

# 24<sup>th</sup> Annual Report

2006-07

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**MURUDESHWAR  
CERAMICS LTD.**

**NAVEEN**  
CERAMIC TILES



**NAVEEN**  
GRANITES

**BOARD OF DIRECTORS**
**Shri R N SHETTY**

Chairman

**Dr. K SANDIP MALLI**
**Shri K JEEVAN SHETTY**
**Dr. B SUDESH HEGDE**
**Shri K P SURENDRANATH**
**Dr. SADANAND V NADIG**
**Justice K. JAGANNATHA SHETTY**
**Shri K. SUNDAR NAIK**
**Shri SATISH R SHETTY**

Managing Director &amp; CEO

**Shri SUNIL R SHETTY**

Joint Managing Director

**Shri NAVEEN R SHETTY**

Joint Managing Director

Company Secretary &amp; Compliance Officer

**Shri P A RAVISH**

Vice President - Finance &amp; CFO

**Shri N M HEGDE**
**Auditors**
**M/s. M A NARASIMHAN & CO.**

Chartered Accountants

Bangalore

**Bankers**

CANARA BANK

STATE BANK OF INDIA

BANK OF BARODA

THE LAKSHMI VILAS BANK LTD.

PUNJAB NATIONAL BANK

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**Registered Office**

Murudeshwar Bhavan

Gokul Road

HUBLI - 580 030

Ph : (0836-2331615-18)

Fax : (0836-2330436)

**Plant**

Krishnapur Village

HUBLI - 580 024

Ph : (0836-2206741)

Fax : (0836-2206773)

**Phase - II**

Jigani Industrial Area

Taluk : Anekal

Dist : Bangalore-562 106

Ph : (080-7826946)

Fax : (080-7826956)

143, Ilayancudy Road

Devamapuram Village

Thirunallur Commune

KARAIKAL - 609 607

Pondicherry State

Ph : (04368-236899 / 236599)

Fax : (04368-236805)

## NOTICE

To,

### The Members

### Murudeshwar Ceramics Limited

NOTICE is hereby given that the Twenty Fourth Annual General Meeting of the Company will be held at Shri R N Shetty, Kalyan Mantap, Opp. Indira Glass House, Hubli 580 030 on Friday the September 28, 2007 at 4.00 p.m. to transact the following business :

### ORDINARY BUSINESS

1. To consider, approve and adopt the Audited Balance Sheet of the Company as at 31st day of March, 2007 and the Profit and Loss Account for the year ended on the said date together with Directors' Report and Auditors' Report thereon.
2. To declare dividend.
3. To appoint a Director in place of Shri K Jeevan Shetty, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Dr B Sudesh Hegde, who retires by rotation and being eligible offers himself for reappointment.
5. To appoint a Director in place of Dr Sadanand V Nadig, who retires by rotation and being eligible offers himself for reappointment.
6. To appoint Auditors and to fix their remuneration.

### SPECIAL BUSINESS

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

### RESOLVED THAT :

- (1) pursuant to provisions of Section 198, 269, 309, 310, 311 and other applicable provisions of The Companies Act, 1956 read with Schedule XIII thereunder, Shri.Satish R Shetty, whose term of office as Managing Director of the Company is valid upto 27.06.2007, be and is hereby reappointed as Managing Director of the Company for a further period of 5 years effective from June 27, 2007 on the following salary and perquisites:
  - (i) Salary : Rs.2,00,000/- (Rupees Two lakhs only) per month.
  - (ii) Housing : House Rent Allowance as may be decided by the Board of Directors subject to maximum of 20% of the salary.
  - (iii) Provident Fund : Employers contribution not exceeding 12% of the salary.
  - (iv) Superannuation Fund : As per Company's rules not exceeding the non-taxable maximum limits.
  - (v) Gratuity : As applicable to senior executives of the Company subject to limits not exceeding non-taxable maximum limits.
  - (vi) Leave & leave encashment : As per leave rules of the Company.
  - (vii) Leave Travel Concession : For self, wife and dependent children once in a year as per rules applicable to senior executives of the Company.
  - (viii) Medical Reimbursement : Actual expenses incurred for self, wife and dependent children subject to maximum of one months salary per year.
  - (ix) Club Membership : Fees for membership of any two clubs excluding life membership.
  - (x) Company's car with driver for official purposes of the Company.
  - (xi) Telephone : Free telephone facility at residence for official purposes of the Company.



## NOTICE (Contd.)

- (2) the salary and perquisites payable to Shri Satish R Shetty pursuant to this resolution shall be the minimum remuneration payable irrespective of whether there is adequate profit in any year or not.
- (3) Shri. Satish R Shetty as Managing Director shall not be liable to retire by rotation.
- (4) the Board of Directors is hereby authorized to modify, alter or vary the abovesaid terms and conditions and/or prescribe such further terms and conditions as may be deemed fit by the Board of Directors, from time to time.

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

#### RESOLVED THAT :

- (1) pursuant to provisions of Section 198, 269, 309, 310, 311 and other applicable provisions of The Companies Act, 1956 read with Schedule XIII thereunder, Shri. Naveen R Shetty, whose term of office as Joint Managing Director of the Company is valid upto 27.06.2007, be and is hereby reappointed as Joint Managing Director of the Company for a further period of 5 years effective from June 27, 2007 on the following salary and perquisites:
  - (i) Salary : Rs.1,00,000/- (Rupees One lakh only) per month.
  - (ii) Housing : House Rent Allowance as may be decided by the Board of Directors subject to maximum of 20% of the salary.
  - (iii) Provident Fund : Employers contribution not exceeding 12% of the salary.
  - (iv) Superannuation Fund : As per Company's rules not exceeding the non-taxable maximum limits.
  - (v) Gratuity : As applicable to senior executives of the Company subject to limits not exceeding non-taxable maximum limits.
  - (vi) Leave & leave encashment : As per leave rules of the Company.
  - (vii) Leave Travel Concession : For self, wife and dependent children once in a year as per rules applicable to senior executives of the Company.
  - (viii) Medical Reimbursement : Actual expenses incurred for self, wife and dependent children subject to maximum of one months salary per year.
  - (ix) Club Membership : Fees for membership of any two clubs excluding life membership.
  - (x) Company's car with driver for official purposes of the Company.
  - (xi) Telephone : Free telephone facility at residence for official purposes of the Company.
- (2) the salary and perquisites payable to Shri Naveen R Shetty pursuant to this resolution shall be the minimum remuneration payable irrespective of whether there is adequate profit in any year or not.
- (3) the term of office of Shri. Naveen R Shetty shall be liable to be determined by retirement by rotation.
- (4) the Board of Directors is hereby authorized to modify, alter or vary the abovesaid terms and conditions and/or prescribe such further terms and conditions as may be deemed fit by the Board of Directors, from time to time.

Place : Hubli

Date : July 30, 2007

By Order of the Board  
For Murudeshwar Ceramics Limited  
P A RAVISH  
Company Secretary

## NOTICE (Contd.)

### NOTE:

- (1) Any 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) Any document including Proxy Form signed by any person for and on behalf of any Institution, Bank, Body Corporate etc., will be valid, only if such document is supported by a duly authenticated copy of the relevant Resolution of the Board of Directors authorising such person to sign such document and/or to represent such Institution, Bank, Body Corporate etc., as the case may be.
- (3) Documents pertaining to items referred to in the Notice are available for inspection by any member/s at the Registered Office of the Company on any working day between 2 p.m. to 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 September 20, 2007 to September 28, 2007 (both days inclusive).
- (6) Members seeking any information/clarification concerning the Accounts for the year 2006-07 are requested to send their specific request addressed to the Company Secretary at 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 also refer "General Information to Shareholders" in the annexure to Corporate Governance Report forming part of this Annual Report.

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

#### **Item 7 : Reappointment of Shri Satish R Shetty as Managing Director.**

Shri Satish R Shetty was reappointed as Managing Director of the Company for a period of five years effective from 27/06/2002. Accordingly his term as Managing Director was valid upto June 27, 2007. The Board of Directors has at its meeting held on June 23, 2007 considered various aspects including the improvements made, around growth in the activities and financial position of the Company, from the time of his previous reappointment in the year 2002. Thereafter, subject to approval of members at the Annual General Meeting, the Board has reappointed Shri Satish R Shetty as Managing Director for a further period of five years w.e.f. 27.06.2007 on increased salary and perquisites detailed in the resolution relating to this item of business. The salary and perquisites proposed for the said appointment are within the limits prescribed under Schedule XIII to the Companies Act, 1956.

Necessary resolution is placed before the members for approval.

Shriyuths. R N Shetty, Dr K Sandip Malli, K Jeevan Shetty, Dr B Sudesh Hegde, Satish R Shetty, Sunil R Shetty and Naveen R Shetty, being relatives may be considered as concerned or interested in the resolution relating to this item of business.

#### **Item 8 : Reappointment of Shri Naveen R Shetty as Joint Managing Director.**

Shri Naveen R Shetty was reappointed as Joint Managing Director of the Company for a period of five years effective from 27/06/2002. Accordingly his term as Joint Managing Director was valid upto June 27, 2007. The Board of Directors has at its meeting held on June 23, 2007 considered the valuable contributions made by Shri Naveen R Shetty in overall improvement of performance of the Company and particularly in stage by stage expansion projects implemented by the Company from the time of his reappointment in the year 2002. Thereafter, subject to approval of members at the Annual General Meeting, the Board has reappointed Shri Naveen R Shetty as Joint Managing Director for a further period of five years w.e.f. 27.06.2007 on increased salary and perquisites detailed in the resolution relating to this item of business. The salary and perquisites proposed for the said appointment are within the limits prescribed under Schedule XIII to the Companies Act, 1956.

Necessary resolution is placed before the members for approval.

Shriyuths. R N Shetty, Dr K Sandip Malli, K Jeevan Shetty, Dr B Sudesh Hegde, Satish R Shetty, Sunil R Shetty and Naveen R Shetty, being relatives may be considered as concerned or interested in the resolution relating to this item of business.

Place : Hubli

Date : July 30, 2007

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 24th Annual Report of the Company for the year ended on 31-03-2007.

### FINANCIAL RESULTS

Particulars	(Rs. in lakhs)	
Sales income	25,022.86	
Other Income	97.30	
Increase in stock	1,752.19	
<b>Total income</b>		<b>26,872.35</b>
Operational Expenditure	19,377.50	
Interest	1,628.81	
Depreciation	2,205.82	
<b>Total Expenditure</b>		<b>23,212.13</b>
<b>Profit Before tax</b>		<b>3,660.22</b>
Taxation		687.38
<b>Net Profit for the year</b>		<b>2,972.84</b>
Balance of Profit brought forward		306.45
<b>Profit available for appropriation</b>		<b>3,279.29</b>
<b>Appropriation Proposed</b>		
Dividend on Preference Shares	205.62	
Dividend on Equity Shares @ 20%	350.04	
Corporate tax on Dividends	88.33	
<b>Transfer to :</b>		
General Reserve	2,000.00	
Sub-total		2,643.99
Surplus carried to Balance Sheet		635.30

### OPERATIONAL PERFORMANCE

Your directors are happy to report growth rate of 23.29% in sales income at Rs.25,022.86 lakhs for the year under report compared to previous year. Even though the business in Ceramic tiles and Granite has shown a remarkable improvement, still the business in Vitrified tiles continues to be dominant with Rs.19,437.97 lakhs constituting about 78% of the total sales income. This growth has been possible because of the wide acceptability of the Vitrified tiles of this Company in the market. This achievement specially gains significance considering the very stiff competition in the Market mainly from the cheaper imported tiles and from unorganized and/or small scale sectors. In any case the Management is confident of fighting the odds with consistent quality standards. It is also significant to note that despite the considerable increase in cost of inputs the Management has been able to systematically plan and contain the operational expenditure at Rs.19,377.50 lakhs which is higher by 26.89% compared to previous year. The Management feels that the said increase is justified compared to increase in production by 26.26% in Vitrified segment alone. In the Ceramic tile segment, the Company has sold 23.66 lakhs sq.mtrs. of tiles and realized Rs.4,424.74 lakhs. Since the Ceramic tile unit is fully operational only since January 2007, comparison with previous year sales will not be meaningful.

## DIRECTORS' REPORT (Contd.)

### DIVIDEND

Your directors recommend dividend at 20% on the paid up Equity Share capital of the Company for the year 2006-07. 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 closure of Register of Members. In case of members holding shares in electronic form, the dividend entitlement will be decided as per list of beneficiaries ascertained from concerned depositories as at the close of the working hours on the last date before closure of transfer books.

### CAPACITY EXPANSION

Capacity expansion undertaken at Karaikal and Hubli units are complete. The installed capacity and the capacity utilization at the said units are as follows:

Annual Capacity	VITRIFIED TILES		CERAMIC TILES
	Hubli	Karaikal	Hubli
Installed Capacity (in Sq.Metres)	27,00,000	33,00,000	30,00,000
Capacity Utilised (in Sq.Metres)	21,83,814	31,55,674	24,18,651
Percentage	80.88 %	95.63 %	80.62 %

The capacity utilization at the Granite division is at 65.79%.

### MARKETING

This Company continues with strategy of both project and retail marketing. Show room sales is yielding satisfactory return in major urban centres in Karnataka, Kerala, Tamilnadu and Maharashtra. In all other places, wherever show rooms are not feasible, the Company has been expanding dealership network. In some places, depending upon the market size, selectively the Company is maintaining own showrooms as platform for effective presentation and sales promotion. Depots opened at different parts of the Country are lending support for quick and sustained service to customers.

At present the marketing activity of the Company is ably supported by Six distributors, 74 show rooms, 45 depots and about 400 dealers spreading across different parts of the Country. Depending upon the market conditions, the marketing net work is being constantly expanded from time to time.

On the product range, the Company has been changing designs and patterns in different sizes suiting to the market requirements. Even though sizes range from 30 x 30 cm to 80 x 80 cm the maximum sales was of 60 x 60 cm size which constituted about 75% of the total sales. Depending upon the demand pattern and the nearness to the market, production plan was distributed between Karaikal and Hubli units. This has resulted in attaining economies in transportation cost and reduced damages during transportation. Otherwise, value added items are being manufactured at Hubli unit.

### GRANITE DIVISION

The granite division of the Company which is a 100% EOU is operating satisfactorily after shifting to Jigani in the outskirts of Bangalore. The installed capacity of this division is 72,000 sq.mtrs. per annum. During the year under report the said division has produced 47,369 sq.mtrs. and realized Rs.1,160.15 lakhs.

### PROSPECTS

The construction industry is growing at over 15% every year and this rate is likely to go up further in days ahead. Consumer friendly lending policies of Banks and encouragement from the Government for the housing sector have been contributory factors for the sustained growth of the tiles industry. The rate at which the real estate development is progressing, flare for aesthetic floors and increasing acceptance of the Vitrified tiles at the lower middle class of the society are all calculated to support the growth and prospects of the tiles industry at a larger scale.



## DIRECTORS' REPORT (Contd.)

The new designs introduced by the Company have found wide acceptance in the market. Anti-skid and Rustic finish tiles suitable for high density areas like Forums, Malls and other commercial centres are expected to boost sales revenue further. The increasing Forum and Mall culture and success rate of commercial complexes have been added advantages to the project sales. The Company has launched glossy finish tiles and bigger format tiles in Ceramic segment which is expected replace the other floor tiles of cheaper rates and improve the revenue from Ceramic tiles. Company has been gradually penetrating its marketing net work to even smaller towns. With these positive trends your directors hope for improved performance in days ahead.

### SHARE CAPITAL

During the year under report the Company has converted the entire 25,01,000 convertible Preference Shares of Rs.124/- each into 25,01,000 Equity Shares of Rs.10/- each at a premium of Rs.114/- each effective from 29/11/2006 in compliance with the terms of issue. The said increased equity capital has also been listed on both NSE and BSE.

As at the end of June 30, 2007 it is noticed that about 3.63% of Equity Share capital is held by about 17% of the total share holders of the Company. Since the trading of this Company shares are allowed by Stock Exchanges only in dematerialized form, the members holding shares in physical form will lose the advantage of easy liquidity for their shares unless their share holding is dematerialized. Members are requested to dematerialize their shares in their own interest.

### RESEARCH & DEVELOPMENT

The performance of the R & D wing of the Company is satisfactory. Efforts are in progress to further improve the quality, body matrix and attain higher levels of economy in the process. The R & D wing also has been constantly engaged in introducing new varieties and designs in attractive colours and shades and further improve value addition.

### DIRECTORS

Directors Shri K Jeevan Shetty, Dr. B Sudesh Hegde and Dr. Sadanand V Nadig, retire by rotation and being eligible, offer themselves for reappointment.

The term of office of Shri Satish R Shetty as Managing Director, Shri Sunil R Shetty as Joint Managing Director and Shri Naveen R Shetty as Joint Managing Director were valid upto June 27, 2007. The Board of Directors has at its meeting held on June 23, 2007 reappointed Shri Satish R Shetty as Managing Director and Shri Naveen R Shetty as Joint Managing Director for a period of five years effective from June 27, 2007, subject to approval of members at the AGM. Necessary resolutions have been proposed in the Notice of the Annual General Meeting for approval of members.

Shri Sunil R Shetty has, due to his pre-occupation as Managing Director of the other Companies, requested that he may not be reappointed as Joint Managing Director of this Company after the validity of his term as Joint Managing Director. Accordingly, effective from June 27, 2007 Shri Sunil R Shetty ceases to be Joint Managing Director but will continue as a Director.

Brief personal details of the abovesaid directors whose appointments have been proposed is furnished forming part of the Corporate Governance Report.

### 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 have consented to be reappointed. Necessary resolution will be placed before the members for approval.

### CORPORATE GOVERNANCE PROVISIONS

Your Company has complied with the mandatory requirements of the Corporate Governance Provisions prescribed under Clause 49 of the Listing Agreement with Stock Exchanges. Corporate Governance Report is furnished forming part of this Annual Report.

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report as per requirements of Clause 49 of the Listing Agreement is furnished in the annexure forming part of this Report.



## DIRECTORS' REPORT (Contd.)

### AUDIT COMMITTEE

The present composition of the Audit Committee has Three Non-executive directors namely Shriyuths. R N Shetty, K P Surendranath and Dr.Sadanand V Nadig with Shri K.P Surendranath as Chairman. Shri K P Surendranath and Dr.Sadanand V Nadig are independent directors. Shri P A Ravish, Company Secretary is the Secretary of the Committee.

### DEPOSITS

As at the end of the year under report the Company had 111 deposit accounts for Rs.145.70 lakhs. As at 31.03.2007 there were 8 accounts for an aggregate amount of Rs.5,35,000/- remained not claimed by the concerned deposit holders. However as on the date of this report the unclaimed deposits were 2 accounts for Rs.65,000/- only. Efforts are being made to locate the parties and advise them to claim the repayment by surrendering the original deposit receipts.

### PARTICULARS OF DISCLOSURE UNDER SECTION 217(1)(e)

As per 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, necessary particulars are furnished in the annexure forming part of this report.

### PARTICULARS OF EMPLOYEES

There are no particulars to be reported pursuant to Secn.217(2A) of The Companies Act, 1956.

### DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to provisions of Section 217(2AA) of the Companies Act, 1956, your directors hereby state that :

- 1) In preparation of the annual accounts for the year 2006-07, the Company has, subject to Note No.4 (c) of Schedule 21 in the Statement of accounts, followed the applicable accounting standards prescribed under Secn.211 (3C) of The Companies Act, 1956 and there is no material departure from the same ;
- 2) The Directors have selected and consistently applied such of the accounting policies and made judgements and estimates thereon, that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that period ;
- 3) Your Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the applicable provisions of The Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ;
- 4) The Company has prepared the annual accounts on going concern basis.

### ACKNOWLEDGEMENTS

Your Directors acknowledge with appreciation, the support and co-operation extended to the Company by the Central Government, the Government of Karnataka, Bankers, Financial Institutions, Dealers, Members and employees of the Company. Your Directors also wish to place on record their appreciation for the co-operation extended by M/s. SACMI, Italy and M/s. BRETON, Italy.

for and on behalf of the Board of Directors

**R N SHETTY**  
Chairman

Place : Hubli

Date : July 30, 2007

### ADDENDUM PURSUANT TO SECTION 217(3) OF THE COMPANIES ACT, 1956.

Auditors have noted in Paragraph (iv) of the Audit Report that non-provision of excise duty on finished goods lying at the factory amounting to Rs.213.54 lakhs as not in accordance with the Accounting Standard AS-2 issued by the ICAI. Your Directors wish to clarify that the Excise duty is payable at the time of removal of goods from godown or on stock transfer. There is bound to be variation between value of Stock at godown and value of sales at the point of removal of stock from godown. Hence making provision for excise duty on value of stock at godown will be misleading. To avoid such mismatch in the Central Excise account, the Company adopted the practice of valuing the stock at godown without making provision for excise duty. In any case such non-provision for excise duty on stock at godown will have no impact on the Profit and Loss Account of the Company.

for and on behalf of the Board of Directors

**R N SHETTY**  
Chairman

Place : Hubli

Date : July 30, 2007



## ANNEXURE TO DIRECTORS' REPORT

PARTICULARS IN COMPLIANCE WITH PROVISIONS OF SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

### A. CONSERVATION OF ENERGY:

- (a) Energy Conservation measures taken : Utilisation of Coal Gas.
- (b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:  
Planned to increase Coal Gas utilization in the process in future.
- (c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:  
Increased savings in energy and also Cost Reduction.
- (d) Total energy consumption and energy consumption per unit of production: - Not Applicable -

### B. TECHNOLOGY ABSORPTION:

- (e) Efforts made in technology absorption as per Form B of the Annexure : Furnished in Annexure 'B'.

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO :

- (f) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans : - Nil -
- (g) Total foreign exchange used and earned :  
Foreign Exchange Earnings : Rs. 145.81 Lakhs  
Foreign Exchange Outgo : Rs. 2,754.45 Lakhs

### FORM B

#### FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION

#### RESEARCH AND DEVELOPMENT (R & D)

1. Specific areas in which R & D carried out by the Company
  - a) Design and Development of Glossy & Satin Glaze on Dry grinded Ceramic product.
  - b) Development of 600 x 600mm Ceramic Tile.
2. Benefits derived as a result of the above R & D
  - a) Increased Range of varieties of product.
3. Future plan of action
  - a) Implementation of Higher level scratch proof Vitrified and Ceramic products.
4. Expenditure on R & D

(Rs. in lakhs)

Particulars	2006-2007	2005-2006
a) Capital	0.25	4.74
b) Recurring	28.45	6.87
c) Total	28.70	11.61
d) Total R & D expenditure as a percentage of total turnover	0.11	0.05

#### TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts in brief made towards technology absorption, adaptation and innovation
  - a) 100-MT - Ball Mill Operation.
  - b) Online Pre-kiln dryer utilization
  - c) Double Rack Horizontal Dryer operation.
2. Benefits derived as a result of the above efforts
  - a) Increased energy savings and conservation.
3. In case of Imported Technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished :
  - a) Technology imported : NANO Technology.
  - b) Year of import : 2006-07
  - c) Has technology been fully absorbed : Yes
  - d) If not fully absorbed, areas where this has not taken place, reasons and future plans of action. : Not applicable