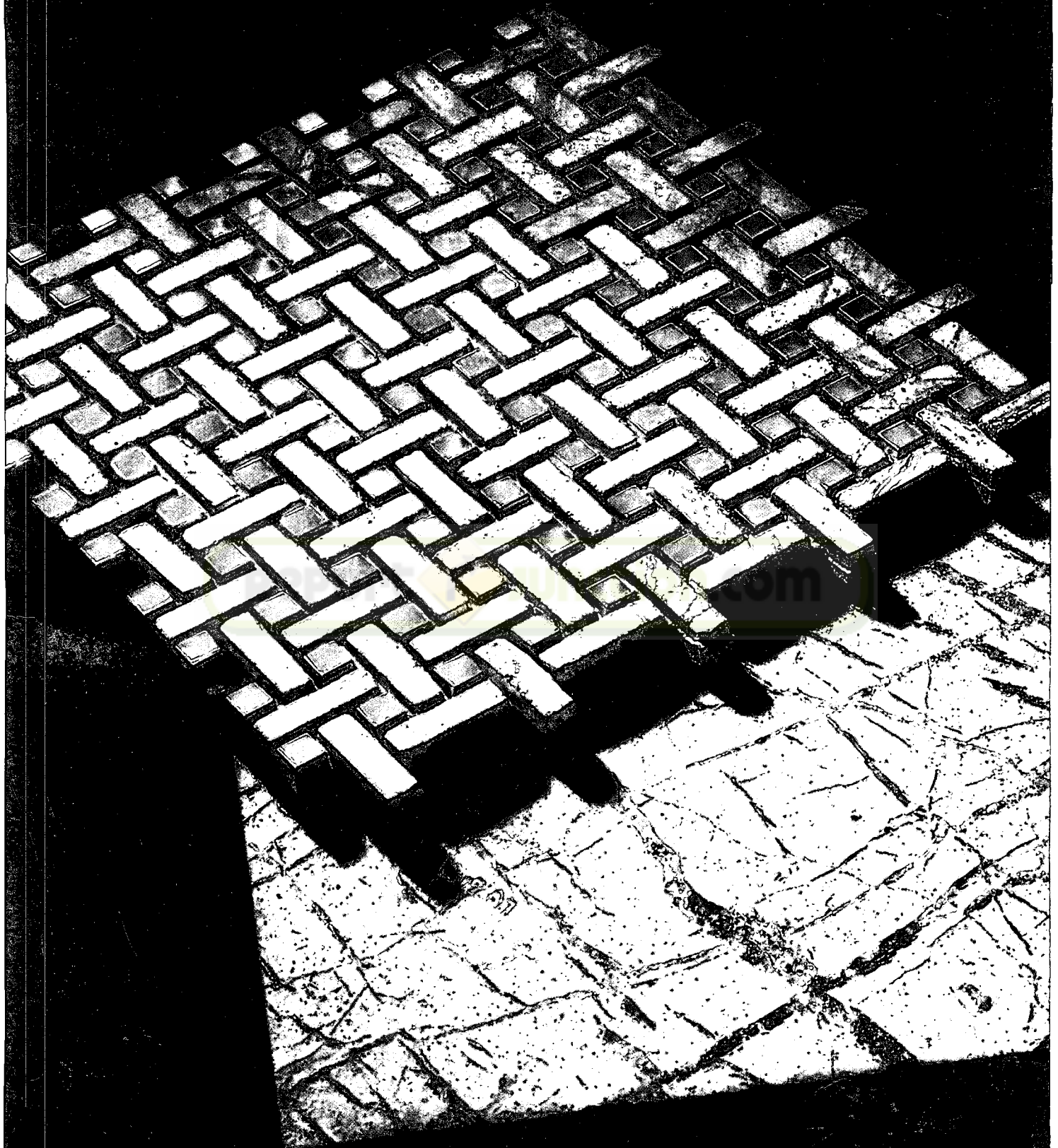


# ANNUAL REPORT 2006 - 2007

A commitment to quality  
that leaves no stone unturned



**SOLID GRANITES LTD.**

## **SEVENTEENTH ANNUAL REPORT 2006-2007**

### **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**

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.

## **SEVENTEENTH ANNUAL GENERAL MEETING**

AT

The Garware Club House

Wankhede Stadium

'D' Road, Churchgate,

Mumbai - 400 020.

On Tuesday 25th September, 2007

At 9.15 A.M.

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**NOTICE OF MEETING**

NOTICE is hereby given that the Seventeenth 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 Tuesday, 25<sup>th</sup> September, 2007 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, 2007, 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 Mr. K. Natarajan who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

**SPECIAL BUSINESS :**

5. To consider, and if thought fit, to pass the following Resolution, with or without modifications, as an **Special Resolution** :

“RESOLVED THAT pursuant to section 310 and other applicable provisions, if any, of the Companies Act, 1956 (“the Act”), and subject to the overall ceiling specified in Schedule XIII to the Act read with section 198, 309 and other applicable provisions, if any, of the Act or any amendment thereto or re-enactment thereof, consent of the Company be and is hereby accorded to an increase in the remuneration payable to Mr. Milan B. Khakhar, Chairman and Managing Director, with effect from 1<sup>st</sup> October, 2007 until the expiry of the tenure of his appointment, i.e. 31<sup>st</sup> July, 2009, on such terms and conditions as are set out in the explanatory statement annexed hereto and in the letter dated 30<sup>th</sup> July, 2007 issued by the company and consented to by Mr. Milan B. Khakhar.”

“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.”

6. To consider, and if thought fit, to pass the following Resolution, with or without modifications, as an **Special Resolution** :

“RESOLVED THAT pursuant to section 310 and other applicable provisions, if any, of the Companies Act, 1956 (“the Act”), and subject to the overall ceiling specified in Schedule XIII to the Act read with section 198, 309 and other applicable provisions, if any, of the Act or any amendment thereto or re-enactment thereof, consent of the Company be and is hereby accorded to an increase in the remuneration payable to Mr. Prakash B. Khakhar, Joint Managing Director, with effect from 1<sup>st</sup> October, 2007 until the expiry of the tenure of his appointment, i.e. 31<sup>st</sup> July, 2009, on such terms and conditions as are set out in the explanatory statement annexed hereto and in the letter dated 30<sup>th</sup> July, 2007 issued by the company and consented to by Mr. Prakash B. Khakhar.”

“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.”

7. To consider, and if thought fit, to pass the following Resolution, with or without modification, as an **Special Resolution** :

“RESOLVED THAT pursuant to Provision of Section 21 of the Companies Act, 1956 and other applicable provisions, the name of the Company be changed from “SOLID GRANITES LIMITED” to “SOLID STONE COMPANY LIMITED” Subject to necessary approvals, registration being obtained from the Registrar of Companies, Maharashtra.”

“RESOLVED FURTHER THAT the new name “SOLID STONE COMPANY LIMITED” be substituted for the name “SOLID GRANITES LIMITED” wherever appearing in the Memorandum and Articles of Association of the Company.”

“RESOLVED FURTHER THAT, Mr. Milan B. Khakhar and Mr. Prakash B. Khakhar Directors of the Company are jointly and severally authorised to complete necessary formalities in this regard including filing of necessary forms with the Registrar Of Companies, Maharashtra.”

**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 18<sup>th</sup> September, 2007 to 25<sup>th</sup> September, 2007 (both days inclusive)
- 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) 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 *Registered 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 :*

Mr. K. Natarajan (77), 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 Remuneration Committee and Chairman of the Audit Committee of the Company constituted 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. He is holding 100 shares in the Company.

**REGISTERED OFFICE**

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

By Order of the Board of Directors

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

Place : Mumbai

Date : 29<sup>th</sup> August, 2007

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**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956:****ITEM NO. 5 AND 6 :**

Mr. Milan B. Khakhar and Mr. Prakash B. Khakhar were re-appointed as Managing Director and Joint Managing Director respectively, of the Company with effect from 1<sup>st</sup> August, 2004 for 5 years. 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 30<sup>th</sup> July, 2007 have proposed to increase the remuneration of Mr. Milan B. Khakhar as Managing Director and Mr. Prakash B. Khakhar as Joint Managing Director of the company from 1<sup>st</sup> October, 2007 to 31<sup>st</sup> July, 2009, as mentioned below, pursuant to provisions of Sections 198, 269, 309, 310, 311, Schedule XIII and any other applicable provisions of The Companies Act, 1956.

**Remuneration Payable to each of them :**

Remuneration payable to Mr. Milan B. Khakhar (Chairman and Managing Director) and Mr. Prakash B. Khakhar (Joint Managing Director), subject to the approval of the members, is proposed to be increased from Rs.65,000/- (Rupees Sixty-five Thousand only) per month or Rs.7,80,000/- (Rupees Seven Lakh, Eighty Thousand only) per annum to Rs.2,00,000/- (Rupees Two Lakhs only) per month or Rs.24,00,000/- (Rupees Twenty-four Lakhs only) per annum, until the expiry of the tenure of their appointment i.e. upto 31<sup>st</sup> July, 2009. The perquisites which are computed with reference to the salary, shall consequently be computed with reference to revised salary with effect from 1<sup>st</sup> October, 2007.

The other terms and conditions for appointment and remuneration of Mr. Milan B. Khakhar (Chairman and Managing Director) and Mr. Prakash B. Khakhar (Joint Managing Director) remain unaltered.

Copies of Letters both dated 30<sup>th</sup> July, 2007 incorporating the revised Remuneration payable to Mr. Milan B. Khakhar and Mr. Prakash B. Khakhar are open for inspection of the Members at the Registered 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.

**Item no.7 :**

The Present name "SOLID GRANITES LIMITED" Signifies that Company is in business of "Granites". However, the Company's Main Object clause Permits dealing in all kinds of Stones. The Company is also in business of all kinds of Stones including granites. The new name reflects in broader sense, the main Object and present activities of the Company. The Company has received approval from the Registrar Of Companies, Maharashtra, for change of name from "SOLID GRANITES LIMITED" to "SOLID STONE COMPANY LIMITED". None of the Directors are concerned in Passing of the resolution.

**Information as required under Schedule XIII of the Companies Act, 1956 regarding appointment of Managerial Personnel:**

**I. GENERAL INFORMATION :****1) Nature of Industry**

Manufacturing of Granites at its factory situated at Plot No.33/34, S.No.831/15 & 25, Village Mahim, Chintupada, Taluka Palghar, Dist.Thane, and trading in all kinds of marble and other natural stone products,

**2) Date of Commencement of commercial production**

20<sup>th</sup> January, 1992

3) Financial Performance		(Rs.in Lacs)		
Financial Parameters	2003-04	2004-05	2005-06	
Turnover	827.88	739.17	957.81	
Net Profit as per Profit & Loss Account	19.08	0.20	10.17	
Net Profit as Computed u/s. 198	23.07	8.61	21.47	
Amount of Dividend Paid	Nil	Nil	24.00	
Rate of dividend declared	Nil	Nil	8%	

#### 4) Export Performance

For the year ended 31.03.07, the Company has achieved export turnover of Rs.474.06 lakhs (FOB basis).

#### 5) Foreign Investment or Collaboration

Not Applicable

### II. INFORMATION ABOUT THE APPOINTEES :

#### Background details:

**Mr.Milan.B.Khakhar**, B.Com, LLB is having 26 years of experience in natural stones & building materials industry. He has been associated with the management of the company since inception as Promoter Director. He has been appointed as Chairman & Managing Director since 1994.

**Mr.Prakash.B.Khakhar**, B.Com, is having 22 years of experience in natural stones & building materials industry. He has been associated with the management of the company since inception as Promoter Director. He has been appointed as Joint Managing Director since 1994.

#### Past Remuneration :

The remuneration paid per month to Mr.Milan B.Khakhar as Managing Director and Mr.Prakash B.Khakhar as Joint Managing Director of the company are as under.

	(Amount in Rs.)	
	M.B.Khakhar	P.B.Khakhar
a) Salary	65,000	65,000
b) Helper's Allowance	2,500	2,500
d) Reimbursement of Medical Expenses (Rs.25,000 per annum)	2,083	2,083
	<b>69,583</b>	<b>69,583</b>

They are also entitled for Company's contribution to PF, Superannuation, Gratuity and other benefits as per Company's rules.

#### Job profile and suitability:

As a Managing Director, Mr.Milan.B.Khakhar is responsible for the day to day management of the affairs of the Company and assisted by Senior Executives. He is working under the superintendence, control and direction of the Board of Directors. He is responsible for all the day to day working of the Company.

As a Joint Managing Director, Mr. Prakash.B.Khakhar is responsible for the day to day management of the affairs of the Company and assisted by Senior Executives. He is working under the superintendence, control and direction of the Board of Directors. He is responsible for all the day to day working of the Company.

**Remuneration proposed:**

An abstract of terms of remuneration payable to Mr.M.B.Khakhar as Managing Director and Mr.P.B.Khakahr as Joint Managing Director are given in the subsequent paras.

**Comparative Remuneration, profile with respect of industry:**

Taking into consideration the size of the Company, the profile of Mr.M.B.Khakhar and Mr.P.B.Khakhar, the responsibilities shouldered by them, the proposed remuneration are commensurate with the remuneration package paid to managerial persons working in similar position in the industry.

**Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any.**

Besides the remuneration proposed, Mr.M.B.Khakhar and Mr.P.B.Khakhar both have advanced unsecured, interest free loan of Rs.2 Lacs each to take the Company, which is outstanding as on 31<sup>st</sup> March, 2007.

**OTHER INFORMATION:****Reason for loss or inadequate Profits, steps taken for improvement and expected increase in productivity:**

The main reason for inadequacy of profits, is stiff Competition in the Overseas Market, which has adversely effected Export Performance of the company over a period of last three years, thereby resulting in decrease in margins. Various steps are being taken to improve the performance by making a foray in Retail Market by opening New Show Room at Lalbaug, and import of quality marble for selling in domestic market, which is growing in substantially year after year. This has shown results during the Current fiscal year 2006-07 and lead to significant improvement in performance, with topline increasing from Rs.957.81 lacs to Rs.1647.28 lacs and Net Profit taking a leap from Rs.10.71 lacs to Rs.31.75 Lacs.

**ABSTRACT OF THE TERMS OF REMUNERATION OF MR M.B.KHAKHAR AS MANAGING DIRECTOR AND MR P.B.KHAKHAR AS JOINT MANAGING DIRECTOR OF THE COMPANY**

Subject to the provision of Section 198, 309, Schedule XIII of the Companies Act and further subject to the approvals/consents from the Central Government, Shareholders and other authorities if any, the Managing Director and Joint Managing Director will be paid remuneration as detailed hereunder:

The Payment of enhanced Remuneration has been approved by a Resolution passed by the Remuneration Committee.

**Salary:** Rs.2,00,000/- per month

**Perquisites/Amenities:**

**Medical reimbursement:** Reimbursement of actual medical expenses incurred in India and/or abroad including hospitalization, nursing home and surgical charges for self and family. (Subject to a ceiling of 10% of the salary)

**Leave Travel Concession:** Leave travel concession for self and family (in accordance with Rules of the Company- subject to a ceiling of one month salary every year)

**Conveyance and communication facilities**

The Company shall provide suitable conveyance and communication facilities such as telephone, telefax, etc.at their residence, as may be required.

**Other Perquisites**

In addition to the above, Mr. M.B.Khakhar and Mr.P.B.Khakhar will be eligible for other statutory benefits like contribution to Provident Fund, Superannuation Fund, Gratuity Fund, Life, Medical and Personal Accident Insurance policy as per the Company's Rules.

Subject to overall ceiling on remuneration mentioned herein below, they may be given any other allowances, benefits and perquisites as the Board of Directors may decide from time to time.



**Explanation:**

Perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in the absence of any such Rules, the same shall be evaluated at actual cost.

**Overall Remuneration:**

The remuneration in any one financial year shall not exceed the limits prescribed under Section 198, 309, Schedule XIII and other applicable provision of the Companies Act, 1956 as may for the time being be in force.

**Minimum Remuneration:**

In the event of loss, inadequacy of profits in any financial year during the currency or tenure of his service, the payment of remuneration shall be governed by the limits prescribed under Schedule XIII to the Companies Act, 1956 or any amendment thereof.

**Sitting Fees:** The Managing Director and Joint Managing Director shall not be paid any sitting fees for attending the meeting of the Board of Directors or Committee thereof during their remaining tenure of appointment.

**REGISTERED OFFICE**

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

*By Order of the Board*

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

Date : 29<sup>th</sup> August, 2007



**17<sup>TH</sup> ANNUAL REPORT 2006-2007**

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**DIRECTOR'S REPORT**

The Members,

Your Directors have pleasure in presenting their Seventeenth Annual Report of the Company for the year ended on 31<sup>st</sup> March, 2007.

**FINANCIAL RESULTS :**

	Year Ended 31 <sup>st</sup> March, 2007 Rs.in '000s	Year Ended 31 <sup>st</sup> March, 2006 Rs.in '000s
Gross Income	1,64,579	95,595
Profit before Depreciation and Tax	7,604	3,318
Profit after Tax	3,175	1,017
Balance brought forward from Previous year	20,217	21,936
Amount available for Appropriation	23,392	22,953
Proposed Dividend	2,704	2,400
Tax on Dividend	460	336
Surplus carried to Balance Sheet	20,228	20,217

**DIVIDEND :**

Your Directors are pleased to recommend a Dividend at the rate of 8% for the year ended 31<sup>st</sup> March, 2007 on the paid Equity Share Capital.

**OPERATIONS :**

The Company is now focusing on the booming domestic market and harnessing its domain knowledge to explore opportunities in India alongwith its regular export activities. The Company has shown an improved performance, by making a foray in domestic market by opening of an exclusive showroom in Central Mumbai and Import of high quality Marble.

The Company was successful in posting good results with sales increasing by 72% and corresponding spurt in profits before tax and after tax. Your company in order to retain its global presence participated in International Trade Fairs.

During the current fiscal 2007-2008, the shift of thrust to sale of exclusive and super quality imported marble in domestic market will be reflected in the Company's performance.

**INCREASE IN CAPITAL :**

During the year the Company issued 3,80,000 Equity Shares of Rs.10/- each on Preferential basis at a Premium of Rs.55 /- per Share to the Investors. The said shares have been listed on the Bombay Stock Exchange Ltd. The funds raised by the Preferential Issue have been utilised as per the Objects of the Issue.

**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 ;

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.