name of Members	Category	Meetings Attended During the year 2004-2005
Ms.A.Y.Parekh (Chairman)	Independent Non-Executive	1
Mr.K.Natrajan	Independent Non-Executive	1
Mr.K.Gopi Nair	Independent Non-Executive	1

**Remuneration Policy**

The elements of the remuneration package of Non-Executive Directors consists only of Sitting Fees for attending Board & Committee meetings of the Company. All the Executive Directors of the company have been appointed on a contractual basis, based on the approval of the Shareholders. The elements of the remuneration package of Executive Directors comprises of Salary, Perquisites and Allowances as approved by the Shareholders at the Annual General Meeting.

Details of Remuneration paid to the Directors during the year ended 31<sup>st</sup> March 2005 are as follows:

Name	Salary	Allowances	Perquisites	Sitting Fees	Total
Mr. M. B. Khakhar	7,80,000	30,000	25,000	—	8,35,000
Mr. P. B. Khakhar	7,80,000	30,000	25,000	—	8,35,000
Mrs. V. B. Khakhar	—	—	—	7,500	7,500
Mr. K. Natarajan	—	—	—	5,000	5,000
Ms. A. Y. Parekh	—	—	—	7,500	7,500
Mr. K. Gopi Nair	—	—	—	5,000	5,000

**E. Shareholders / Investors Grievance Committee:**

The company has formed Shareholders/Investors Grievances Committee under the Chairmanship of Mrs.Vasumati B.Khakhar with Mr.Milan B.Khakhar and Ms.A.Y.Parekh as its members, to look into redressal of Shareholders and investors grievances with respect to transfer of Shares, Non Receipt of Declared Dividend or Annual Report etc. and other matters relating to shareholder relationship. The shareholders grievance committee met as required. During the year ended on March 31, 2005 the Company did not receive any complaint regarding the same.

**F. Name and Designation of Compliance officer:**

Mr.Manoj D.Dewani – Vice President

Solid Granites Limited, Maker Chambers V, Nariman Point, Mumbai.

**G. Annual General Meetings:**

The details of the location and time for last three Annual General Meetings are given below:

AGM No	Accounting Year	Date	Time	Location
14 <sup>th</sup>	2003-2004	Sep 20, 2004	9.15 a.m.	Garware Club House, Wankhede Stadium, 'D' Road,Churchgate,Mumbai-400020.
13 <sup>th</sup>	2002-2003	Sep 18, 2003	9.15 a.m.	Garware Club House, Wankhede Stadium, 'D' Road,Churchgate,Mumbai-400020.
12 <sup>th</sup>	2001-2002	Sep 13, 2002	9.15 a.m.	Garware Club House, Wankhede Stadium, 'D' Road,Churchgate,Mumbai-400020.

No Special Resolution requiring postal ballot was placed before the last Annual General Meeting. No Special Resolution requiring postal ballot is being proposed at the ensuing Annual General Meeting.



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**H. Disclosures:****a) Disclosure regarding materially significant related party transactions:**

No transaction of material nature has been entered into by the Company with its Promoters, Directors or the Management or relatives etc. that may have potential conflict with the interests of the Company at large.

Transaction with the related parties as specified in Accounting Standard 18 issued by the Institute of Chartered Accountants of India have been reported in the Notes to the Accounts.

**b) Disclosure of non-compliance by the Company**

There were no instances of non-compliance or penalty, strictures imposed on the Company by the Stock Exchange or SEBI or any Statutory authority on any matter related to Capital Markets during the last three years.

**c) Means of Communication:**

The means of communication between the Company and the shareholders are transparent and investor friendly. The Company's half-yearly and quarterly unaudited results are published in leading newspapers in English and Marathi in Mumbai. As such the Company does not send unaudited results to shareholders individually. The Company does have its own website called [www.solidgranites.com](http://www.solidgranites.com)

**I. Management Discussion and Analysis Report forms part of this Annual Report:****J. General Shareholder Information:****a) Annual General Meeting**

The 15<sup>th</sup> AGM of the members of the company is scheduled to be held on 19<sup>th</sup> September, 2005 at Garware Club House, Wankhede Stadium, 'D' Road, Churchgate, Mumbai. at 9.15 a.m.

**b) Financial Calendar for the year 2005-2006 (Provisional)**

A	Result for the first quarter ending on June 30, 2005	Already Published on 4 <sup>th</sup> August, 2005
B	Result for the second quarter ending on September 30, 2005	By end of October, 2005
C	Results for the third quarter ending on December 31, 2005	By end of January, 2006
D	Results for the fourth quarter ending on March 31, 2006	By end of April, 2006
E	Results (Audited) for the financial Year ending March 31, 2006	By end of August, 2006
F	Annual General Meeting for the year ending March 31, 2006	By end of September, 2006

**c) Details of book closures:**

From 12<sup>th</sup> September, 2005 to 19<sup>th</sup> September, 2005 (both days inclusive)

**d) Dividend Payment**

No Dividend has been declared for the year under review.

**e) Stock Exchange Listing:**

The Company's shares are listed on the Stock Exchange, Mumbai. The Company has paid Annual Listing fees upto financial year 2005-2006 to the Stock Exchange, Mumbai.

Script code on the Stock Exchange, Mumbai : 513699

The Company shares have been de-listed from the Stock Exchange, Ahmedabad with effect from 15<sup>th</sup> October, 2004

**f) Market Price Data:**

The details of monthly highest and lowest closing quotations of the equity shares of the Company at the Stock Exchange, Mumbai during financial year 2004-2005 are as under :-