

18th Annual Report 2000-2001

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 **MURUDESHWAR
CERAMICS LTD.**

NAVEEN
CERAMICS LTD.

NAVEEN
DIAMONTILE

NAVEEN
GRANULES

Biggest in India



**Hydraulic Press of 4600 tonnes capacity-
Biggest for Tile Industry in India**

BOARD OF DIRECTORS

Mr. R. N. SHETTY	<i>Chairman</i>
Dr. K. SANDIP MALLI	
Mr. K. JEEVAN SHETTY	
Mr. K. P. SURENDRANATH	
Mr. C. K. NEELAKANTA RAJ, IAS	<i>Nominee KSIIDC</i>
Mr. SATISH R. SHETTY	<i>Managing Director</i>
Mr. SUNIL R. SHETTY	<i>Jt. Managing Director</i>
Mr. NAVEEN R. SHETTY	<i>Technical Director</i>
Mr. Y. ARJUNA RAO	

Company Secretary

Mr. P. A. RAVISH

General Manager (Finance)

Mr. N. M. HEGDE

Auditors

M/s. M. A. NARASIMHAN & CO.
Chartered Accountants
Bangalore

Registered Office

Murudeshwar Bhavan
Gokul Road
HUBLI – 580 030

Legal Advisers

M/s. N. JAYARAMAN
Advocates
Bangalore

Plant

Krishnapur Village
HUBLI – 580 024

Chalmatti Village
Taluk : Kalghatgi
Dist. : Dharwad

Bankers

CANARA BANK
STATE BANK OF INDIA
BANK OF BARODA
THE LAKSHMI VILAS BANK LTD.

NOTICE

To

**The Members
Murudeshwar Ceramics Limited**

NOTICE is hereby given that the Eighteenth Annual General Meeting of the members of the Company will be held at Shri R. N. Shetty Kalyana Mantap, Opp. Glass House, Hubli on Saturday the 29th day of September 2001, at 4 p.m. to transact the following business:

ORDINARY BUSINESS

1. To consider, approve and adopt the Audited Statements of Accounts of the Company for the year ended on 31st of March, 2001 together with Directors' and Auditors' Reports thereon.
2. To declare dividend.
3. To appoint a Director in place of Shri K. P. Surendranath, who retires by rotation and is eligible for reappointment.
4. To appoint a Director in place of Shri K. Jeevan Shetty, who retires by rotation and is eligible for reappointment.
5. To consider and if thought fit, to pass with or without modification the following resolution as a Special Resolution.

RESOLVED THAT pursuant to provisions of Section 224-A and other applicable provisions of The Companies Act, 1956, the retiring Auditors M/s. M. A. Narasimhan & Co., Chartered Accountants, Bangalore, be and are hereby reappointed as Auditors of the Company for the financial year 2001-2002 to hold office until conclusion of the next Annual General Meeting and the Board of Directors be and is hereby authorised to fix remuneration and out of pocket expenses to the said Auditors.



NOTICE (Contd.)

SPECIAL BUSINESS

6. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:

RESOLVED THAT Shri Y. Arjuna Rao, who was appointed as an Additional Director on the Board of Directors of the Company effective from 25-4-2001 and whose term of office as such is valid upto the date of this Annual General Meeting under Section 260 of The Companies Act, 1956 and in respect of whom the Company has received a Notice under Section 257 of The Companies Act, 1956 from a member proposing the candidature of Shri Y. Arjuna Rao to the Office of Director, be and is hereby appointed as a Director on the Board of Directors of the Company and that the period of office of Shri Y. Arjuna Rao as a Director of the Company will be liable to be determined by retirement by rotation.

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

RESOLVED THAT the consent of the Company be and is hereby accorded in pursuance of Section 293(1) (d) and other applicable provisions, if any, of The Companies Act, 1956 to the Board of Directors of the Company to borrow from time to time sum or sums of money which, together with the monies already borrowed by the Company (apart from temporary loans obtained and/or to be obtained from the Company's bankers in the ordinary course of business), may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the aggregate of sums of money so borrowed and outstanding at any time shall not exceed Rs. 250 crores (Rupees Two hundred fifty crores only).

Place: HUBLI
Date : 28-6-2001

By Order of the Board
For MURUDESHWAR CERAMICS LIMITED
P. A. RAVISH
Company Secretary

NOTICE (Contd.)
NOTE:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend the meeting and vote on behalf of such member at such meeting and such a proxy need not be a member of the Company.
2. Documents pertaining to items referred to in the Notice are available for inspection at the Registered Office of the Company on any working day between 3 p.m. to 6 p.m. upto the date of Annual General Meeting.
3. Register of Members/Transfer books of the Company will remain closed from 19-09-2001 to 29-09-2001 (both days inclusive).
4. Members who have not claimed their dividends declared for the year ended 31-03-1995 and onwards may contact the Company Secretary at the Registered Office of the Company with details.
5. Members may please furnish their Bank Account Numbers and the name and address of the concerned Bank to enable the Company to draw the instruments, in case of any payments, on Payees' Account, to avoid fraudulent encashments etc.
6. Members desirous of seeking any information/clarification concerning the Accounts for the year 2000 – 2001 are requested to send their specific request to the Registered Office of the Company atleast seven days before the Annual General Meeting.
7. Members are requested to bring their copies of Annual Reports to the meeting and also to handover their attendance slips signed by the members/valid proxies at the entrance of the meeting hall.
8. Member/s of the Company may nominate a person to whom share(s) held by such member/s shall vest in the event of the death of such member/s. Such Nomination should be in Form No. 2B.
9. Members may also hold and/or trade equity shares of our Company in dematerialised/electronic form. Members who are desirous to hold their shares in demat/electronic form may do so through their Depository Participants or may contact the Company Secretary for guidance.


EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956
6. Appointment of Shri Y. Arjuna Rao as a Director.

Shri Y. Arjuna Rao, a senior person of wide experience in corporate matters was appointed as an Additional Director on the Board of Directors of the Company w.e.f. 25-4-2001 and such appointment will be valid upto the date of this Annual General Meeting pursuant to Section 260 of The Companies Act, 1956. Company has received a Notice from a member complying with the provisions of Section 257 of The Companies Act, 1956, proposing the candidature of Shri Y. Arjuna Rao to the office of Director.

None of the Directors excepting Shri Y. Arjuna Rao may be deemed as concerned or interested in the resolution for this item.

7. Increase in borrowing limits to Rs. 250 Crores.

The existing borrowing limit is Rs.100 Crores. In view of the project expansion, increase in working capital requirements and Company's participation in major civil engineering works which are capital intensive, the existing borrowing limit is sought to be revised to Rs.250 Crores.

Place: HUBLI
Date : 28-6-2001

By Order of the Board
For MURUDESHWAR CERAMICS LIMITED
P. A. RAVISH
Company Secretary

DIRECTORS' REPORT

To
 The Members
 Murudeshwar Ceramics Limited

Your Directors are happy to present the 18th Annual Report of the Company for the year ended 31-03-2001. The financial results are as follows:

FINANCIAL RESULTS

	<u>Rs. in lakhs</u>
Sales and Other Income	8817.68
Expenditure (incl. Stock adjustment)	6314.50
Profit before Interest and Depreciation	2503.18
Less: Interest	417.52
Depreciation	857.55
Profit before tax	1228.11
Provision for tax	86.29
Profit after tax	1141.82
Add: Profit of previous year brought forward	724.02
Profit available for appropriation	1865.84
Proposed Dividend	150.01
Corporate tax on Dividend	15.30
Transfer to General Reserve	1200.00
Balance carried to Balance Sheet	500.53

DIVIDEND

Your Directors recommend dividend at Ten percent on the paid up equity share capital of the Company for the year 2000 – 2001. The said dividend, subject to approval of members at the ensuing Annual General Meeting, will be paid to members whose names appear on the register of members as on the date of the Annual General Meeting.

PRODUCTION

Your Directors have cautiously phased the production schedule. Responding to the market sentiments the production of high value Vitrified tiles has been given more weightage which recorded an increase by 22.78% at 11,02,869 sq.mtrs. against 8,98,222 sq.mtrs. for the previous year. Production of glazed Ceramic tiles is reduced to 14,71,382 sq.mtrs. against 17,33,901 sq.mtrs. for the previous year.



DIRECTORS' REPORT (Contd.)

SALES

Your Directors are happy to inform that the total income from sales for the year 2000–2001 has been at Rs. 87.94 Crores which is higher by 17.24% than previous year. Major portion of it comes from sale of Vitrified tiles at Rs. 59.88 Crores which is about 67.5% higher than that of previous year. The Sales realisation from Ceramic tiles is Rs. 24.15 Crores which is about 18.57% less than that of previous year. The slump in market realisation on Ceramic tiles is on account of customers in higher segment of Ceramic tiles shifting over to Vitrified tiles and Vitrified tiles market becoming closer. But your Directors treat this customer awareness about Vitrified tiles as a positive trend. At the same time granite business has been badly crippled on account of cut-throat competition from the non-corporate sector.

During the year under review the domestic sales realisation from floor tiles is as follows:

	Volume (Sq. Mtrs.)	Value (Rs. in lakhs)
Ceramic Tiles	13,78,271 (16,30,122)	2329.04 (2861.65)
Vitrified Tiles	10,15,272 (7,62,753)	5980.47 (3526.84)

(Figures in brackets indicate corresponding figures for the previous year.)

EXPORTS

Your Company did not find the export market remunerative on account of existence of imported stock in the market particularly from China and Malaysia at cheaper prices. Devaluation of currencies of major importing countries is another cause of crash in export of tiles. Hence there is a decline in export realisation at Rs. 93.78 lakhs during the year.

BUSINESS PROMOTION

Your Directors have been constantly widening the Company's marketing network. As on the date of this report the Company has opened 16 show-rooms in major cities and Seven more are being finalised. As on the date of this report the Company has also opened 18 depots in major metros which ensures quick deliveries. Some more depots are being planned. Additionally the Company has also started retail business through Company show-rooms and Company's own sales net work attached to respective regional offices of the Company. The marketing department has been strengthened by induction of experienced senior level management personnel.

DIRECTORS' REPORT (Contd.)
EXPANSION OF THE CAPACITY

After careful study of the market, your Directors have taken up the expansion program to cover both Ceramic and Vitrified tiles within the proposed additional capacity of 30000 t.p.a. which also includes production of larger tiles of the size of 120 cm. x 60 cm. With this your Company which created history by producing for the first time in the country the tiles of 60 cm. x 60 cm. will now attain another mile stone of producing for the first time in the country the largest size tiles of 120 cm. x 60 cm. This will help the Company to strengthen the market for Vitrified tiles of the Company. The total cost of the expansion project will now be about Rs.66 crores. Out of the said cost of expansion Rs.50 crores will be the loan component and the balance will be through internal generation.

PROSPECTS FOR THE CURRENT YEAR

During the year it is noticed that the customer awareness about the Vitrified tiles has increased. With the result the general trend for Vitrified tiles is bound to grow. At the same time the larger size tiles that the Company will produce is expected to attract customers in higher segments and also corporate customers. The liberal finance policy of the Government of India has made housing loans closer to the customers and hence the construction industry is also likely to improve further. The dark spot of these positive trends is the on-slaught on Indian tile market by imported tiles getting dumped into the Indian market. However, taking into consideration the quality aspect, this seems to be a temporary phenomenon.

RESEARCH & DEVELOPMENT

During the year under report the R & D wing of the Company has concentrated on further improving the product strength and range and also tried new indigenous raw-materials.

DIRECTORS

The Board of Directors has appointed Shri Y. Arjuna Rao as an Additional Director w.e.f. 25-04-2001. Shri Y. Arjuna Rao has been associated with the group for a long time and is a person of wide experience in the corporate matters. Shri Y. Arjuna Rao holds such office upto the date of the ensuing Annual General Meeting and is eligible for reappointment. Shri B. G. Arunkumar ceased to be a Director of the Company w.e.f. 28-06-2001 and your Board of Directors wishes to place on record the valuable services rendered by Shri B. G. Arunkumar during his tenure as Director on the Board of Directors of this Company.

Shri K. P. Surendranath and Shri K. Jeevan Shetty will retire by rotation at the ensuing Annual General Meeting and are eligible for reappointment.

AUDITORS

The present Auditors M/s. M. A. Narasimhan & Co., Chartered Accountants, Bangalore, will be holding office as Auditors of the Company until conclusion of the ensuing Annual General Meeting. The said Auditors, being eligible, seek reappointment. Your Directors recommend for reappointment of M/s. M. A. Narasimhan & Co., as Auditors for the year 2001-2002.