

12th
A
ANNUAL
REPORT
2000-2001

MADHAV
MARBLES & GRANITES LIMITED



MADHAV MARBLES & GRANITES LIMITED

BOARD OF DIRECTORS

RAJ SINGH DUNGARPUR
Chairman

C D GOPINATH

ARVIND APTE

AJAY THAKORE

JAGDISH DASHORA

R K KRISHNAMURTHI

LATA MANGESHKAR

VIPIN DOSHI

SURANJAN GUPTA
Wholetime Director

RAJ KUMAR BAPNA
Wholetime Director

ASHOK DOSHI
Managing Director

Manager-Finance

O P JAIN
SS JANAKARAJAN

Company Secretary
R SRIDHAR

Listing of Shares with

Jaipur Stock Exchange Limited

The Stock Exchange, Mumbai

The Stock Exchange, Ahmedabad

Bankers

State Bank of India
Allahabad Bank

Auditors

Nyati & Associates
Chartered Accountants
Udaipur (Raj.) 313 001

Share Transfer Agents & Depository Registry

Ankit Consultancy (P) Ltd.
2nd Floor, Alankar Point
Gita Bhawan Chouraha
A.B. Road
Indore (M.P.) 452 001

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
Salem (Tamil Nadu)

COMMITTEES

Audit Committee

RAJ SINGH DUNGARPUR

JAGDISH DASHORA

VIPIN DOSHI

ASHOK DOSHI

Finance & Administrative Committee

ASHOK DOSHI

RAJ KUMAR BAPNA

VIPIN DOSHI

Shareholders Grievance Committee

VIPIN DOSHI

JAGDISH DASHORA

ASHOK DOSHI

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MADHAV MARBLES & GRANITES LIMITED

FINANCIAL HIGHLIGHTS

(Rupees in Lakhs)

Year ended	1997	1998	1999	2000	2001
Profit and Loss Account					
Sales	2414.03	3027.71	3645.63	3507.14	3830.30
Other Income	135.81	96.65	60.02	151.09	85.90
<i>Total Income</i>	<i>2549.84</i>	<i>3124.36</i>	<i>3705.65</i>	<i>3658.23</i>	<i>3916.20</i>
Profit before Interest, Depreciation, and Tax	775.60	957.55	994.22	1144.37	1015.62
Depreciation	191.00	191.30	197.24	210.68	204.39
Profit before Interest and Tax	584.60	766.25	796.98	933.70	811.23
Interest	316.44	269.64	134.53	92.55	185.24
Profit before Taxation	268.16	496.61	662.45	841.15	625.99
<i>Profit after Taxation</i>	<i>268.16</i>	<i>496.61</i>	<i>662.45</i>	<i>838.90</i>	<i>625.99</i>
Balance Sheet					
Net Fixed Assets	1651.78	1600.47	1467.77	1513.16	2486.56
Investments	5.00	5.00	5.00	5.00	5.00
Net Current Assets	2508.79	2157.27	2102.47	3260.00	3311.72
<i>Total</i>	<i>4165.57</i>	<i>3762.74</i>	<i>3575.24</i>	<i>4778.16</i>	<i>5803.28</i>
Share Capital	894.70	894.70	894.70	894.70	894.70
Reserves and Surplus	1797.13	2289.69	2764.38	3421.25	4048.37
Miscellaneous expenditure not written off	38.94	110.51	317.49	232.54	160.89
Net Worth	2652.89	3073.88	3341.59	4083.41	4782.18
Total Borrowings	1512.68	688.86	233.65	694.75	1021.10
<i>Total</i>	<i>4165.57</i>	<i>3762.74</i>	<i>3575.24</i>	<i>4778.16</i>	<i>5803.28</i>
Ratios					
Earning Per Share	3.00	5.55	7.40	9.38	7.00
Dividend (%)	--	--	20	20	--
Dividend Per Share	--	--	2.00	2.00	--
Dividend Payout (%)	--	--	27.01	21.32	--
Book Value Per Share	29.65	34.36	37.35	45.64	53.45
Return on Capital Employed (ROCE) (%)	14.49	21.57	23.16	21.19	14.87
Return on Net Worth (RONW) (%)	10.64	17.34	20.65	22.60	14.12
Fixed Assets Turnover (No. of times)	1.43	1.86	2.38	2.35	1.92
Working Capital Turnover (No. of times)	1.00	1.30	1.71	1.31	1.17
Net Profit as % of Total Income	10.52	15.89	17.88	22.93	15.98
Market Capitalisation	313.15	295.25	814.18	1225.74	921.54

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

RONW is profit after tax divided by average network.

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 Twelfth 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 Saturday the 20th day of October 2001, 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 2001 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 Mr Jagdish Dashora, director who retires by rotation and being eligible for re-appointment be and is hereby re-appointed as a director of the Company.

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

RESOLVED THAT Mr Arvind L 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 who retires by rotation and being eligible for re-appointment be and is hereby re-appointed as a director of the Company.

- 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 an ordinary resolution:

RESOLVED THAT subject to the provisions of sections 198, 269, 309, 310 and 311 and other applicable provisions, if any, of the Companies Act, 1956, the re-appointment of Mr Raj Kumar Bapna as whole-time director for a further period of five years with retrospective effect from 01st March 2001 and the remuneration payable to Mr Raj Kumar Bapna, whole-time director, upon such re-appointment as set out in the agreement dated 01st September 2001 entered into between the Company and Mr Raj Kumar Bapna, copy of which is placed before the meeting and initialed by the chairman for the purpose of identification, be and is hereby approved.

RESOLVED FURTHER THAT the board of directors be and is hereby authorised to vary, from time to time, the remuneration payable to Mr Raj Kumar Bapna, provided that the total remuneration payable whether by way of salary, bonus or perquisites, shall not exceed the maximum amount prescribed under the provisions of the Companies Act, 1956, in any financial year.



MADHAV MARBLES & GRANITES LIMITED

RESOLVED FURTHER THAT the scope and quantum of remuneration specified hereinabove, may be enhanced, enlarged, widened, altered or varied by the board of directors, in the light of and in conformity with any amendments to the relevant provisions of the Companies Act, 1956/ Income tax Act, 1961 and / or the rules and regulations made thereunder and / or such guidelines as may be announced by the Central Government from time to time.

By Order of the Board

Thoppur (TN)
01st September 2001

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 special business under item no.6 as set out above is 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 11th October 2001 to 20th October 2001 both days inclusive.
- 5 Consequent upon the amendment to section 205A read with section 205C of the Companies Act, 1956, the dividend declared for the year ended 31st March 1999, 31st March 2000 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.
- 6 Members who have not encashed their dividend warrants are requested to make their claim directly to the Company.
- 7 Members holding more than one share certificate in the same name under different ledger folio are requested to apply for consolidation of such folios and send the relevant share certificates to the Company.
- 8 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.
- 9 Members are requested to notify immediately any change in their addresses, to the Company's Share Transfer Agents and those who are holding their shares in depository mode are requested to notify to their respective Depository Participants (DPs).
- 10 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.
- 11 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.
- 12 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.



MADHAV MARBLES & GRANITES LIMITED

Explanatory statement pursuant to section 173(2) of the Companies Act, 1956

The following explanatory statement sets out all material facts relating to the special business mentioned in the accompanying notice dated 01st September 2001 and shall be taken as forming part of the notice.

Item No.6

Mr Raj Kumar Bapna, was re-appointed as whole-time director from 01st March 1996 by the shareholders at the seventh annual general meeting held on 30th November 1996. The present term of appointment of Mr Raj Kumar Bapna as whole-time director expired on 28th February 2001, and he continued as director of the Company.

Mr Raj Kumar Bapna, is one of the co-promoter of the Company and is in-charge of the Mining Operations and also in-charge of the Marble Division of the Company at Rajasthan. From March 1991 to February 2001 he served as whole-time director of the Company. During his tenure he has significantly contributed to the overall growth of the Company especially the Marble Division.

Mr Raj Kumar Bapna is a qualified geologist and has got M Tech. (Applied Geology) from Roorkee University. He has vast experience in the field of mining, engineering besides experience in corporate management. Mr Raj Kumar Bapna had attended 2 out of 5 meetings of the Board of Directors during the year.

In terms of article 143 of the articles of association of the Company, Mr Raj Kumar Bapna was re-appointed by the board of directors as whole-time director for a further period of five years from 01st March 2001.

The board of directors had proposed to increase the remuneration payable to Mr Raj Kumar Bapna on his re-appointment as whole-time director, which is within the limits prescribed under schedule XIII to the Companies Act, 1956.

The Company had executed necessary agreement with Mr Raj Kumar Bapna giving effect to the abovesaid proposal. Details of the remuneration as contained in the agreement dated 01st September 2001 entered with him are as under:

1 Salary

Rs.37,500/- per month in the range of Rs.37,500/- – Rs.47,500/-. The increments will be decided by "The Board of Directors".

2 Bonus

Bonus will be paid as per the rules of the Company.

3 Perquisites

In addition to salary and bonus, the following perquisites shall be paid, which are as follows:

(a) Club Fees

Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.

(b) Personal Accident Insurance

Premium not to exceed Rs.4,000/- per annum.

(c) Company's Contribution towards Provident Fund and Superannuation Fund

Company's Contribution towards Provident Fund and Superannuation Fund will be as per the rules of the Company.

(d) Gratuity

Gratuity payable will not exceed half a month's salary for each completed year of service.

Explanation

For the purposes of the foregoing, perquisites shall be valued as per Income Tax Rules, 1962. In the absence of any such rule, perquisites shall be evaluated at actual cost.



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- 4 The Whole-time Director so long as he functions as such, shall not be paid any sitting fees for attending meetings of the Board or of any Committee thereof.
- 5 In the event of loss or inadequacy of profits for any financial year, the Board of Directors shall revise the remuneration payable to Whole-time Director, during such financial year, in such manner as agreed to between the Board of Directors and the Whole-time Director and within the limits prescribed in this behalf under schedule XIII to the Companies Act, 1956.
- 6 The terms and conditions of the said re-appointment and / or agreement may be varied / enhanced from time to time by the Board of Directors as it may in its discretion deem fit within the maximum amounts payable to Whole-time Director as per schedule XIII to the Companies Act, 1956, or any amendments made hereafter in this regard by the Central Government.

In compliance with the provisions of sections 269, 309, 310 and 311 of the Companies Act, 1956, the terms of re-appointment and

remuneration specified above are now being placed before the shareholders for their approval.

Mr Raj Kumar Bapna, whole-time director may be deemed to be concerned or interested in this resolution.

This may be treated as an abstract of the agreement between the Company and Mr Raj Kumar Bapna, whole-time director pursuant to section 302 of the Companies Act, 1956.

Inspection of documents

The terms of appointment of Mr Raj Kumar Bapna, whole-time director as approved by the Board at its meeting held on 01st September 2001 and the other 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

Thoppur (TN)
01st September 2001

R SRIDHAR
Company Secretary





MADHAV MARBLES & GRANITES LIMITED

Directors' Report to the Shareholders

The directors have great pleasure in presenting the 12th annual report and the audited accounts for the year ended 31st March 2001.

2 FINANCIAL HIGHLIGHTS

(Rupees in Lakhs)		
Details	Year ended 31.03.2001	Year ended 31.03.2000
Sales and other income	3916.20	3658.23
Profit before interest and depreciation	1015.62	1144.38
Interest	185.24	92.55
Depreciation	204.39	210.68
Profit before tax	625.99	841.15
Provision for taxation	—	2.25
Profit after tax	625.99	838.90
Add / (Less)		
Prior period adjustment	(1.12)	3.65
Provision no longer required	2.25	12.94
Surplus brought forward from previous year	401.25	244.38
Total	1028.37	1099.87
Transfer to general reserve	80.00	500.00
Dividend	—	178.94
Tax on Dividend	—	19.68
Surplus in Profit & Loss Account	948.37	401.25

3 PERFORMANCE

During the year under review, the Company has been able to achieve a turnover of Rs.3830.30 lakhs as against the turnover of Rs.3507.14 lakhs during 1999 – 2000, registering a positive growth of 9.2%.

The profitability of the overall operations of the Company affected due to the adverse effect of

foreign exchange realisation and recorded Rs.625.99 lakhs as against Rs.838.90 lakhs, a decline of 25.4%.

Other initiatives helped the Company post an improvement which bettered the industry average: maintaining high quality standards, cost control measures, professional approach of the management, also the Company's operating margins are amongst the best in the marble and granite segment.

The Company at present is exporting its products to more than 20 countries and has established strong business relations with the overseas buyers due to long association with them and also continuously participating in various exhibitions / fairs being organised all over the world.

During the year, the Company had received Capexil Award for highest exports made during 1999 – 2000, of granite tiles. The Company has received this award, for the eighth consecutive year. The management is hopeful of receiving the same for the year under review.

4 MARBLE DIVISION

The marble division registered a sales turnover of Rs.1172.75 lakhs during the year, as against Rs.970.30 lakhs in the previous year, growth of 20.9%.

The production of the marble tiles and slabs was 79663.46 sq. meters, as against 64768.60 sq. meters, in the previous year.

As reported in the last year, of the mining operations, this year also the Company could not make any breakthrough in development of the mines, though it has invested substantial funds for the development. The constraints being huge developmental expenses, infrastructure bottlenecks, quality of materials and operational difficulties.



Also the Company had applied for getting allotment of mines, but could not get any allotment during the year. Even under the existing stringent norms and conditions the Company expects to get allotment of mines in near future.

The marble division continues to face various constraints for its growth, more significantly, due to stagnant prices and increase in the cost of major inputs, though it has achieved significant increase in terms of sales.

The Company had already put in place various cost control measures, quality standards and other measure to turnaround the division.

5 GRANITE DIVISION

The granite tiles division recorded a 15% growth in its exports in terms of quantity.

Though there was an increase in terms of quantity, corresponding increase in sales in term of rupees could not be made, since the sales realisation increase was only of 4% due to lower prices as well as lower value of Euro currency.

The sales during the year by the division were Rs.2633.86 lakhs as against Rs.2536.83 lakhs in the previous year, registering a 3.8% growth.

The production increased to 194647.34 sq. meters during the year from 174899.36 sq. meters.

The granite division has established itself as a leading exporter of granite tiles from India. It has fulfilled the value addition and export obligation norms.

100% EOU II: The Company had invested Rs.1250 lakhs for manufacturing Granite Slabs with installed capacity of 160000 sq. meters. The unit has enhanced its production capacity during March 2001 and has recorded a turnover of Rs.23.69 lakhs.

6 DIVIDEND

Your directors have not recommended any dividend for the year, considering the present market scenario and the future finance requirements of the Company.

7 FINANCE

To meet the working capital needs, the Company has approached the Allahabad Bank, for enhancement in the working capital limits from Rs.474 lakhs to Rs.604 lakhs and the Bank has duly accorded sanction to this effect. In addition to the above, the Company had availed a term loan of Rs.450 lakhs from the State Bank of India, to part finance the expansion of 100% EOU II.

8 DEPOSITORY SYSTEM

The equity shares of the Company have been made available for dematerialisation under the "Depository System" operated by the National Securities Depository Limited with effect from 16th February 2001 and with Central Depository Services (India) Limited from 21st February 2001. This will facilitate the shareholders to maintain their holdings in "electronic form".

The code number allotted to the Company is "INE925C01016".

9 DIRECTORS

Mr Jagdish Dashora, Mr Arvind L Apte and Mr Vipin Doshi, retire by rotation at the ensuing Annual General Meeting, and being eligible offer themselves for re-appointment.

The Board of Directors at their meeting held on 01st September 2001 have re-appointed Mr Raj Kumar Bapna as whole-time director for a further period of five years with effect from 01st March 2001 and the resolution seeking approval of the shareholders for his re-appointment is included under special business in the notice convening the ensuing annual general meeting.



MADHAV MARBLES & GRANITES LIMITED

10 AUDITORS

The Auditors, Messrs Nyati & Associates, Chartered Accountants, Udaipur, retire in accordance with the provisions of the Companies Act, 1956, at the ensuing annual general meeting and being eligible offer themselves for re-appointment.

11 AUDITORS' REPORT

As regards the Auditors' Report, the points raised therein have been explained in the notes to the accounts and elsewhere, as such Directors have no further comments to offer.

12 CORPORATE GOVERNANCE

With the introduction of Code on Corporate Governance by the Securities and Exchange Board of India, there has been a renewed thrust on the Corporate Governance in India, and the Board of Directors also believes that the code will considerably improve the shareholders / investor protection and the more transparent functioning of the Corporate entities.

The Code is applicable to the Company effective April 2001, and has already initiated steps to comply with the requirements.

13 STATUTORY STATEMENTS

As per the requirements of section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the information regarding conversion of energy, technology absorption and foreign exchange earnings and outgo are given in 'Annexure I' forming part of this report.

The particulars required pursuant to section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are given in 'Annexure II' forming part of this report.

The Board Responsibility Statement pursuant to section 217 (2AA) of the Companies Act, 1956, is given in 'Annexure III' forming part of this report.

14 MS LATA MANGESHKAR, DIRECTOR

During the year, Ms Lata Mangeshkar has been awarded 'Bharat – Ratna' the highest civilian award from the Government of India.

Directors would like to place on record their appreciation on the most distinguished achievement and the contribution made by Ms Lata Mangeshkar in her field.

15 ACKNOWLEDGEMENT

The directors sincerely thank the bankers, financial institutions, customers, government departments, etc., for their valuable support and assistance.

The directors place on record their appreciation for the sincere efforts of all the employees, but for which the Company would not have won eight Capexil Awards in succession.

The directors also thank the shareholders for their continued faith in the Company.

By Order of the Board

Thoppur (TN)
01st September 2001

CD GOPINATH
Director

ASHOK DOSHI
Managing Director