

19th Annual Report 2001-2002

**MURUDESHWAR
CERAMICS LTD.**


NAVEEN
CERAMICTILES


NAVEEN
DIAMONTILE


NAVEEN
GRANITES


KWTV
BOARD OF DIRECTORS

Shri R.N. SHETTY
Chairman

Dr. K. SANDIP MALLI

Shri K JEEVAN SHETTY

Dr. B. SUDESH HEGDE

Shri K.P. SURENDRANATH

Shri S. SWATANTRA RAO, IAS
Nominee KSIIDC

Shri SATISH R SHETTY
Managing Director

Shri SUNIL R SHETTY
Joint Managing Director

Shri NAVEEN R SHETTY
Technical Director

Shri Y ARJUNA RAO

Shri K RANGASWAMY

Company Secretary

Shri P.A. RAVISH

General Manager (Finance)

Shri N.M. HEGDE

Registered Office

Murudeshwar Bhavan
Gokul Road
HUBLI - 580 030
Ph : (0836-331615-18)
Fax : (0836-330436)

Plant

Krishnapur Village
HUBLI - 580 024
Ph : (0836-206741)
Fax : (0836-206773)

Chalmatti Village
Taluk : Kalghatgi
Dist : Dharwad
Ph : (0836-723659)

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Auditors

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

Legal Advisers

M/s. N. JAYARAMAN
Advocates
Bangalore

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 Nineteenth Annual General Meeting of the Company will be held at Shri. R.N. Shetty Kalyana Mantap, Opp. Indira Glass House, Hubli-580 030 on Saturday the 28th day of September, 2002 at 4 p.m.

ORDINARY BUSINESS :

1. To consider, approve and adopt the Audited Balance Sheet of the Company as at 31st day of March, 2002 and the Profit and Loss Account for the year ended on the said date together with the reports of Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Shri. Sunil R Shetty, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Shri. Naveen R Shetty, who retires by rotation and being eligible offers himself 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 224A of The Companies Act, 1956, M/s. M.A. Narasimhan & Company, Chartered Accountants, Bangalore be and are hereby reappointed as Auditors of the Company to hold office until conclusion of the next Annual General Meeting and the Board of Directors be and is hereby authorised to fix the remuneration and out of pocket expenses to the said Auditors.

SPECIAL BUSINESS

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

RESOLVED that Dr. B Sudesh Hegde, whose term of office as an Additional Director is valid upto the date of this Annual General Meeting and in respect of whom the Company has received a Notice under Secn. 257 of The Companies Act, 1956 from a member proposing the candidature of Dr. B. Sudesh Hegde to the office of Director, be and is hereby appointed as a Director on the Board of Directors of the Company with immediate effect.

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

RESOLVED that Shri. K Rangaswamy, whose term of office as an Additional Director is valid upto the date of this Annual General Meeting and in respect of whom the Company has received a Notice under Secn. 257 of The Companies Act, 1956 from a member proposing the candidature of Shri. K Rangaswamy to the office of Director, be and is hereby appointed as a Director on the Board of Directors of the Company with immediate effect.



NOTICE (Contd.)

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

RESOLVED that Shri. S. Swatantra Rao whose term of office as an Additional Director is valid upto the date of this Annual General Meeting and in respect of whom the Company has received a Notice under Secn. 257 of The Companies Act, 1956 from a member proposing the candidature of Shri. S. Swatantra Rao to the office of Director, be and is hereby appointed as a Director on the Board of Directors of the Company with immediate effect.

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

RESOLVED that in pursuance of Sections 198, 269, 309 and other applicable provisions of The Companies Act, 1956 read with Schedule XIII thereunder, approval be and is hereby accorded for the appointment of Dr. K. Sandip Malli as Whole - time Director of the Company for a period of Five years effective from January 01, 2002 on a salary of Rs. 25,000/- (Rupees Twenty five thousand only) per month;

FURTHER RESOLVED THAT the Board of Directors be and is hereby authorised to determine and/or modify from time to time the terms and conditions including the abovesaid salary in respect of the aforesaid appointment, subject to the condition that such modification/s shall be within the limits prescribed under Schedule XIII of The Companies Act, 1956.

RESOLVED FURTHER THAT the aforesaid salary will be payable to Dr. K. Sandip Malli irrespective of whether there is adequate profit in any year or not.

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

RESOLVED THAT pursuant to Sections 198, 269, 309 and other applicable provisions of The Companies Act, 1956 read with Schedule XIII thereunder, approval be and is hereby accorded for the reappointment of Shri Satish R Shetty as Managing Director of the Company for a further period of Five years effective from 27-06-2002 on the following salary and perquisites:

- 1) **Salary** : Rs. 1,00,000/- (Rupees One Lakh only) per month.
- 2) **Housing** : House Rent Allowance as may be decided by the Board of Directors subject to a maximum of 20% of the salary.
- 3) **Provident Fund** : Employer's contribution not exceeding 12% of the salary.
- 4) **Superannuation Fund** : As per Company's Rules not exceeding the non-taxable maximum limits.
- 5) **Gratuity** : As applicable to senior executives of the Company subject to limits not exceeding non-taxable maximum limits.
- 6) **Leave & Leave Encashment** : As per leave rules of the Company.
- 7) **Leave Travel Concession** : For self, wife and dependent children once in a year as per rules applicable to senior executives of the Company.

NOTICE (Contd.)

- 8) **Medical Reimbursement** : Actual expenses incurred for self, wife and dependent children subject to maximum of one month's salary per year.
- 9) **Club Membership** : Fees for Membership of any two clubs excluding life membership.
- 10) **Car** : Company's car with driver for official purposes of the Company.
- 11) **Telephone** : Free telephone facility at residence for official purposes of the Company.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to determine and/or modify from time to time the terms and conditions including the abovesaid salary and perquisites in respect of the aforesaid reappointment, subject to the condition that such modification/s shall be within the limits prescribed under Schedule XIII of The Companies Act, 1956.

FURTHER RESOLVED THAT the aforesaid salary and perquisites will be payable to Shri Satish R Shetty irrespective of whether there is adequate profit in any year or not;

FURTHER RESOLVED THAT the term of office of Shri Satish R Shetty as Managing Director shall not be liable to be determined by retirement by rotation.

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

RESOLVED THAT pursuant to Sections 198, 269, 309 and other applicable provisions of The Companies Act, 1956 read with Schedule XIII thereunder, approval be and is hereby accorded for the reappointment of Shri Sunil R Shetty as Joint Managing Director of the Company for a further period of Five years effective from 27-06-2002 on the following salary and perquisites :

- 1) **Salary** : Rs. 50,000/- (Rupees Fifty Thousand) per month.
- 2) **Housing** : House Rent Allowance as may be decided by the Board of Directors subject to a maximum of 20% of the salary.
- 3) **Provident Fund** : Employer's contribution not exceeding 12% of the salary.
- 4) **Superannuation Fund** : As per Company's Rules not exceeding the non-taxable maximum limits.
- 5) **Gratuity** : As applicable to senior executives of the Company subject to limits not exceeding non-taxable maximum limits.
- 6) **Leave & Leave Encashment** : As per leave rules of the Company.
- 7) **Leave Travel Concession** : For self, wife and dependent children once in a year as per rules applicable to senior executives of the Company.
- 8) **Medical Reimbursement** : Actual expenses incurred for self, wife and dependent children subject to maximum of one month's salary per year.
- 9) **Club Membership** : Fees for Membership of any two clubs excluding life membership.
- 10) **Car** : Company 's car with driver for official purposes of the Company.
- 11) **Telephone** : Free telephone facility at residence for official purposes of the Company.



NOTICE (Contd.)

FURTHER RESOLVED THAT the Board of Directors be and is hereby authorised to determine and /or modify from time to time the terms and conditions including the abovesaid salary and perquisites in respect of the aforesaid reappointment, subject to the condition that such modification/s shall be within the limits prescribed under Schedule XIII of The Companies Act, 1956.

RESOLVED FURTHER THAT the aforesaid salary and perquisites will be payable to Shri Sunil R Shetty irrespective of whether there is adequate profit in any year or not.

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

RESOLVED THAT pursuant to Sections 198, 269, 309 and other applicable provisions of The Companies Act, 1956 read with Schedule XIII thereunder, approval be and is hereby accorded for the reappointment of Shri Naveen R. Shetty as Technical Director of the Company for a further period of Five years effective from 27-06-2002 on the following salary and perquisites :

- 1) **Salary** : Rs. 50,000/- (Rupees Fifty Thousand) per month.
- 2) **Housing** : House Rent Allowance as may be decided by the Board of Directors subject to a maximum of 20% of the salary.
- 3) **Provident Fund** : Employer's contribution not exceeding 12% of the salary.
- 4) **Superannuation Fund** : As per Company's Rules not exceeding the non-taxable maximum limits.
- 5) **Gratuity** : As applicable to senior executives of the Company subject to limits not exceeding non-taxable maximum limits.
- 6) **Leave & Leave Encashment** : As per leave rules of the Company.
- 7) **Leave Travel Concession** : For self, wife and dependent children once in a year as per rules applicable to senior executives of the Company.
- 8) **Medical Reimbursement** : Actual expenses incurred for self, wife and dependent children subject to maximum of one month's salary per year.
- 9) **Club Membership** : Fees for Membership of any two clubs excluding life membership.
- 10) **Car** : Company 's car with driver for official purposes of the Company.
- 11) **Telephone** : Free telephone facility at residence for official purposes of the Company.

FURTHER RESOLVED THAT the Board of Directors be and is hereby authorised to determine and /or modify from time to time the terms and conditions including the abovesaid salary and perquisites in respect of the aforesaid reappointment, subject to the condition that such modification/s shall be within the limits prescribed under Schedule XIII of The Companies Act, 1956.

RESOLVED FURTHER THAT the aforesaid salary and perquisites will be payable to Shri Naveen R Shetty irrespective of whether there is adequate profit in any year or not.

NOTICE (Contd.)**13. To consider and if thought fit to pass with or without modification the following resolution as a Special Resolution by means of Postal Ballot : (Please see Note 2)**

RESOLVED THAT pursuant to provisions of Section 372A and other applicable provisions of The Companies Act, 1956 consent be and is hereby given to the Board of Directors to, (a) invest in and/or (b) make loans to and/or (c) furnish guarantees and/or provide securities to any Financial Institutions/Banks/Bodies Corporate in connection with loans borrowed by, any bodies corporate and/or firms, provided that the aggregate amount/s of such Investment/s and/or Loans and/or Guarantees and/or Securities together with investments and/or loans made and subsisting and/or amounts for which guarantees and/or securities have been furnished/provided, as the case may be, and subsisting, shall not exceed Rs.170,00,00,000/- (Rupees one hundred Seventy crores only) notwithstanding that the aggregate amounts of such investments / loans / guarantees / securities may exceed the aggregate of the paid up share capital and free reserves of the Company, subject to the further condition that the individual limits upto which the investments and/ or loans that may be made and/or guarantees that may be furnished and/or securities that may be provided in respect of each of the Bodies Corporate/Firms shall not exceed the limits laid down hereunder:

Name of the Investee/Borrower	Limits	Nature of Business
Naveen Machanised Construction Co. Pvt. Ltd.	Rs. 50 crores (Rs. Fifty crores only)	Major Civil Engineering Works/Projects
R N Shetty & Co. (Firm) }	Rs. 100 crores (Rs. One hundred crores only)	Major Civil Engineering works/ Projects
RNS Motors (a unit of M/s. R N Shetty & Co.) }		Authorised Dealers in Maruti Vehicles.
Naveen Hotels Ltd.	Rs. 20 crores (Rs. Twenty crores only)	Promotion and Development of Hotels and Tourism industry

(above limits are inclusive of amounts invested/lent and/or for which guarantees furnished and/or securities provided, if any.)

RESOLVED FURTHER THAT the aforesaid consent is subject to the condition that the Board of Directors shall obtain prior approval of the Central Government under Secn. 295(1) of The Companies Act. 1956, wherever applicable.

Place : Hubli

Date : June 26, 2002

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. The Special Resolution u/s 372A of The Companies Act, 1956 mentioned at Item No. 13 in the Notice above is required to be passed by means of postal ballot pursuant to Section 192A of The Companies Act, 1956.
3. 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. and 6 p.m. upto the date of Annual General Meeting.
4. Brief resume of directors proposed to be appointed / reappointed is furnished in the Corporate Governance Report forming part of this Annual Report.
5. Register of members/Transfer books of the Company will be closed from 17.9.2002 to 28.9.2002 (both days inclusive).
6. Members seeking any information / clarification concerning the Accounts for the year 2001-02 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. Please refer "Share holders' information" in annexure to Corporate Governance Report forming part of this Annual Report.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item 6 : Appointment of Dr. B. Sudesh Hegde as a Director :

Dr. B Sudesh Hegde was appointed as an Additional Director on the Board of Directors of the Company effective from 15.01.2002. Pursuant to provisions of Secn. 260 of The Companies Act, 1956 the term of office of such additional director will be valid upto the date of the Annual General Meeting. Company has received a Notice from a Member complying with the provisions of Secn. 257 of The Companies Act, 1956, proposing the candidature of Dr. B Sudesh Hegde to the office of Director.

Shri. R.N. Shetty, Shri. Statish R Shetty, Shri. Sunil R Shetty, Shri. Naveen R. Shetty and Dr. B. Sudesh Hedge may be deemed as concerned or interested in the resolution relating to this item.

Item 7 : Appointment of Shri K. Rangaswamy as a Director.

Shri. K. Rangaswamy was appointed as an Additional Director on the Board of Directors of the Company effective from 15.5.2002. Pursuant to provisions of Secn. 260 of The Companies Act, 1956 the term of office of such additional director will be valid upto The date of the Annual General Meeting. Company has received a Notice from a Member complying with the provisions of Secn. 257 of The Companies Act, 1956, proposing the candidature of Shri. K Rangaswamy to the office of Director.

None of the directors except Shri. K. Rangaswamy may be deemed as concerned or interested in the resolution relating to this item.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 (Contd.)
Item 8 : Appointment of Shri S. Swatantra Rao as a Director :

Shri S Swatantra Rao, appointed as Nominee of KSIIDC Ltd., in place of Shri C.K. Neelakanta Raj, holds office as an additional director upto the date of the Annual General Meeting pursuant to provisions of Secn. 260 of The Companies Act, 1956. Company has received a Notice from a Member complying with the provisions of Secn. 257 of The Companies Act, 1956 proposing the candidature of Shri S Swatantra Rao to the office of Director.

None of the directors except Shri. S. Swatantra Rao may be deemed as concerned or interested in the resolution relating to this item.

Item 9 : Appointment of Dr. K. Sandip Malli as a Wholetime Director :

Dr. K Sandip Malli is associated with the Board of Directors of this Company since inception. Dr. K Sandip Malli has rendered guidance at every developmental stage of the Company. Considering his long and valuable association with the Company, the Board has, at it's meeting held on 28/01/2002, subject to approval of members, appointed Dr. K Sandip Malli as a Whole-time Director effective from January 01, 2002.

Shri. R.N. Shetty, Dr. K. Sandip Malli, Shri. Satish R Shetty, Shri. Sunil R Shetty and Shri. Naveen R Shetty may be deemed as concerned or interested in the resolution relating to this item.

Item 10 : Reappointment of Shri Satish R Shetty as Managing Director :

Shri. Satish R Shetty was appointed as Managing Director for a period of Five years effective from 27-06-1997. At the Board Meeting held on 26-06-2002 Board has, subject to obtaining approval of members, reappointed Shri Satish R Shetty as Managing Director for a further term of 5 years effective from 27.6.2002.

Shri. R.N. Shetty, Dr. K Sandip Malli, Shri K. Jeevan Shetty, Dr. B. Sudesh Hegde, Shri. Satish R. Shetty, Shri. Sunil R Shetty and Shri. Naveen R Shetty may be deemed as concerned or interested in the resolution relating to this item.

Item 11 : Reappointment of Shri Sunil R Shetty as Joint Managing Director :

Shri. Sunil R Shetty was appointed as Joint Managing Director for a period of Five years effective from 27-06-1997. At the Board Meeting held on 26-06-2002 Board has, subject to obtaining approval of members, reappointed Shri Sunil R Shetty as Joint Managing Director for a further term of 5 years effective from 27.6.2002.

Shri. R. N. Shetty, Dr. K. Sandip Malli, Shri. K Jeevan Shetty, Dr. B Sudesh Hegde, Shri. Satish R. Shetty, Shri. Sunil R. Shetty and Shri. Naveen R Shetty, may be deemed as concerned or interested in the resolution relating to this item.


EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 (Contd.)
Item 12 : Reappointment of Shri Naveen R Shetty as Technical Director :

Shri. Naveen R. Shetty was appointed as Technical Director for a period of Five years effective from 27-06-1997. At the Board Meeting held on 26-06-2002 Board has, subject to obtaining approval of members, reappointed Shri. Naveen R Shetty as Technical Director for a further term of 5 years effective from 27.6.2002.

Shri R.N. Shetty, Dr. K. Sandip Malli, Shri. K. Jeevan Shetty, Dr. B. Sudesh Hegde, Shri. Satish R. Shetty, Shri. Sunil R. Shetty and Shri. Naveen R. Shetty may be deemed as concerned or interested in the resolution relating to this item.

Item 13 : Approval to make investments/Loans, furnishing Guarantees and/or provide Securities :

Murudeshwar Ceramics Limited was co-promoted by M/s. R N Shetty & Company and its associate Companies which include Naveen Hotels Limited and Naveen Mechanised Construction Company Pvt Ltd. M/s. R.N Shetty & Co., and Naveen Mechanised Construction Co. Pvt. Ltd. are mainly engaged in major Civil Engineering works involving huge capital deployment. Naveen Hotels Limited is a hotel industry which is also engaged in hospitality and tourism development activities. The new projects proposed to be undertaken under schemes of the Central /State Government etc., which include improvement of Highways and Tourism Development in the state are high cost projects. Eventhough the said Companies/ Firms are profit making ones and are sound enough to meet the liabilities, often Lenders seek guarantee/security from Murudeshwar Ceramics Limited also to ensure better security coverage. Hence considering that the aggregate amount of investments/loans that may be made and/or guarantees/securities that may be furnished/provided, may exceed the paid - up capital and free reserves of the Company, approval of members is sought for such investments, loans, guarantees and securities in terms of provisions of Secn. 372A of The Companies Act, 1956.

Directors Shri. R.N. Shetty, Dr. K. Sandip Malli, Shri. K. Jeevan Shetty, Dr. B Sudesh Hegde, Shri. Satish R Shetty, Shri. Sunil R Shetty, Shri. Naveen R Shetty, and Shri. Y. Arjuna Rao may be deemed as concerned or interested in the resolution relating to this item.

Place : HUBLI

Date : 26-06-2002

By order of the Board
for MURUDESHWAR CERAMICS LIMITED
P A RAVISH
Company Secretary