

CIN No. : L26914KA1983PLC005401

Naveen Complex, 7th Floor, 14, M.G. Road, Bengaluru - 560 001 INDIA

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**MCL: SEC: 2019**

**SEPTEMBER, 2019**

To,  
**National Stock Exchange of India Limited,**  
Exchange Plaza,  
Bandra Kurla Complex, Bandra (East),  
MUMBAI 400 051,  
Stock Code: MURUDCERA.EQ

To,  
**Bombay Stock Exchange Limited,**  
Floor 25, P J Towers,  
Dalal Street,  
MUMBAI 400 001,  
Stock Code: 515037

**Sub.: Notice of 36<sup>th</sup> Annual General Meeting of the Company.**

Dear Sir/ Madam,

We wish to inform you that the **36<sup>th</sup> Annual General Meeting (AGM)** of the Company will be held on **Saturday, 28<sup>th</sup> September, 2019 at 3:00 P.M.** at Shri R N Shetty Kalyana Mantapa, opposite Indira Glass House, Hubli-580029.

In this respect, please find enclosed the Notice of 36th Annual General Meeting along with Annual Report of the Company for the financial year 2018-19.

In terms of Regulation 42 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Section 91 of the Companies Act, 2013 including rules made thereunder, the Register of Members / Share Transfer Books of the Company will remain closed from **Saturday, September 21, 2019 to Saturday, September 28, 2019 (both days inclusive)**, for the purpose of 36<sup>th</sup> Annual General Meeting.

You are requested to take the above in your records and oblige the same.

Thanking you.

Yours faithfully.

**For MURUDESHWAR CERAMICS LIMITED**

  
**ASHOK KUMAR**

**COMPANY SECRETARY & COMPLIANCE OFFICER**



Encl.: As Above

An ISO 9001-2008 Certified Company

**BOARD OF DIRECTORS**

**Dr. R N SHETTY**  
Chairman

**Dr. S.S. HIREMATH**

**Shri ANNAPPAYYA**

**Shri SANKAPPA K SHETTY**

**Smt. SARVANI ALVA**

**Shri SATHYA MURTHY PADAKI**

**Shri SATISH R SHETTY**  
Managing Director & C.E.O.

**Shri SUNIL R SHETTY**

**Shri NAVEEN R SHETTY**

**Shri KARAN SATISH SHETTY**  
Whole Time Director

**Shri N M HEGDE**  
Vice President (Finance) & C.F.O.

**Shri ASHOK KUMAR**  
Company Secretary & Compliance Officer

**Auditors**

**M/s. K A RAGHUPATHY & CO.**  
Chartered Accountants  
Bengaluru

**Bankers**

CANARA BANK  
STATE BANK OF INDIA  
BANK OF BARODA  
THE LAKSHMI VILAS BANK LTD  
AXIS BANK LTD  
ORIENTAL BANK OF COMMERCE

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**Registered Office**

604/B, Murudeshwar Bhavan  
Gokul Road  
HUBLI - 580 030  
Ph : 0836-2331615-18  
Fax : 0836-2330436 / 4252583

**Plants**

Sy. No. 139, 141/1  
Huildore Village, Bukkapatna Hobli  
Tal : Sira, Dist. : Tumkur  
Pin Code : 572 137

143, Ilayancudy Road  
Devamapuram Village  
Thirunallar Commune  
KARAIKAL - 609 607  
Puducherry (U.T.)  
Ph : 04368-236899 / 236599  
Fax : 04368-236805

## NOTICE

To ,  
**The Members, Murudeshwar Ceramics Limited**

**NOTICE** is hereby given that the **36<sup>th</sup> (Thirty Sixth) Annual General Meeting** of the Members of Murudeshwar Ceramics Limited will be held at Shri R N Shetty Kalyana Mantap, Opp. Indira Glass House, Hubli – 580 029 on Saturday, 28<sup>th</sup> day of September, 2019 at 3.00 p.m. IST to transact the following business:

### **ORDINARY BUSINESS**

#### **1. Adoption of Financial Statements:**

To consider and if thought fit, to pass the following resolution as an ordinary resolution.

**“RESOLVED THAT** an Audited Annual Financial Statements (including the balance sheet of the Company as at March 31, 2019 and the statement of profit and loss together with the notes on accounts, schedules, statement of cash flow etc.), in the prescribed format, annexed to and forming part of the accounts for the year ended March 31, 2019, together with the report of the Directors and Auditors thereon as presented to the meeting, be and are hereby approved and adopted.”

#### **2. Appointment of Shri Satish Rama Shetty (DIN 00037526) as Director Liable to Retire by Rotation:**

To appoint a Director in place of Shri Satish Rama Shetty (DIN 00037526), who retires by rotation and being eligible, offers himself for reappointment.

Explanation : As per terms of appointment, Managing Director is subject to retirement by rotation, Shri Satish Rama Shetty (DIN 00037526) who was appointed on June 27, 2017 in the current term, being the longest-serving director and who is liable to retire, being eligible, seeks reappointment. The Board recommends his reappointment.

Therefore, members are requested to consider and if thought fit, to pass the following resolution as an ordinary resolution:

**“RESOLVED THAT** pursuant to the provisions of section 152 and all other applicable provisions of the Companies Act, 2013 (“Act”), and rules made thereunder and as per provisions contained in the Articles of Association of the Company the approval of the members of the Company be and is hereby accorded to the reappointment of Shri Satish Rama Shetty (DIN 00037526) as a director without affecting his current position, who is liable to retire by rotation.”

#### **3. Appointment of Statutory Auditors of the Company and fix their remuneration :**

To appoint Mr. Krishnaraj K (M No. 217422), Chartered Accountants, Partner of M/s. K.G. Rao & Co. (Firm Registration No. 010463S) Bengaluru, as the Statutory Auditors of the Company.

To Consider and if thought fit, to pass, the following resolution as an Ordinary Resolution.

**“RESOLVED THAT** pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof) Mr. Krishnaraj K (M No. 217422), Chartered Accountants, Partner of M/s. K.G. Rao & Co. (Firm Registration No. 010463S) having office at No.#15, First Floor, 3rd Cross, Sampige Road, Malleshwaram, Bangalore - 560 003, be and is hereby appointed as the Statutory Auditors of the Company in place of M/s. K.A. Raghupathy & Co, (Firm Registration No. 011573S), who has given resignation before his term, at the conclusion of this Annual General Meeting) for a period of five years i.e. from the conclusion of this 36th Annual General Meeting till the conclusion of 41st Annual General Meeting of the Company, at such remuneration as may be fixed by the Board of Directors of the Company on the recommendation of the Audit Committee”.

### **SPECIAL BUSINESS**

#### **4. Approval for setting a threshold limit and to provide Power to the Board of Directors under Section 180(1) of The Companies Act, 2013 :**

To consider and, if thought fit, to pass the following resolution with or without modification(s) as a Special Resolution:

**RESOLVED THAT** pursuant to the provisions of section 180(1) and all other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the consent of the members of the company be and is hereby accorded to the Board of Directors to sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the company or where the company owns more than one undertaking, of the whole or substantially the whole of any of such undertakings, to invest otherwise in trust securities the amount of compensation received by it as a result of any merger or amalgamation; to borrow money, where the money to be borrowed, together with the money

**NOTICE (Contd.)**

already borrowed by the company will exceed aggregate of its paid-up share capital, free reserves and securities premium, apart from temporary loans obtained from the company's bankers in the ordinary course of business and to remit, or give time for the repayment of, any debt due from a director. And to hypothecate, mortgage (simple or equitable), charge and/or in any other way encumber, all or any of the moveable/ current/fixed/immoveable assets of the Company, both present and future, and/or whole or any part of undertaking(s) of the Company, together with powers to take over the management of the business and concern of the Company in certain events of default, in favour of any Lender(s), Agent(s) and/or Trustee/s, as the case may be, for the purpose of securing the borrowings of the Company availed/to be availed by way of loan(s), working capital assistance, issue of debentures / bonds / notes and/or any other debt instruments issued/to be issued by the Company, from time to time, together with interest, additional interest, compound interest, accumulated interest, liquidated damages, commitment charges, premium on prepayments, and all other incidentals and levies, as may applicable under respective agreements, deeds, writings, trust deeds or any other kind of documents as may be agreed to by and between the Board and the Lenders, their agents, trustees, as the case may be, in respect of the said loans/ borrowings/ debentures/bonds or other securities together with the moneys already borrowed by the Company in the ordinary course of business, may exceed the aggregate of the paid up share capital and free reserves of the company, provided however that the total amount so borrowed by the Board of Directors subject to maximum limit of ₹ 350.00 Crores (Rupees Three hundred Fifty Crores only).

**RESOLVED FURTHER THAT** the Board do hereby authorize any director of the company severally to do all such acts, deeds, matters and things as may be deemed necessary to give effect to the above resolution."

**5. Approval for setting a threshold limit to Make Investments, Give Loans, Guarantees and Provide Securities under Section 186 of the Companies Act, 2013 and provide power to the Board of Directors:**

To consider and, if thought fit, to pass the following resolution with or without modification(s) as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 186 and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Meeting of Board and its Powers) Rules, 2014, (including any Statutory modification or re-enactment thereof, for the time being in force), the consent of the members of the company be and is hereby accorded to the Board of Directors (hereinafter referred to as "Board" which term shall include any committee constituted by the Board or any person(s) authorized by the Board to exercise the power conferred on the Board by this resolution) to make loans or investments, in one or more tranches by subscription, purchase or otherwise in subsidiary(ies)/ any person/ bodies Corporate in India or abroad (existing or which may be promoted/ incorporated), in any kind of securities, or by providing of guarantee or security in connection with a loan made by any other person to any subsidiary, Body corporate in India or abroad (existing or which may be promoted or incorporated) in excess of limit prescribed in section 186 of Companies Act, 2013 but subject to maximum limit of ₹350.00 Crores (Rupees Three hundred Fifty Crores only).

**"RESOLVED FURTHER THAT** the Board do hereby authorize any director of the company severally to finalize and negotiate the terms and conditions of the said investment, loan and guarantee and provision of security on behalf of the company as it may deem fit in the interest of the company, to take all such actions and to settle all matters arising out of and incidental thereto, and to sign and execute all deeds, applications, documents and such investments, loans, guarantees and provisions of security and generally to do all such acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to this resolution."

**6. Approval for setting a threshold limit under section 185 and provide power to the Board of Directors:**

To consider and, if thought fit, to pass the following resolution with or without modification(s) as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of section 185 and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Meeting of Board and its Powers) Rules, 2014, (including any Statutory modification or re-enactment thereof, for the time being in force), subject to the approval any statutory authority the consent of members of the company be and is hereby accorded for making of loan(s) to, and/or giving of guarantee(s), and/or providing of security(ies) in connection with any loan taken by any person in whom any of the director of the company is interested (as per section 185(2) explanation - (a) to (c)) but subject to a maximum limit of ₹350.00 Crores (Rupees Three hundred Fifty Crores only).

**RESOLVED FURTHER THAT** the Board do hereby authorize any director of the company severally to finalize and negotiate the terms and conditions of the said investment, loan and guarantee and provision of security on behalf of the company as it may deem fit in the interest of the company, to take all such actions and to settle all matters arising out of and incidental thereto, and to sign and execute all deeds, applications, documents and such investments, loans, guarantees and provisions of security and generally to do all such acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to this resolution."

## NOTICE (Contd.)

### 7. Approval for enter into Related Party Transactions as prescribed under section 188 and provide power to the Board of Directors:

To consider and, if thought fit, to pass the following resolution with or without modification(s) as a Special Resolution:

“**RESOLVED THAT** pursuant to the provisions of Section 188 and other applicable provisions of the Companies Act, 2013 read with the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), and applicable provisions of regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and as per the recommendation and approval of the Audit Committee in their meeting held on 29<sup>th</sup> May, 2019, the consent of the members of the Company be and is hereby accorded to the Board of Directors to enter into the related party transactions by the Company with the herein below mentioned related parties but subject to the maximum limit of ₹350.00 Crores (Rupees Three hundred Fifty Crores only).

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorize any Director of the company severally to do or cause to be done all such acts, matters, deeds and things and to settle any queries, difficulties, doubts that may arise with regard to any transaction with the related party and execute such agreements, documents and writings and to make such filings, as may be necessary or desirable for the purpose of giving effect to this resolution, in the best interest of the Company.”

**Following are the related party transactions which are considered repetitive in nature :**

Sl. No.	Name of the Related Party	Nature of Transactions with related parties	Approval Period of transaction	Maximum amount per year that can be entered into (₹ In Crore)	Aggregate value of the Transaction
1	RNS Infrastructure Ltd.	Civil Works/ Earth Works	5 years	50.00	250.00
2	Murudeshwar Power Corporation Ltd.	Purchase of Electricity	5 years	5.00	25.00
3	RNS Power Ltd.	Purchase of Electricity	5 years	5.00	25.00
4	Naveen Hotels Ltd.	Availing Accommodation Services	5 years	1.00	5.00
5	RNS Motors Ltd.	Availing Vehicle Services	5 years	1.00	5.00

### 8. Approval for re-appointment of Smt. Sarvani Alva (DIN: 06896403), as an Independent Director with effect from 31<sup>st</sup> July, 2019 for the period of next consecutive five years :

To consider and, if thought fit, to pass the following resolution with or without modification(s) as a Special Resolution:

“**RESOLVED THAT** pursuant to the provisions of Section 149, 150, 152, 161(1) and schedule IV read with the Companies (Appointment and Qualification of Directors) Rules, 2014, and other applicable provisions, sections, rules of the Companies Act, 2013 (including any statutory modifications or re-enactment, amendment thereof for the time being in force), and the applicable provisions of Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and on recommendation made by the Nomination and Remuneration Committee of the Company, the Consent of the Members be and is hereby accorded, to re-appoint Smt. Sarvani Alva (DIN: 06896403), who has crossed the age of 75 years, as an Independent Director (Non-Executive & Independent) who has submitted declaration that she meets the criteria for independence as provided in section 149(6) of the Act and is eligible for re-appointment, as an Independent Director of the Company for the next term of five consecutive years on the Board of the Company w.e.f. 31<sup>st</sup> July, 2019.

“**RESOLVED FURTHER THAT** any of the Directors for the time being be and are hereby authorized to sign and execute all such documents and papers (including appointment letter etc.) as may be required for the purpose and file necessary e-form with the Registrar of Companies and to do all such acts, deeds and things as may considered expedient and necessary in this regard.”

“**RESOLVED FURTHER THAT** any one of the Directors for the time being be and are hereby authorised to sign the certified true copy of the resolution to be given as and when required.”

### 9. Approval for re-appointment of Shri Sankappa Keremane Shetty (DIN 00894366) as an Independent Director with effect from 31<sup>st</sup> July, 2019 for the period of next consecutive five years :

To consider and, if thought fit, to pass the following resolution with or without modification(s) as a Special Resolution:

“**RESOLVED THAT** pursuant to the provisions of Section 149, 150, 152, 161(1) and schedule IV read with the Companies (Appointment and Qualification of Directors) Rules, 2014, and other applicable provisions, sections, rules of the Companies Act, 2013 (including any statutory modifications or re-enactment, amendment thereof for the time being in force), and the applicable provisions of Regulation 25 of the SEBI (Listing Obligations and Disclosure

**NOTICE (Contd.)**

Requirements) Regulations, 2015, and on recommendation made by the Nomination and Remuneration Committee of the Company, the Consent of the Members be and is hereby accorded, to re-appoint Shri Sankappa Keremane Shetty (DIN 00894366), who has crossed the age of 75 years, as an Independent Director (Non-Executive & Independent) who has submitted declaration that he meets the criteria for independence as provided in section 149(6) of the Act and is eligible for re-appointment, as an Independent Director of the Company for the next term of five consecutive years on the Board of the Company w.e.f. 31<sup>st</sup> July, 2019.

**“RESOLVED FURTHER THAT** any of the Directors for the time being be and are hereby authorized to sign and execute all such documents and papers (including appointment letter etc.) as may be required for the purpose and file necessary e-form with the Registrar of Companies and to do all such acts, deeds and things as may considered expedient and necessary in this regard.”

**“RESOLVED FURTHER THAT** any one of the Directors for the time being be and are hereby authorised to sign the certified true copy of the resolution to be given as and when required.”

**10. Approval for re-appointment of Shri Annappayya (DIN 03558522) as an Independent Director with effect from 31<sup>st</sup> July, 2019 for the period of next consecutive five years :**

To consider and, if thought fit, to pass the following resolution with or without modification(s) as a Special Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 149, 150, 152, 161(1) and schedule IV read with the Companies (Appointment and Qualification of Directors) Rules, 2014, and other applicable provisions, sections, rules of the Companies Act, 2013 (including any statutory modifications or re-enactment, amendment thereof for the time being in force), and the applicable provisions of Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and on recommendation made by the Nomination and Remuneration Committee of the Company, the Consent of the Members be and is hereby accorded, to re-appoint Shri Annappayya (DIN 03558522), who has crossed the age of 75 years, as an Independent Director (Non-Executive & Independent) who has submitted declaration that he meets the criteria for independence as provided in section 149(6) of the Act and is eligible for re-appointment, as an Independent Director of the Company for the next term of five consecutive years on the Board of the Company w.e.f. 31<sup>st</sup> July, 2019.

**“RESOLVED FURTHER THAT** any of the Directors for the time being be and are hereby authorized to sign and execute all such documents and papers (including appointment letter etc.) as may be required for the purpose and file necessary e-form with the Registrar of Companies and to do all such acts, deeds and things as may considered expedient and necessary in this regard.”

**“RESOLVED FURTHER THAT** any one of the Directors for the time being be and are hereby authorised to sign the certified true copy of the resolution to be given as and when required.”

**11. Approval for re-appointment of Dr. Shivabasayya Siddaramayya Hiremath (DIN 02272897) as an Independent Director with effect from 31<sup>st</sup> July, 2019 for the period of next consecutive five years :**

To consider and, if thought fit, to pass the following resolution with or without modification(s) as a Special Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 149, 150, 152, 161(1) and schedule IV read with the Companies (Appointment and Qualification of Directors) Rules, 2014, and other applicable provisions, sections, rules of the Companies Act, 2013 (including any statutory modifications or re-enactment, amendment thereof for the time being in force), and the applicable provisions of Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and on recommendation made by the Nomination and Remuneration Committee of the Company, the Consent of the Members be and is hereby accorded, to re-appoint Dr. Shivabasayya Siddaramayya Hiremath (DIN 02272897), who has crossed the age of 75 years, as an Independent Director (Non-Executive & Independent) who has submitted declaration that he meets the criteria for independence as provided in section 149(6) of the Act and is eligible for re-appointment, as an Independent Director of the Company for the next term of five consecutive years on the Board of the Company w.e.f. 31<sup>st</sup> July, 2019.

**“RESOLVED FURTHER THAT** any of the Directors for the time being be and are hereby authorized to sign and execute all such documents and papers (including appointment letter etc.) as may be required for the purpose and file necessary e-form with the Registrar of Companies and to do all such acts, deeds and things as may considered expedient and necessary in this regard.”

**“RESOLVED FURTHER THAT** any one of the Directors for the time being be and are hereby authorised to sign the certified true copy of the resolution to be given as and when required.”

Place : Bengaluru  
Date : August 13, 2019

By Order of the Board  
**For Murudeshwar Ceramics Limited**  
**ASHOK KUMAR**  
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. Proxy in order to be effective must be received at the Company's Regd. Office not less than 48 hours before the meeting.
- (2) Any document / Proxy Form in connection with the Annual General Meeting of the Company signed by any person for and on behalf of any Institution, Bank, Body Corporate etc., will be valid, only if such document/proxy form is supported by a duly authenticated copy of the 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 from 2 p.m. to 6 p.m. upto the date of Annual General Meeting.
- (4) Brief resume of Directors propose 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 Saturday, September 21, 2019 to Saturday, September 28, 2019 (both days inclusive).
- (6) Members seeking any information/clarification concerning the Accounts for the year 2018-19 are requested to send their specific request addressed to the Company Secretary at the Registered Office of the Company at least 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.
- (9) In compliance with the provisions of section 108 of the Act and the Rules framed thereunder, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by NSDL, on all resolutions set forth in this Notice.
- (10) Please refer last page of Annual Report for AGM Location Map.

**The instructions for e-voting are as under:****A. In case a Member receives an e-mail (for Members whose e-mail addresses are registered with the Company/ Depositories) :**

- (a) Open the e-mail and also open PDF file namely "Remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for e-voting. Please note that the password is an initial password.
- (b) Open the internet browser and type the following URL:<https://www.evoting.nSDL.com>
- (c) Click on Shareholder – Login.
- (d) If you are already registered with NSDL for e-voting then you can use your existing user ID and password.
- (e) If you are logging in for the first time, please enter the user ID and password provided in the PDF file attached with the e-mail as initial password.
- (f) The Password Change Menu will appear on your screen. Change to a new password of your choice, making sure that it contains a minimum of 8 digits or characters or a combination of both. Please take utmost care to keep your password confidential.
- (g) Once the e-voting home page opens, click on e-voting> Active Voting Cycles.
- (h) Select "EVEN" (E-Voting Event Number) of Murudeshwar Ceramics Limited. Now you are ready for E-voting as Cast Vote page opens.
- (i) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- (j) Upon confirmation, the message "Vote cast successfully" will be displayed.

**NOTICE (Contd.)**

- (k) Once the vote on the resolution is cast, the Member shall not be allowed to change it subsequently.
- (l) Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG format) of the relevant Board Resolution/Authority letter, etc., together with attested specimen signature of the duly authorized signatory (ies) who are authorized to vote, to the Scrutinizer through e-mail to sunil\_j\_shah@yahoo.com and investor@naveentile.com with a copy marked to evoting@nsdl.co.in
- (m) In case of any queries, you may refer the Frequently Asked Questions (FAQs) – Shareholders and e-voting user manual – Shareholders, available at the downloads section of www.evoting.nsdl.com

**B. In case of Member receives physical copy of Notice of AGM (for Members whose e-mail addresses are not registered with the Company / Depositories) :**

- (a) Initial password is provided in the enclosed Annual Report and Notice: EVEN (E-Voting Event Number), user ID and password/Pin.
- (b) Please follow all steps from Sl. No. A (b) to Sl. No. A (m) above, to cast vote.

**C. Other Instructions :**

- (a) The e-voting period commences on September 25, 2019 (9.00 a.m. IST) and ends on September 27, 2019 (5.00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on September 20, 2019 (Cutoff date {record date}) may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, he shall not be allowed to change it subsequently.
- (b) A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again in the AGM.
- (c) The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on September 20, 2019 (Cutoff date {record date}).
- (d) Mr. Sunil J. Shah, Practicing Company Secretary (Membership No. ACS: 8717), has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- (e) The Scrutinizer shall after the conclusion of voting at the General Meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witness not in employment of the company and shall not make later than three days of the conclusion of AGM, a consolidated scrutinizer report of the total votes cast in favour or against if any to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- (f) The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.naveentiles.co.in and on the website of NSDL immediately after the declaration of the results by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to Stock exchanges.

**Explanatory statement UNDER SECTION 102(1) OF THE COMPANIES ACT, 2013:**

**ITEM No. 4 : Approval for setting a threshold limit and provide Power to the Board of Directors under Section 180(1) of The Companies Act, 2013 :**

As per the provisions of section 180 (1) (c) of the Companies Act, 2013 the Board of Directors of a company could borrow money together with the moneys already borrowed by the Company in the ordinary course of business, to the extent of paid up share capital and free reserves of the company and for borrowing moneys in excess of the Paid up share capital and Free reserves, the approval of the members of the company in General Meeting by way of Special resolution has to be obtained.

The Company borrow funds and may borrow funds from time to time for business and operational purposes and some time it may exceed the paid up capital and free reserve and therefore it is required to obtain approval of the members by way of special resolution in General Meeting and to authorize the Board to borrow funds in excess of the paid up share capital and free reserves. Hence, the Company want to secure the compliances in advance.



**NOTICE (Contd.)**

Your board decided to increase the limit for borrow the fund upto ₹350 Crores and recommends to the members for their approval by way of a Special resolution.

None of the Directors, key managerial personnel and relatives of Directors and/or key managerial personnel (as defined in the Companies Act, 2013) are concerned or interested in the proposed resolution, except in the ordinary course of business and extent to their shareholding and directorship.

**ITEM No. 5 : Approval for setting a threshold limit to Make Investments, Give Loans, Guarantees and Provide Securities under Section 186 of the Companies Act, 2013 and provide power to the Board of Directors:**

As per provisions of section 186 of the Companies Act, 2013 the Board of Directors of a company could give any loan, guarantee or provide security in connection with a loan to any other body corporate or person and acquire securities by way of subscription, purchase or otherwise to any person or body corporate to the extent of sixty percent of paid up share capital, free reserves and securities premium or one hundred per cent of its free reserves and securities premium account whichever is more and for giving any loan or providing guarantee and/or security in excess of limit specified above, the approval of the members of the company in General Meeting by way of Special resolution has to be obtained.

The Company may give loan and guarantee to any person and make investments by acquiring securities by way of purchase or subscription or otherwise from time to time. So, it is proposed to increase the limit of giving any loan or guarantee or providing security to anybody corporate or any other person and to invest funds upto ₹350 Crores and hereby recommends to the members of the company for their approval by way of a Special Resolution.

None of the Directors, key managerial personnel and relatives of Directors and/or key managerial personnel (as defined in the Companies Act, 2013) are concerned or interested in the proposed resolution, except in the ordinary course of business and extent to their shareholding and directorship.

**ITEM No. 6 : Approval for setting a threshold limit under section 185 and provide power to the Board of Directors:**

The Company's principal business activities inter alia consists of manufacturing of Ceramic and Vitrified Tiles. The Company may be required to make loan(s) including loan represented by way of Book Debt (the "loan") to, and/or give guarantee(s) and/or provide security(ies) in connection with any loan, including loan represented by way of Book debt, if any (the "Loan") taken/ to be taken by the Company. The said Loan(s)/ guarantee(s)/ security (ies) shall be utilised by the company for its principal business activities and the matters connected and incidental thereto (the "Principal Business Activities").

Section 185 (1) of the Companies Act, 2013 provides that no company shall, directly or indirectly, advance any loan, including any loan represented by a book debt to, or give any guarantee or provide any security in connection with any loan taken by—

- (1) (a) any director of company, or of a company which is its holding company or any partner or relative of any such director; or  
(b) any firm in which any such director or relative is a partner.
- (2) A company may advance any loan including any loan represented by a book debt, or give any guarantee or provide any security in connection with any loan taken by any person in whom any of the director of the company is interested, subject to the condition that—
  - (a) a special resolution is passed by the company in General Meeting :

Provided that the explanatory statement to the notice for the relevant General Meeting shall disclose the full particulars of the loans given, or guarantee given or security provided and the purpose for which the loan or guarantee or security is proposed to be utilised by the recipient of the loan or guarantee or security and any other relevant fact; and

## **NOTICE (Contd.)**

(b) the loans are utilised by the borrowing company for its principal business activities.

hence consent of the members is being sought by way of a special resolution pursuant to the above provisions of the Act for making of Loan(s) to, and/or giving of guarantee(s), and/or providing of security (ies) in connection with any Loan taken/ to be taken an aggregate outstanding amount not exceeding ₹350.00 Crores (Rupees Three hundred fifty crores only) and necessary delegation of authority to the Board for this purpose. Your Directors recommend the resolution set out at Item No. 5 to be passed as a special resolution by the members.

None of the Directors, key managerial personnel and relatives of Directors and/or key managerial personnel (as defined in the Companies Act, 2013) are concerned or interested in the proposed resolution, except in the ordinary course of business and extent to their shareholding and directorship.

### **ITEM No. 7 : Approval for enter into Related Party Transactions as prescribed under section 188 and provide power to the Board of Directors:**

The Companies Act, 2013 aims to ensure transparency in the transactions and dealings with the related parties of the Company. The provisions of Section 188(1) of the Companies Act, 2013 read with Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, govern the Related Party Transactions for entering into any contract, transactions or arrangement with the related party (ies).

The Company in its ordinary course of business and/or on arm's length price basis avails services and purchases of electricity, the Company also purchases goods from its group companies. The purchase of electricity and goods or availing services from its group companies as mentioned in the resolution is dependent on the requirement of the Company for its products from time to time and the ability of supply of specified material by its group companies. During the course of its business the Company also sells its products to its group companies.

The Company has noted that its fall under the category of a related party of the Company in terms of the provisions of the Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The provisions of the Listing Agreement consider a transaction with a related party material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company. Further, the Listing Agreement requires all material related party transactions to be approved by the shareholders through a special resolution and the related parties shall abstain from voting on such resolutions. The Company envisages that the transaction(s) entered into with its Group Companies whether individually and/or in aggregate would exceed the stipulated threshold of ten percent of the annual consolidated turnover of the Company as per the last audited and financial statements of the Company during a financial year of the Company. The Company therefore requires approval of the shareholders through a special resolution for entering into contract(s)/ arrangement (s)/ transaction(s) with its Group Companies upto a maximum amount as mentioned in the resolution 7 from the financial year 2019-20 and onward. Although approval of the shareholders would not be required under the provisions of Section 188 of the Companies Act, 2013 and the rules framed thereunder for the specified transactions with its group companies, the same is being sought as an abundant precautionary measure.

All related parties shall abstain from voting on these resolutions.

The Audit committee and the Board of the Directors of the Company have considered these proposed arrangements and limits at their meeting held on 29th May, 2019 and have approved the proposed arrangements with the Related Party(ies) and have also decided to seek approval of shareholders by way of special resolution pursuant to section 188 of the Companies Act 2013 read with the Companies (Meeting of Board and its Powers) Rules, 2014 and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

None of the Directors, key managerial personnel and relatives of directors and/or key managerial personnel (as defined in the Companies Act, 2013) are concerned or interested in the proposed resolution, except in the ordinary course of business and extent to their shareholding and directorship.

## NOTICE (Contd.)

**ITEM No. : Re - appointment of Smt. Sarvani Alva (DIN : 06896403), Shri Sankappa Keremane Shetty 8 to 11 (DIN 00894366) Shri Annappayya (DIN 03558522), Dr. Shivabasayya Siddaramayya Hiremath (DIN 02272897) and Independent Directors for further consecutive period of five years.**

**8. Mrs. Sarvani Alva** is an Independent Non- Executive Director of the company. She had joined the Board of Directors of the company on 31<sup>st</sup> July 2014 as an Independent Director. Pursuant to the Companies Act 1956/2013 she was appointed as an Independent Non-Executive Director to hold office for five consecutive years for a term upto 30<sup>th</sup> July, 2019, by the Members of the Company in the 31<sup>st</sup> AGM held on 27<sup>th</sup> September 2014.

As per Section 149(10) of the Act, an Independent Director shall hold office for a term of upto five consecutive years on the Board of a Company, but shall be eligible for re-appointment on passing a special resolution by the Company for another term of upto five consecutive years on the Board of a Company.

Based on recommendation of Nomination and Remuneration Committee and in terms of the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Act and the Listing Regulations, Mrs. Sarvani Alva, being eligible for re-appointment as an Independent Director and offering herself for re-appointment, is proposed to be re-appointed as an Independent Director for another term of five consecutive years from 31<sup>st</sup> July 2019.

Smt. Sarvani Alva aged around 79 years is an Arts Graduate. She is highly ethical and has developed from a well cultured family background. She was a good performer in studies and other co-curricular activities.

### Brief profile

DIN	06896403
Date of birth	08/06/1940
Age	79 years
Date of appointment in Board Meeting	04.03.2019
Qualification	Bachelor of Arts
Expertise in specific Functional Area	Expertise in field of Arts
Directorship in other Public Limited Companies (excluding foreign companies, private companies & Section 8 companies)	1. RNS Motors Limited
Membership of Committee/Chairmanship in other Public Limited Company	2. RNS Motors Limited - Audit Committee, CSR Committee and N&R Committee.
No. of shares held (a) own (b) for other persons on a beneficial basis.	NIL

In the opinion of the Board, Smt. Sarvani Alva fulfils the conditions specified under the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16(1) (b) of the Listing Regulations for her re-appointment as an Independent Non-Executive Director of the Company.

The Board considers that her continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Smt. Sarvani Alva as an Independent Director.

Accordingly, the Board recommends Special Resolution in relation to eligibility and re-appointment of Smt. Sarvani Alva as an Independent Director for another term of five consecutive years with effect from 31<sup>st</sup> July 2019 for the approval by the shareholders of the Company.

None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 8 of the accompanying Notice of the AGM. Smt. Sarvani Alva is not related to any Director of the Company.

This Explanatory Statement together with the accompanying Notice of the AGM may also be regarded as a disclosure under Regulation 36(3) of the Listing Regulations and Secretarial Standard on General Meetings (SS-2) of ICSI.

## NOTICE (Contd.)

9. **Shri Sankappa Keremane Shetty** is an Independent Non-Executive Director of the Company. He joined the Board of Directors of the company on 14<sup>th</sup> May, 2012 as an Independent Director. Pursuant to the Companies Act 1956/2013 he was appointed as an Independent Non-Executive Director to hold office for five consecutive years for a term upto 30<sup>th</sup> July, 2019, by the Members of the Company in the 31<sup>st</sup> AGM held on 27<sup>th</sup> September 2014.

As per Section 149(10) of the Act, an Independent Director shall hold office for a term of upto five consecutive years on the Board of a Company, but shall be eligible for re-appointment on passing a special resolution by the Company for another term of upto five consecutive years on the Board of a Company.

Based on recommendation of Nomination and Remuneration Committee and in terms of the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Act and the Listing Regulations, Shri Sankappa Keremane Shetty, being eligible for re-appointment as an Independent Director and offering himself for re-appointment, is proposed to be re-appointed as an Independent Director for another term of five consecutive years w.e.f 31<sup>st</sup> July 2019.

Shri Sankappa Keremane Shetty aged around 77 years is a Civil Engineering Graduate from Karnataka Regional Engineer College Surathkal (presently NITK) and started his career in the Koyna Hydro Electric Stage-III underground Power House Construction in the year 1966. After serving there for six years he joined Karnataka Power Corporation Limited (KPCL) in the year 1973. He retired from KPCL in the year 2001 as Executive Director. He had an illustrious career in the State Power Generation Company spanning over 27 years holding responsible positions and associations/in charge of execution of civil works of major projects like Kalinadi Hydel Project Stage-I and II, Sharavathi Stage-II-Gerasoppa Project, Hydel Dam Power House and RTPS Thermal Project Unit-III. After his retirement, he was appointed by Government of Karnataka as Director and Board Member of KPCL till 2007.

He has undergone Energy Management Training in USA under USAID Programme in the year 1995. He has participated and presented Technical papers in many International Conferences held Abroad. Presently he is advisor to many Power Producing Companies mainly for the execution of mini Hydel projects. Shri Sankappa Keremane Shetty is not a shareholder of the Company.

### Brief Profile

DIN	00894366
Date of birth	25/10/1942
Age	77 years
Qualification	Civil Engineer
Expertise in specific Functional Area	Expertise in working with Hydel Projects
Directorship in other Public Limited Companies (excluding foreign companies, private companies & Section 8 companies)	1. Naveen Hotels Limited 2. Murudeshwar Power Corporation Limited 3. RNS Infrastructure Limited
Membership of Committee/Chairmanship in other Public Limited Company	1. RNS Infrastructure Limited- Audit Committee, CSR Committee and N&R Committee. 2. Murudeshwar Power Corporation Limited - Audit Committee, CSR Committee and N&R Committee. 3. Naveen Hotels Limited- CSR Committee and N&R Committee.
No. of shares held (a) own (b) for other persons on a beneficial basis.	NIL

In the opinion of the Board, Shri Sankappa Keremane Shetty fulfils the conditions specified under the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16(1)(b) of the Listing Regulations for his re-appointment as an Independent Non-Executive Director of the Company.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Shri Sankappa Keremane Shetty as an Independent Director.

**NOTICE (Contd.)**

Accordingly, the Board recommends Special Resolution in relation to eligibility and re-appointment of Shri Sankappa Keremane Shetty as an Independent Director for another term of five consecutive years with effect from 31<sup>st</sup> July 2019 for the approval by the shareholders of the Company.

None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 9 of the accompanying Notice of the AGM. Shri Sankappa Keremane Shetty is not related to any Director of the Company.

This Explanatory Statement together with the accompanying Notice of the AGM may also be regarded as a disclosure under Regulation 36(3) of the Listing Regulations and Secretarial Standard on General Meetings (SS-2) of ICSI.

- 10. Shri Annappayya** is an Independent Non-Executive Director of the company. He joined the Board of Directors of the company on 24<sup>th</sup> April, 2011 as an Independent Director. Pursuant to the Companies Act 1956/2013 he was appointed as an Independent Non-Executive Director to hold office for five consecutive years for a term upto 30<sup>th</sup> July, 2019, by the Members of the Company in the 31<sup>st</sup> AGM held on 27<sup>th</sup> September 2014.

As per Section 149(10) of the Act, an Independent Director shall hold office for a term of upto five consecutive years on the Board of a Company, but shall be eligible for re-appointment on passing a special resolution by the Company for another term of upto five consecutive years on the Board of a Company.

Based on recommendation of Nomination and Remuneration Committee and in terms of the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Act and the Listing Regulations, Shri Annappayya, being eligible for re-appointment as an Independent Director and offering himself for re-appointment, is proposed to be re-appointed as an Independent Director for another term of five consecutive years w.e.f. 31<sup>st</sup> July 2019.

Shri Annappayya aged around 73 years is retired Canara Bank employee. He did his B.Com with Distinction and CAIIB. He joined Canara Bank as an officer in 1969 and serve in various parts of the country. He has exposure in all facets of Banking including Merchant Banking and International Banking. He received extensive training in critical areas of Banking and Finance in BTC RBI Mumbai, NIBM Pune, IIM Ahmedabad, Irving Trust Co. at Sydney and Tokyo. He was Nominee Director in Canfin Homes Limited a subsidiary of Canara Bank for two years. He retired as General Manager in the year 2006 after 37 years of blemish less service in Canara Bank. He is not a member of the Company. He is the Chairman of Nomination & Remuneration Committee and Stakeholders Grievance Committee.

**Brief Profile**

DIN	03558522
Date of birth	26.02.1946
Age	73 Years
Qualification	B.Com with Distinction and CAIIB
Expertise in specific Functional Area	Banking including Merchant Banking and International Banking.
Directorship in other Public Limited Companies (excluding foreign companies, private companies & Section 8 companies)	1. RNS Motors Limited
Membership of Committee/Chairmanship in other Public Limited Company	1. Chairman of Audit Committee and Member in Nomination and Remuneration Committee of RNS Motors Limited
No. of shares held (a) own (b) for other persons on a beneficial basis.	Nil

In the opinion of the Board, Shri Annappayya fulfils the conditions specified under the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16(1)(b) of the Listing Regulations for his re-appointment as an Independent Non-Executive Director of the Company.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Shri Annappayya as an Independent Director.

## NOTICE (Contd.)

Accordingly, the Board recommends Special Resolution in relation to eligibility and re-appointment of Shri Annappayya as an Independent Director for another term of five consecutive years with effect from 31<sup>st</sup> July 2019 for the approval by the shareholders of the Company.

None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No.10 of the accompanying Notice of the AGM. Shri Annappayya is not related to any Director of the Company.

This Explanatory Statement together with the accompanying Notice of the AGM may also be regarded as a disclosure under Regulation 36(3) of the Listing Regulations and Secretarial Standard on General Meetings (SS-2) of ICSI.

- 11. Dr. Shivabasayya Siddaramayya Hiremath** is an Independent Non- Executive Director of the company. He joined the Board of Directors of the company on 30<sup>th</sup> July 2008 as an Independent Director. Pursuant to the Companies Act 1956/2013 he was appointed as an Independent Non-Executive Director to hold office for five consecutive years for a term upto 30<sup>th</sup> July, 2019, by the Members of the Company in the 31<sup>st</sup> AGM held on 27<sup>th</sup> September 2014.

As per Section 149(10) of the Act, an Independent Director shall hold office for a term of upto five consecutive years on the Board of a Company, but shall be eligible for re-appointment on passing a special resolution by the Company for another term of upto five consecutive years on the Board of a Company.

Based on recommendation of Nomination and Remuneration Committee and in terms of the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Act and the Listing Regulations, Dr. Shivabasayya Siddaramayya Hiremath, being eligible for re-appointment as an Independent Director and offering himself for re-appointment, is proposed to be re-appointed as an Independent Director for another term of five consecutive years w.e.f. 31<sup>st</sup> July 2019.

Dr. Shivabasayya Siddaramayya Hiremath, aged about 82 years is a Doctor by profession. He has been providing active service to the people of Hubli for over 54 years and has good knowledge about the topography, local residents and the local business at Hubli. He has knowledge of stage by stage development achieved by this Company ever since its inception in 1983. He has established two health institutions namely Dr. S.S. Hiremath Nursing Home in 1976 and Shivaleela Hospital in 1992. As a Professor in Obstetrics and Gynecology in KMC Hospital he was also a guiding mentor for many medical students. He is a member of various professional bodies. His services have been recognized by various institutions and also the Government of Karnataka. He has been honored with various awards including the Karnataka Rajyotsava Day Award – HDMC 1992.

### Brief Profile

DIN	02272897
Date of birth	04/07/1937
Age	82 years
Qualification	Doctor
Expertise in specific Functional Area	Professor in Obstetrics and Gynecology
Directorship in other Public Limited Companies (excluding foreign companies, private companies & Section 8 companies)	1. Naveen Hotels Limited 2. Murudeshwar Power Corporation Limited 3. RNS Infrastructure Limited
Membership of Committee/Chairmanship in other Public Limited Company	1. RNS Infrastructure Limited- Audit Committee, CSR Committee and N&R Committee. 2. Murudeshwar Power Corporation Limited - Audit Committee, CSR Committee and N&R Committee. 3. Naveen Hotels Limited- CSR Committee and N&R Committee.
No. of shares held (a) own (b) for other persons on a beneficial basis.	2300

**NOTICE (Contd.)**

In the opinion of the Board, Dr. Shivabasayya Siddaramayya Hiremath fulfils the conditions specified under the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16(1)(b) of the Listing Regulations for his re-appointment as an Independent Non-Executive Director of the Company.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Dr. Shivabasayya Siddaramayya Hiremath as an Independent Director.

Accordingly, the Board recommends Special Resolution in relation to eligibility and re-appointment of Dr. Shivabasayya Siddaramayya Hiremath as an Independent Director for another term of five consecutive years with effect from 31<sup>st</sup> July 2019 for the approval by the shareholders of the Company.

None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No.11 of the accompanying Notice of the AGM. Dr. Shivabasayya Siddaramayya Hiremath is not related to any Director of the Company.

This Explanatory Statement together with the accompanying Notice of the AGM may also be regarded as a disclosure under Regulation 36(3) of the Listing Regulations and Secretarial Standard on General Meetings (SS-2) of ICSI.

**In pursuance to Schedule V, Part II, Section II Part (B), proviso (iv), a Statement containing following information is reproduced:**

**I. General Information :**

**(1) Nature of the Industry**

Murudeshwar Ceramics Limited (MCL) is engaged in the business of manufacture and sale of a wide range of Ceramic and Vitrified tiles and having its outlet in various states in India.

**(2) Incorporation Details**

The Company was incorporated pursuant to a Certificate of Incorporation dated June 29, 1983 (bearing Registration No. 5401 and Corporate Identification Number L26914KA1983PLC005401 issued by Registrar of Companies, Karnataka, as a Public Limited Company under the provisions of the Companies Act, 1956, as amended under the name Murudeshwar Ceramics Limited. The Company commenced its business pursuant to a Certificate of the Commencement of Business dated July 19, 1983 issued by the Registrar of Companies, Karnataka. The name of the Company was changed to Murudeshwar Ceramics Limited pursuant to a Fresh Certificate of Incorporation Consequent to Change of Name dated December 2, 1987.

**(3) In case of new companies, expected date of commencement of activities as per project approved by financial Institutions appearing in the prospectus : Not Applicable**

**(4) Financial Performance**

The financial performance (standalone) of the company for the past 3 years is given below : (₹ in lakhs)

Particulars	2018-19	2017-18	2016-17
Turnover	12,577.95	11,938.86	10,524.53
Profit /(Loss) Before Tax	525.30	510.09	246.56
Profit /(Loss) After Tax	489.33	508.96	135.00
Dividend (%)	Nil	Nil	Nil

**(5) Foreign Investment or collaborations, if any : Not Applicable**

Place : Bengaluru  
Date : August 13, 2019

By Order of the Board  
**For Murudeshwar Ceramics Limited**  
**ASHOK KUMAR**  
Company Secretary

## DIRECTORS' REPORT

To : **The Members,**  
**Murudeshwar Ceramics Limited**

The Board of Directors of your company have pleasure in presenting **36<sup>th</sup> (Thirty Sixth) Annual Report** on the business and operations of the Company along with the audited financial statements for the financial year ended March 31, 2019.

### FINANCIAL SUMMARY OR HIGHLIGHTS / PERFORMANCE OF THE COMPANY

The Board's Report shall be prepared based on the standalone financial statements of the company.

(₹ In lakhs)

Particulars	Current Financial Year 2018-19	Previous Financial Year 2017-18
Revenue from Operations	12,577.95	11,938.86
Other Income	166.13	123.26
<b>Total Income</b>	<b>12,744.08</b>	12,062.12
Operational Expenditure	8,914.59	9,295.92
Increase/(Decrease) in stock (WIP)	790.13	(517.57)
<b>Profit/loss before Depreciation, Finance Costs, Exceptional items and Tax Expense</b>	<b>3,039.36</b>	3,283.77
Less : Depreciation/ Amortisation/ Impairment	896.01	902.68
<b>Profit / loss before Finance Costs, Exceptional items and Tax Expense</b>	<b>2,143.35</b>	2,381.09
Less : Finance Costs	1,618.05	1,871.00
<b>Profit /loss before Exceptional items and Tax Expense</b>	<b>525.30</b>	510.09
Add/(less) : Exceptional items	-	-
<b>Profit /loss before Tax Expense</b>	<b>525.30</b>	510.09
Less : Tax Expense -		
• Current Tax	102.01	107.51
• Prior Period Tax	(17.92)	-
• Deferred	54.46	9.37
• MAT Credit Entitlement	(92.59)	(99.00)
<b>Profit /loss for the year (1)</b>	<b>479.34</b>	492.21
Total Comprehensive Income/loss (2)	<b>9.99</b>	16.75
<b>Total (1+2)</b>	<b>489.33</b>	508.96
Balance of profit /loss for earlier years	854.90	345.94
Less : Transfer to Debenture Redemption Reserve	-	-
Less : Transfer to Reserves	-	-
Less : Dividend paid on Equity Shares	-	-
Less : Dividend paid on Preference Shares	-	-
Less : Dividend Distribution Tax	-	-
Balance carried forward	<b>1,344.23</b>	854.90

### OPERATIONAL PERFORMANCE IN SEGMENTS

During the year under review, the sales of products has increased by 10.04% at ₹8,309.33 lakhs in compared to ₹7,551.30 lakhs of the previous year and sale of services has reduced by 2.71% at ₹4,268.62 lakhs in compared to ₹4,387.56 lakhs of the previous year. However, the Company has increased its overall sale by 5.35% at ₹12,577.95 lakhs in compared to ₹11,938.56 lakhs of previous year.

In spite of the above increase and decrease in sales of the products and services, the Company has managed to earn a profit of ₹489.33 lakhs (Previous year ₹508.96 lakhs) which leads to decrease of 3.86% as compared to previous year 2017-18.



**DIRECTORS' REPORT (Contd.)****CAPITAL EXPENDITURE ON PROPERTY, PLANT & EQUIPMENT AND OTHER TANGIBLE ASSETS**

In the financial year 2018-19, we incurred a capital expenditure of ₹871.00 lakhs which comprises of ₹451.91 lakhs in Building, ₹392.56 lakhs in Plant and Equipment, ₹2.85 lakhs in Computers, ₹5.21 lakhs in Office Equipment, ₹3.65 lakhs in Furniture & Fixtures and ₹14.82 lakhs in Vehicles.

**LIQUIDITY**

The principal sources of liquidity of your Company consist of cash and cash equivalents, others (Balance in Current account) and the cash flow that we generate from our Business operations. We maintain sufficient cash to meet our strategic and operational requirements. We understand that liquidity in the Balance Sheet has to balance between earning adequate returns and the need to cover financial and business requirements. Liquidity enables us to be agile and ready for meeting unforeseen strategic and business needs. We believe that our working capital is sufficient to meet our current requirements. For the financial year ended March 31, 2019 your company has ₹303.15 lakhs in account of cash and cash equivalents.

**BASIC EPS**

The Basic Earnings per Share has decreased by 6.90% i.e. to ₹0.81 as compared to ₹0.87 of previous year 2017-18.

**DIVIDEND**

The Board of Directors of your company, after considering holistically the relevant circumstances and keeping in view the company's dividend distribution policy, if any, has decided that it would be prudent, not to recommend any Dividend for the year under review. Therefore, your Directors have decided to skip the dividend for the financial year 2018-19. Your Directors are working towards achieving higher results during the fourth coming years and also your Directors intent to reduce the finance cost as early as possible.

**BRIEF DESCRIPTION OF THE COMPANY'S WORKING DURING THE YEAR / STATE OF COMPANY'S AFFAIR PROSPECTS/ MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION BETWEEN THE END OF THE FINANCIAL YEAR AND DATE OF THE REPORT**

Our clients and prospective clients are faced with transformative business opportunities due to quality and modernization. The Company focused on strengthening its capacity and capability to meet customer aspiration. There is increasing penetration of Vitrified and Ceramic tile as a preferred option in rural areas. Various government initiatives for infrastructure development like Swachh Bharat Abhiyan, Development of 100 smart cities, Housing for all by 2022, Rural Housing Fund under National Housing Board and favorable demographics expected to drive ceramics, sanitary ware and bathroom fittings industry in future. India's domestic consumer market, increase in working-age population and urbanization is envisaged to augur well for the aesthetically and technically superior high-end Ceramic tiles in the urban segment in the past. All the Vitrified and Ceramic Tiles are value-added products in the urban areas. In view of the above Government Projects and customers demand, our Company has started producing the Vitrified tiles of double and multi charge tiles in its unit at Karaikal which is functioning with improved gas allocation. Our other new unit at Sira Taluk, Tumkur District is also fetching better market for quality products. The Company is expecting a better growth in the near future.

During the year under review, there have been no any material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year to which the financial statements relate and the date of this Report and also no change in the nature of business of the Company.

**OUTLOOK**

The Government's efforts to improve lives and livelihood through employment generating initiatives coupled with an estimate for normal monsoon augurs well for uplifting consumer sentiment for discretionary purchases. India is one of the shining economies in the Asia-Pacific region with a marked uptrend in economic growth that contrasts sharply with the economic reality. Rising awareness towards personal hygiene along with massive schemes launched by the Government of India, the industry is expecting a positive growth in the near future due to versatile architectural resource, with multiple inherent benefits like low maintenance, high durability, affordability and an array of options to choose from, Vitrified and Ceramic tiles have gained popularity and is slowly dominating the floor tiles segment globally. Now, with the technological advancements, the Global Ceramic Tile industry has not only scaled up but also launched multiple value-added products like Glazed Vitrified Tiles, Polished Glazed Vitrified Tiles, large-size slabs, Wall Ceramic Tiles, etc.

## DIRECTORS' REPORT (Contd.)

### MARKETING STRATEGY

Our strategic objective is to build a sustainable organization that remains relevant to the agenda of our clients, while creating growth opportunities for our employees and generating profitable growth for our investors. Government's focus on infrastructure development expected to result in driving demand for Indian ceramics, sanitary ware and bathroom fittings industry and the Company is accordingly focusing on Brand building and accordingly advertisements are given on regular basis to increase the sales. India is forging ahead as the world's fastest growing and shining major economy. Urban clusters are driving this growth, more consumers and more purchasing power is emerging beyond the metros and other big cities. The company primarily focuses on local market where it can gain and the company has opened various showrooms. The Showroom sales is yielding satisfactory return in major urban and rural areas. The Company continues the strategy of both project and retail marketing. The company is continuously penetrating new markets and developing new products. The places where showrooms are not feasible the Company has expanded the dealership network. Depots located at various parts of the Country are providing quick services to the customers. The incentive based payment to the marketing staff are fetching better returns to the company. Advertisements in newspapers and on hoardings are given on regular basis.

#### The following sales promotional activities have been adopted by your company:

1. Appointing new sales dealers and distributors in potential area of Karnataka and other parts of South India.
2. Appointing new sales personals in the state of Kerala.
3. Introducing quantity based incentives to the sales staffs to boost sales.
4. Arranging Builders and Architect meet regularly to present our new products.

Your Directors are hopeful of achieving better results in the year 2019-20.

### RESEARCH AND DEVELOPMENT

Boasts of highly accurate measurements, and safe and suitable sample preparation; perfect for qualitative and quantitative analysis due to its wide dynamic concentration range and support for wide range of elements. The R&D facility has the best setup for conducting rigorous testing on its products to meet valued customers demand and to meet international standards and certification requirements. The R&D facility provides immense benefits in terms of improved economies of scale, quick identification of product flaws, and quicker lead time to market with modified or new products. An active team of ceramist to challenge customer demand & device cost effective input recipe solutions, The R & D wing of the Company is always trying to give new look and design of company's products and has successfully developed new varieties of tiles with improved body matrix, quality and cost effective product range. Efforts to upgrade variety, body matrix, shades and designs to suit market sentiments is being consistently pursued. R&D wing is also exploring ways and means to improve operating efficiency.

### DISCLOSURES RELATING TO SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the year under review the Company does not have any Subsidiary, Joint ventures and Associates Companies and neither company has become or ceased to be subsidiaries, associates and joint ventures during the financial year 2018-19.

### RESERVES

The Board of Directors of your company, has decided not to transfer any amount to the Reserves for the year under review. The particulars of reserves of the Company for FY: 2018-19 and the previous year are as follows :

Particulars	₹ In lakhs)	
	FY19	FY18
Capital Reserve	15.02	15.02
Capital Redemption reserve	1,600.00	1,600.00
Securities premium account	12,739.33	12,194.23
General Reserve	12,795.85	12,795.85
Profit and Loss Account	1,344.23	854.90

### CHANGE IN THE NATURE OF BUSINESS, IF ANY

During the year under review there is no any changes in the nature of the business of the Company.

**DIRECTORS' REPORT (Contd.)****RISK MANAGEMENT**

Risk Management Policy in terms of provisions of Section 134(3) (n) of the Companies Act, 2013 is in place and is uploaded on the website of the Company. The Management of the Company understands the importance of various risks faced by it and various risks exist in the market and has adopted a Risk Management Policy which establishes various levels of accountability within the Company and which ensures that the Company has appropriate and effective risk management systems which carries out risk identification, assessment and ensures that risk mitigation plans are in place. The Risk Management Policy has identified various risks to which the Company is subject to and has accordingly aligned the concerned departments to take the necessary mitigating steps. Risk management has been interlinked with the annual planning exercise where each function and business carries out fresh risk identification, assessment and draws up treatment plans.

**BOARD DIVERSITY**

Your Company believes that a diversified board will bring differences in thought, perspective, knowledge, skill, regional and industry experience, cultural and geographical backgrounds, age, ethnicity, race and gender that will help us retain our competitive advantage. The Board Diversity Policy adopted by the Board sets out its approach to diversity.

At present, your company have an appropriate mix of executive, non-executive and independent directors to maintain the independence of the Board, and separate its functions of governance and management. As of March 31, 2019, the Board had ten members, two of whom are executive directors, three of whom are non-executive and non-independent directors and five are independent directors. One of the independent director of the Board is women.

**APPOINTMENT OR RE-APPOINTMENT OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

Shri Satish Rama Shetty, Managing Director of the Company, who is liable to retire by rotation based on his appointment terms, offered themselves for re-appointment at the ensuing Annual General Meeting ('AGM'). The Board recommends for their re-appointments in the ensuing Annual General Meeting.

In terms of Section 149 of the Companies Act, 2013 the Members, at their meeting held on 27th September 2014, appointed the following as an Independent Directors of the Company:

- Dr. Shivabasayya Siddaramayya Hiremath
- Shri Annappayya
- Shri Sankappa Keremane Shetty
- Smt Sarvani Alva

The above Independent Directors have completed their first term of five years on 30<sup>th</sup> July, 2019 and The Board of Directors at its meeting held on 29<sup>th</sup> May, 2019 has recommended, based on recommendation made by Nomination and Remuneration Committee, to the members by special resolution as stipulated in the Notice of AGM for re-appointment of the above Independent Directors for second term of five consecutive years.

Moreover, Shri Sathya Murthy Padaki having DIN: 08276537 has been appointed by the Board of Directors on 12<sup>th</sup> November, 2018 on the Board of the Company as an Additional Director (Independent Director) and the same has been approved by the members of the company on 28<sup>th</sup> March, 2019 through Postal Ballot for appointment of him as an Independent Director of the Company for a period of five years w.e.f. 12.11.2018.

Dr. Rama Nagappa Shetty, Shri Sunil Rama Shetty and Shri Naveen Rama Shetty are continue to the Non-Executive and Non-Independent Directors of the Company.

In terms of Section 203 of the said Act, the following were designated as Key Managerial Personnel of your Company by the Board:

- Shri Satish Rama Shetty, Managing Director
- Shri Karan Satish Shetty, Whole Time Director
- Shri N M Hegde, Chief Financial Officer
- Shri Ashok Kumar, Company Secretary

**DIRECTORS' REPORT (Contd.)****DECLARATION BY INDEPENDENT DIRECTORS**

The Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under the Act and Regulations 25 of the SEBI (LODR) Regulation 2015 and the Company has received Disclosure of Interest in form MBP-1 as per section 184 of the act and intimation by Directors for qualification to continue directorship in form DIR-8 Pursuant to Section 164(2) and rule 14(1) of Companies (Appointment and Qualification of Directors) Rules, 2014. The Board also confirms that All the Independent Directors fulfill the Conditions as specified in the above regulation and the companies Act, 2013 and rule made thereunder.

**EVALUATION OF THE BOARD'S PERFORMANCE**

The Board has carried out an annual performance evaluation of its own performance, its Committees and the Directors including Chairman which include criteria for performance evaluation of the Non-Executive Directors and Executive Director. Pursuant to the provisions of Companies Act, 2013 and Regulation 25 of the Listing Regulations, the Board and the Nomination and Remuneration Committee have carried out annual performance evaluation of its own performance, the directors individually as well the evaluation of the working of its Audit, Nomination & Remuneration and Stakeholder Committee. Each Board member completed a questionnaire providing feedback on the functioning and overall engagement of the Board and its committees on various parameters such as the composition, execution of specific duties, quality, quantity and timelines of flow of information, deliberations at the meeting etc., Besides this, one meeting of the individual directors with the Chairman of the Board was also conducted as a part of self-appraisal and peer group evaluation. The Directors were also asked to provide their valuable feedback and suggestions about the overall functioning of the Board and its committees. In a separate meeting of independent Directors, performance of non-independent Directors and the board as a whole was evaluated. Performance evaluation of Independent Directors was done by the entire Board, excluding the independent Director being evaluated.

**HUMAN RESOURCES MANAGEMENT**

The Company is providing appropriate training and guidance to its employees from time to time for reskill them and making them more valuable for the Company. At your Company, Management focus retain the talent and also focus on the workplace of tomorrow that promotes a collaborative, transparent and participative organization culture, encourages innovation, and rewards individual contribution. The focus of human resources management at your company is to ensure that we enable each and every employee to navigate the next, not just for clients, but also for themselves. We have reimaged our employee value proposition, to make it more meaningful to our employees.

**PARTICULARS OF EMPLOYEES AND REMUNERATION**

The information required under Section 197(12) of the Act read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is appended hereto and forms part of this Report as **Annexure-1**. The information required under Rule 5 (2) and (3) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in the Annexure forming part of this Report. None of the Company's employees were covered by the disclosure requirement. In terms of the first proviso to Section 136 of the Act, the Report and Accounts are being sent to the members excluding the aforesaid Annexure. Any member interested in obtaining the same may write to the Company Secretary at the Registered Office of the Company. None of the employees listed in the said Annexure is related to any Director of the Company.

**NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS**

During the year under review, Five Board Meetings were held during the year. For further details, please refer Report on Corporate Governance.

**COMMITTEES OF THE BOARD**

The Committees of the Board focus on certain specific areas and make informed decisions in line with the delegated authority. The following substantive Committees constituted by the Board function according to their respective roles and defined scopes:

- Audit Committee of Directors
- Nomination and Remuneration Committee
- Stakeholders Grievance Committee
- CSR Committee
- Executive Committee of the Board

**DIRECTORS' REPORT (Contd.)**

Details of composition, terms of reference and number of meetings held for respective committees are given in the Report on Corporate Governance.

The familiarization programs for Independent Directors were conducted by the competent professionals and other Company's key managerial personnel during the year.

The Board has laid down separate Code of Conduct for Non-Executive Directors and Senior Management personnel of the Company and the same are posted on the Company's website. All Board Members and Senior Management personnel have affirmed compliance with the Code of Conduct. The Managing Director has also confirmed and certified the same. The certification is enclosed at the end of the Report on Corporate Governance.

**THE DETAILS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO ARE AS FOLLOWS:**

The information required to be furnished pursuant to Section 134(3) (m) of the Companies Act, 2013, is appended hereto and forms part of this Report as **Annexure-2**.

**REMUNERATION POLICY FOR THE DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES**

In terms of the provisions of Section 178(3) of the Companies Act, 2013 and SEBI (LODR) Regulation 2015, the Nomination and Remuneration Committee (NRC) is responsible for formulating the criteria for determining qualification, positive attributes and independence of a Director. The NRC is also responsible for recommending to the Board a policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees.

In line with this requirement, the Board has adopted the Policy on Board Diversity and Remuneration Policy for Directors, Key Managerial Personnel and other employees of the Company. The copy of the policy is available on the company website [www.naveentile.com](http://www.naveentile.com)

**RELATED PARTY TRANSACTIONS**

For all related party transactions, prior omnibus approvals of the Audit Committee and the Board of Directors are obtained on a yearly basis for the transactions which are of a foreseen and repetitive nature and such approval is in the interest of the Company. The transactions entered into, pursuant to the omnibus approvals so granted, are audited and a statement giving details of all related party transactions is also placed before the Audit Committee for their review. All related party transactions, that were entered into during the financial year were on arm's length basis and were in the ordinary course of business. Further, there are no significant related party transactions during the year under review made by the Company with promoters, Directors, Key Managerial Personnel or designated persons which may have a potential conflict with the interest of the Company at a large. The details of which is given as AOC-2 in **Annexure-3**.

**CORPORATE SOCIAL RESPONSIBILITY (CSR)**

Pursuant to the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has constituted a Corporate Social Responsibility (CSR) Committee of the Board of Directors on 10<sup>th</sup> August, 2018 as the profit of the Company has crossed the limit as specified in the section and also formulated a CSR Policy indicating the activities to be undertaken by the Company. The constitution of CSR Committee is disclosed in Corporate Governance Report. The CSR policy may be accessed on the Company's website at [www.naveentile.com](http://www.naveentile.com). Your Company strives to make a difference in the lives of people with a special focus on neighboring and local areas of the Company's manufacturing locations. The Contribution against CSR has been made by the company for the financial year 2018-19 based on the average net profit of last three year of the Company. Details has been appended hereto and forms part of this Report as **Annexure-4**.

**DEPOSITS**

During the year under review, your Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

**LOANS, SECURITIES OR INVESTMENTS**

During the year under review, the Company has not provided any Loans, guarantees and securities under section 186 of the Companies Act, 2013. The details of investments are provided in the schedules to the financial statements.

**DIRECTORS' REPORT (Contd.)****CREDIT RATINGS**

During the year under review, ratings on the Bank facilities including Long Term and Short Term Loans of your Company by CRISIL is as under:

Total Bank Loan Facilities Rated	₹117.85 Crore
Long Term Rating	CRISIL B+/ Stable (Reaffirmed)
Short Term Rating	CRISIL A4 (Reaffirmed)

**EXTRACT OF THE ANNUAL RETURN**

Pursuant to Section 92 of the Companies Act, 2013 and Rule 12 of The Companies (Management and Administration) Rules, 2014, the extract of Annual Return in Form MGT-9, is appended hereto and also available on the website of the Company at [www.naveentile.com](http://www.naveentile.com) and forms part of this Report as **Annexure-5**.

**STATUTORY AUDITORS**

The Board of Directors of your company at their meeting held on August 13, 2019 recommended by the Notice of 36th Annual General Meeting to the members of the company for appointment of Mr. Krishnaraj K (M No. 217422), Chartered Accountants, partner of M/s. K.G. Rao & Co. (Firm Registration No. 010463S) having office at No.#15, First Floor, 3rd Cross, Sampige Road, Malleshwaram, Bangalore - 560 003, as the statutory Auditors of the Company for the period of five years w.e.f. September 28, 2019.

The previous statutory auditors M/s. K.A. Raghupathy & Co, Chartered Accountants (ICAI Registration No. 011573S), No.81, "SRI GURUKRUPA", 2nd Main, 3rd A Cross, Nanjappa Layout, Vidyananyapura, Bengaluru - 560 097, has resigned from the Statutory Auditors of the Company w.e.f. August 13, 2019 due to reconstitution of their firm from Partnership firm to Proprietorship firm and also they are downsizing their firm.

**AUDITOR'S REPORT**

No qualification, adverse remarks or disclaimer have been made by the Statutory Auditors with regard to the financial statements for the financial year 2018-19. The Statutory Auditors of the Company have not reported any fraud as specified under Section 143(12) of the Companies Act, 2013.

**INDIAN ACCOUNTING STANDARDS**

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS), the provisions of the Companies Act, 2013 (to the extent notified) and guidelines issued by SEBI. The Ind AS are prescribed under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. Your Company has been adopted "Ind AS" since April 01, 2017.

**SECRETARIAL AUDIT REPORT**

Pursuant to the Provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mrs. Swati R Hegde, Practicing Company Secretary to undertake the secretarial audit of the Company. The Secretarial Audit Report is appended hereto and forms part of this Report as **Annexure-6**.

**CERTIFICATE PURSUANT TO CLAUSE 10 OF SCHEDULE V OF SEBI (LODR), REG, 2015**

In pursuance of sub clause (i) of clause 10 of Part C of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has obtained certificate from Practicing Company Secretary with respect to disclosure/ declaration/ representation received from the directors and taken on record by the Board of Directors, as on March 31, 2019, none of the Directors of the Company has been debarred or disqualified from being appointed or continuing as director of Companies by the SEBI/ Ministry of Corporate Affairs or any such other statutory authority. The above said Certificate is appended hereto and forms part of this report as **Annexure-7**.

**CORPORATE GOVERNANCE**

Pursuant to Regulation 27 and other applicable provisions of SEBI (LODR) Regulations 2015 and relevant sections of the Companies Act, 2013, a Management Discussion and Analysis Statement, Report on Corporate Governance and Auditors' Certificate are included in the Annual Report. The Compliance certificate from the auditors regarding compliance of conditions of Corporate Governance as stipulated in SEBI (LODR) Regulation, 2015 from the period 01.04.2018 to 31.03.2019 is annexed with this report.

**DIRECTORS' REPORT (Contd.)****COST RECORDS AND COST AUDIT**

During the year under review, the Maintenance of cost records and requirement of cost audit as prescribed under the provisions of Section 148(1) of the Companies Act, 2013 are not applicable for the business activities carried out by the Company.

**POLICIES**

During the year under review your Company has written policy as require under the Companies Act, 2013 and rules made there under and the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time. At present your Company has the following policies : (1) Policy on Remuneration of Directors, KMP and Senior Employees (2) Policy on Preservation of Documents and Archival of Documents in its website (3) Policy on Prevention of Sexual Harassment at Workplace (4) Whistle Blower Policy (5) Code of Conduct (6) Policy on Disclosure of Material Events (7) Policy on RTP's (8) Policy on Risk Management (9) Policy on Board Diversity (10) Policy for payment to NED and Policy for determining the Material Subsidiaries (11) Policy on Evaluation of Board (12) Policy on CSR (13) Policy on remuneration to ED and Senior Management (14) "CODE OF FAIR DISCLOSURE AND CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING" (15) Policy on Document Retention. These all Policies can be accessed at [www.naveentile.com](http://www.naveentile.com)

**VIGIL MECHANISM / WHISTLE BLOWER POLICY**

Pursuant to Section 177(9) of the Companies Act, 2013, a vigil mechanism was established for directors and employees to report to the management instances of unethical behavior, actual or suspected, fraud or violation of the Company's code of conduct or ethics policy. The Company believes in the conduct of the affairs of its constituents in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior. In line with the Code of Conduct, any actual or potential violation, howsoever insignificant or perceived as such, would be a matter of serious concern for the Company. The role of the employees in pointing out such violations cannot be undermined. The Vigil Mechanism provides a mechanism for employees of the Company to approach the Chairman of the Audit Committee of the Company.

**DETAILS OF ADEQUACY OF INTERNAL FINANCIAL CONTROL**

The Company believes that a strong internal control framework is necessary for business efficiency, management effectiveness and safeguarding assets. Pursuant to Sec.134 (5)(c) your Company has a well-defined internal control system in place which is designed to provide reasonable assurance related to operation and financial control. The Management of the Company is responsible for ensuring that Internal Financial Control has been laid down in the Company and that controls are adequate and operating adequately.

The Company has an adequate system of internal financial control in place with reference to financial statements in addition there are operational controls and fraud risk controls, covering the entire spectrum of internal financial control for ensuring proper and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information.

Internal Audit is carried out by external auditors and periodically covers all areas of business. The audit scope, methodology to be used and the reporting framework The Internal Auditors evaluates the efficacy and adequacy of internal control system, its compliance with operating systems and policies of the Company and accounting procedures at all the locations of the Company. Based on the report of the Internal Auditors, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are placed before the Audit Committee.

**FAMILIRISATION PROGRAM**

Pursuant to regulations 25(7) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with a view to familiarize the Independent Directors with the company's operations, the company has conducted a programmes which inter alia includes various presentation by practicing professionals, business heads and KMPs of the Company. All new independent Directors inducted into the Board, attend an orientation program.

**SHARE CAPITAL**

During the year under review the Company has not raised any funds through preferential allotment or qualified institutional placement as specified under regulation 32(7A) of the SEBI (LODR) Regulations, 2015. However, the company has allotted 23,70,000 Equity Shares on conversion of preferential allotment to Promoter/Promoter Group Company Murudeshwar Power Corporation Limited, hence the Paid up Equity Share Capital of the Company increased from ₹4,521.17 lakhs to ₹4,758.17 lakhs.

## **DIRECTORS' REPORT (Contd.)**

Moreover, the details of utilization of Funds during the financial year raised earlier through preferential allotment is as under :

Building : ₹ 451.91 lakhs, Plant and Equipments: ₹392.56 lakhs, Computers: ₹2.86 lakhs, Office Equipments: ₹5.21 lakhs, Furniture and fixtures: ₹3.65 lakhs, Vehicles: ₹14.82 lakhs. These expenditures have been incurred at the Sira plant and at the Karaikal plant of the company.

### **PREVENTION OF INSIDER TRADING**

The Securities and Exchange Board of India has introduced new set of regulations in place of the erstwhile Regulations of 1992 on prohibition of insider trading. The new regulations, namely, SEBI (Prohibition of Insider Trading) Regulations, 2015 ('the Regulations') came into force on 15th May, 2015 to put in place a framework for prohibition of insider trading in securities and to strengthen the legal framework thereof. In view of the foregoing provisions, the Company has made a code i.e. CODE OF PRACTICES AND PROCEDURES FOR FAIR DISCLOSURE OF UNPUBLISHED PRICE SENSITIVE INFORMATION AND PREVENTION OF INSIDER TRADING to prohibit the insider trading, to govern the fair disclosure of unpublished price sensitive information and to attain equality of access to such information with a view to regulate trading in securities by the Directors and designated employees of the Company. All Directors and the designated employees have confirmed compliance with the Code.

### **DIRECTORS RESPONSIBILITY STATEMENT**

In terms of framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory, secretarial auditors and external consultants and the reviews performed by Management and the relevant Board Committees, including the Audit Committee, the Board is of the opinion that the Company's Internal financial controls were adequate and effective during the financial year 2018-19.

In terms of Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability, confirm that:

- a. In the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures there from;
- b. They have, in the selection of the accounting policies, consulted the Statutory Auditors and have applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- c. They have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. They have prepared the annual accounts on a going concern basis;
- e. They have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- f. They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **ACKNOWLEDGEMENTS**

Your Directors take this opportunity to extend their deep sense of gratitude to the Banks, Central and State Governments and their Departments and the Local Authorities for their continued guidance and support.

Your Directors would also like to record their appreciation for the support and co-operation, your Company has been receiving from its suppliers, dealers, business partners and others associated with the Company.

Your Directors place on record their sincere appreciation to the employees at all levels for their hard work, dedication and commitment. The enthusiasm and unstinting efforts of the employees have enabled the Company to remain as industry leader and to you, our shareholders, we are deeply grateful for the confidence and faith that you have always reposed in us.

Place : Bengaluru  
Date : August 13, 2019

For and on behalf of the Board of Directors  
**Dr. R. N. SHETTY**  
Chairman  
(DIN 00038810)



**ANNEXURE - 1**

**Section 197 read with Rule, 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company is as follows:**

- a) The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year

Name of the Director	Ratio of Director's remuneration to the median remuneration of the employees of the Company for the financial year
Shri Satish Rama Shetty	37.91
Shri Karan Satish Shetty	11.19

**NOTE :** All other Non-Executive Directors are not drawing any remuneration from the Company.

- b) The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year

Name of KMP	Percentage increase in remuneration in the financial year
Shri Satish Rama Shetty	0.00%
Shri Karan Satish Shetty	Not Applicable (Appointed during the F.Y. 2018-19)
Shri N.M. Hegde	0.00%
Shri Ashok Kumar	Not Applicable (Appointed during the F.Y. 2018-19)

- c) The percentage increase in the median remuneration of employees in the financial year : -12.64%

- d) The number of permanent employees on the rolls of the company : 327

- e) The explanation on the relationship between average increase in remuneration and company performance

Sl.No.	Particulars	Explanation
1.	Increase in median remuneration of employees has been : -12.64%	Decrease in median remuneration of employees is due to increase in number of employees on low wages as compare to the previous year . The remuneration was paid to employees on par with other similar Industry.
2.	Company performance of PAT is ₹489.33 lakhs (2018-19) to ₹508.96 lakhs (2017-18)	

- f) Comparison of the remuneration of the Key Managerial Personnel against the Performance of the Company

Sl.No.	Particulars of remuneration for Key Managerial Personnel	Percentage of Standalone Operating Profit
1.	Shri Satish Rama Shetty	13.71%
2.	Shri Karan Satish Shetty	4.05%
3.	Shri N.M. Hegde	2.85%
4.	Shri Ashok Kumar	0.86%

- g) Market and financial performance related information:

Particulars	March 31, 2019	March 31, 2018	% Change
Market Capitalization (₹ lakhs)	9,847.80	14,352.25	-31.38
P/E Ratio	25.56	28.10	-9.04

- h) **Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year, its comparison with the percentage increase in the managerial remuneration, justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration :** Not applicable

- i) **The key parameters for any variable component of remuneration availed by the Directors :** No such variable component is paid.

- j) **The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year :** There is no employee who received remuneration in excess of highest paid Director.

- k) **Affirmation that the remuneration is as per the remuneration policy of the Company :** It is affirmed that the remuneration is as per the 'Remuneration Policy for Directors, Key Managerial Personnel and other employees' adopted by the Company.

**ANNEXURE - 2**

**CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION**

**A. CONSERVATION OF ENERGY**

(a) Successfully modified the composition of the body to reduce shrinkage, which helps in reduction of raw material consumption, reducing the cost of Raw material and the raw material processing time, thereby reducing wastage and conserving power. Re-use of Kiln heat for the drying process which has considerably reduced the consumption of fuel.

(b) **Additional investments and proposals, if any, being implemented for reduction of consumption of energy:**  
1 No. 400 KVA UPS is being installed in Karaikal for uninterrupted power supply to the Kiln. This will help us reduce the extra energy consumption after every power outage.

(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 :** Reduction in power cost for better sales realization of sales values Vitrified tiles.

(d) **Total energy consumption and energy consumption per unit of production :** Not applicable

**B. TECHNOLOGY ABSORPTION :**

Efforts made in technology absorption as per Form B of the Annexure :

**FORM B**

**1. Specific areas in which R & D carried out by the company**

- a. New ball clay raw material processed to remove the inbuilt impurities
- b. Reduction in imported ball clay consumption

**2. Benefits derived as a result of the above R & D**

- a. Better sales realization on the finished product
- b. Better utilization of plant and machinery

**3. Future plan of action**

- a) Procurement of new digital printer to produce larger sizes of tiles at Sira Plant.
- b) Digital parking tiles production at Karaikal Plant.

**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

**1. Efforts in brief made towards technology absorption, adaptation and innovation :**

- a) Successful production of PGVT & GVT series Digital Vitrified tile.
- b) Successful adaption of Ball Clay processing plant & Feldspar processing plant to remove the inbuilt impurities to enhance the brightness of Vitrified tile production.

**2. Benefits derived as a result of above efforts :** Reduction in the power cost, raw material cost, transport cost & improvement, tile brightness & quality consistency.

**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 : Not done during the year
- b) Year of Import : NA
- c) Has technology been fully absorbed : NA
- d) If not absorbed, areas where this has not taken place, reasons and future plans of action. : NA

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

- a) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans : Nil

**b) Total Foreign Exchange used earned.**

- Foreign Exchange Earnings : Nil
- Foreign Exchange Outgo : Nil

### ANNEXURE - 3

#### FORM NO. AOC-2

#### [PURSUANT TO CLAUSE (H) OF SUB-SECTION (3) OF SECTION 134 OF THE ACT AND RULE 8(2) OF THE COMPANIES (ACCOUNTS) RULES, 2014]

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis :

Sl. No.	Particulars	Details
1	Name(s) of the related party & nature of relationship	Nil
2	Nature of contracts / arrangements / transaction	Nil
3	Duration of the contracts / arrangements / transaction	Nil
4	Salient terms of the contracts or arrangements or transaction including the value, if any	Nil
5	Justification for entering into such contracts or arrangements or transactions	Nil
6	Date of approval by the Board	Nil
7	Amount paid as advance, if any	Nil
8	Date on which the special resolution was passed in General Meeting as required under first proviso to Section 188	Nil

2. Details of material contracts or arrangement or transactions at arm's length basis :

Sl. No.	Particulars	Details
1	Name(s) of the related party	RNS INFRASTRUCTURE LIMITED (refer to Note No.27.2 of Financial Statement)
2	Nature of Relationship	Group Company
3	Nature of contracts / arrangements / transaction	Earth works
4	Duration of the contracts / arrangements / transaction	Not applicable
5	Salient terms of the contracts or arrangements or transaction including the value, if any	Not applicable
6	Justification for entering into such contracts or arrangements or transactions	Nil
7	Date of approval by the Board	30.05.2018
8	Amount paid as advance, if any	Nil

All related party transactions that were entered into during the financial year were on arm's length basis and in the ordinary course of business. For all related party transactions, please refer Note No.27.2 of the Financial Statement.

**ANNEXURE - 4**

**CORPORATE SOCIAL RESPONSIBILITY POLICY**

1. Period for which CSR is being reported : From 1<sup>st</sup> April 2018 to 31<sup>st</sup> March, 2019.
2. Your Company may from time to time undertake any project, program and activity on one or more of the following areas: (a) Hospital which serves the poor and economical backward class people in rural area and;
3. The Composition of the CSR Committee: Shri Satish Rama Shetty- Chairman, Dr. Shivabassayya Siddarammayya Hiremath and Shri Naveen Rama Shetty are members.
4. Average Net Profits of the Company for the last three financial years: ₹308.64 lakhs
5. Prescribed CSR Expenditure (Two percent of the amount as in item 4 above) : ₹6.17 lakhs
6. Details of CSR spent for the financial year:

1. RNS Hospital, Murudeshwar	Contribution made to the Hospital which serves the poor and economical backward class people in rural area	₹6.17 lakhs
	TOTAL	₹6.17 lakhs

**1. Responsibility Statement :**

The CSR Committee states that the implementation and monitoring of the CSR Policy, is in compliance with the CSR objectives and Policy of the Company.

Place : Hubli  
Date : 13.08.2019

By Order of the Board  
For Murudeshwar Ceramics Limited

<b>Dr. Rama Nagappa Shetty</b>	<b>Satish Rama Shetty</b>
Chairman	Managing Director
DIN:00038810	DIN:00037526

## ANNEXURE - 5

**FORM NO. MGT 9**  
**EXTRACT OF ANNUAL RETURN**  
**As on financial year ended on 31.03.2019**  
**Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company**  
**(Management & Administration) Rules, 2014.**

### I. REGISTRATION & OTHER DETAILS

1.	CIN	L26914KA1983PLC005401
2.	Registration Date	29/06/1983
3.	Name of the Company	MURUDESHWAR CERAMICS LIMITED
4.	Category/Sub-category of the Company	PUBLIC
5.	Address of the Registered office & contact details	# 604/B, MURUDESHWAR BHAVAN, GOKUL ROAD, HUBLI-580030 E-mail : investor@naveentile.com Ph.: 91836-2331615-18, Fax : 91836-4252583
6.	Whether listed company	YES
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	MR. K. RAVI - MANAGER CANBANK COMPUTER SERVICES LIMITED J P ROYALE, 1ST FLOOR, NO.218, 2nd MAIN, SAMPIGE ROAD (NEAR 14th CROSS), MALLESWARAM, BENGALURU - 560 003 TEL NOS. 080-23469661/62 , 23469664/65 FAX NOS. 080-23469667/68

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10% or more of the total turnover of the company shall be stated)

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1.	Manufacturing & Trading of Ceramic Wall & Floor Tiles, Polished & Glazed Vitrified Tiles	23913	66.00%
2.	Construction & maintenance of water main line connection, water reservoirs including irrigation system (canal) including earth works	42204	34.00%

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the company	CIN / GIN	Holding/ Subsidiary/ Associate	% of shares Held	Applicable section
COMPANY DOES NOT HAVE ANY HOLDING SUBSIDIARY AND ASSOCIATE COMPANIES					

### IV.A) SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2018]				No. of Shares held at the end of the year [As on 31-March-2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter's & Promoter Group									
(1) Indian									
a) Individual / HUF	6594734	-	6594734	14.59	6594734	-	6594734	13.86	-0.73
b) Central Govt/State Govt(s)	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	22828552	-	22828552	50.50	25198552	-	25198552	52.97	+2.47
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Others	-	-	-	-	-	-	-	-	-
<b>Sub-Total (A) (1)</b>	<b>29423286</b>	<b>-</b>	<b>29423286</b>	<b>65.09</b>	<b>31793286</b>	<b>-</b>	<b>31793286</b>	<b>66.83</b>	<b>1.74</b>

**ANNEXURE - 5 (Contd.)**

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2018]				No. of Shares held at the end of the year [As on 31-March-2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(2) Foreign</b>									
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/ FI	-	-	-	-	-	-	-	-	-
e) Others	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (2)</b>	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	29423286	-	29423286	65.09	31793286	-	31793286	66.83	1.74
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds/UTI	-	700	700	-	-	700	700	-	-
b) Banks / FI	-	2600	2600	0.01	500	2600	3100	0.01	-
c) Central Govt/ State Govt(s)	-	-	-	-	-	-	-	-	-
d) Venture Capital Funds	-	-	-	-	-	-	-	-	-
e) Insurance Companies	211087	-	211087	0.47	211087	-	211087	0.44	-0.03
f) FIs	-	900	900	-	-	900	900	-	-
g) Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
h) Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
i) Others	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1)</b>	211087	4200	215287	0.48	211587	4200	215787	0.45	-0.03
<b>2. Non-Institutions</b>									
a) Bodies Corporate	1676457	5551	1682018	3.72	1367546	5551	1373097	2.89	-0.83
b) Individuals									
i) Individual holding nominal share capital upto ₹2 lakhs	7854230	384372	8238602	18.23	8388344	362852	8751196	18.39	+0.16
ii) Individual holding nominal share capital in excess of ₹2 lakhs	3292022	-	3292022	7.28	3793426	-	3793426	7.97	+0.69
c) Others									
Clearing Members	33244	-	33244	0.07	48721	-	48721	0.10	+0.03
Non Resident Indians	1718279	9772	1728051	3.82	1183742	9497	1193239	2.51	-1.31
HUF	591412	-	591412	1.31	405170	-	405170	0.85	-0.46

**ANNEXURE - 5 (Contd.)**

d) Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
Sub-total (B)(2)	15165654	399695	15565349	34.43	15186949	377900	15464849	32.72	-1.71
Total (B)= (B)(1)+(B)(2)	15376741	403895	15780636	34.91	15398536	382100	15780636	33.17	-1.74
C. Shares held by Custodian against which Depository Receipts have been issued									
(1) Promoters and Promoter Group	-	-	-	-	-	-	-	-	-
(2) Public	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	44800027	403895	45203922	100.00	47191822	382100	47573922	100.00	-

**B) SHAREHOLDING OF PROMOTERS :**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Sharmila S Shetty	9200	0.02	-	9200	0.02	-	-
2	R N Shetty	26808	0.06	-	26808	0.06	-	-
3	Naveen R Shetty	560502	1.24	-	560502	1.18	-	-0.06
4	Sunil R Shetty	561102	1.24	-	561102	1.18	-	-0.06
5	Satish R Shetty	560402	1.24	-	560402	1.18	-	-0.06
6	Satish R Shetty Jointly with Sunil R Shetty & Naveen R Shetty	1650000	3.65	-	1650000	3.47	-	-0.18
7	Samtha A Shetty	544102	1.21	-	544102	1.15	-	-0.06
8	Mamtha S Hegde	547300	1.21	-	547300	1.16	-	-0.05
9	Geeta S Malli	564602	1.21	-	564602	1.15	-	-0.06
10	Shobha Jeevan Shetty	544902	1.21	-	544902	1.15	-	-0.06
11	Sudha R Shetty	540102	1.20	-	540102	1.14	-	-0.06
12	Shilpa Shetty	7400	0.02	-	7400	0.02	-	-
13	Naveen Mechanised Construction Co. Pvt Ltd	488086	1.08	-	488086	1.03	-	-0.05
14	RNS Infrastructure Ltd	12140466	29.86	-	12140466	25.52	-	-4.34
15	Anvita Satish Shetty	9800	0.02	-	9800	0.02	-	-
16	Murudeshwar Power Corporation Limited	10200000	22.56	-	10200000	26.42	-	+3.86
17	Ramika Sudesh Hegde	12300	0.03	-	12300	0.03	-	-
18	Karan Satish Shetty	9800	0.02	-	9800	0.02	-	-
19	Rohan Abhay Shetty	9800	0.02	-	9800	0.02	-	-
20	Kolkebail Jeevan Shetty	38402	0.09	-	38402	0.08	-	-0.01
21	Mythri Naveen Shetty	7550	0.02	-	7550	0.02	-	-
22	Aanchal Sunil Shetty	9800	0.02	-	9800	0.02	-	-

**ANNEXURE - 5 (Contd.)**

23	Sandip Malli Kaidale	36202	0.08	-	36202	0.07	-	-0.01
24	Nikita Abhayanand Shetty	9800	0.02	-	9800	0.02	-	-
25	Anmol Sunil Shetty	9800	0.02	-	9800	0.02	-	-
26	Yukta Naveen Shetty	10000	0.02	-	10000	0.02	-	-
27	Rishabh Naveen Shetty	20068	0.02	-	20068	0.02	-	-
28	Mookambika Hiriyanna Shetty	20068	0.05	-	20068	0.04	-	-0.01
29	Billadi Sudesh Hegde	36400	0.08	-	36400	0.07	-	-0.01
30	Shachi Jeevan Shetty	12900	0.03	-	12900	0.03	-	-
31	Abhayanand Raghu Shetty	32200	0.07	-	32200	0.06	-	-0.01
32	Adithi Jeevan Shetty	12900	0.03	-	12900	0.03	-	-
33	Rathul Sandip Malli	12300	0.03	-	12300	0.03	-	-
34	Rithika Sudesh Hegde	11600	0.03	-	11600	0.03	-	-
35	Rama Nagappa Shetty (on behalf of R N Shetty Family Trust)	174590	0.39	-	174590	0.37	-	-0.02
36	Anisha Punja	12300	0.03	-	12300	0.03	-	-

**C) Change in Promoters' Shareholding (please specify, if there is no change)**

Sl. No.	Particulars	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	Sharmila S Shetty	9200	0.02	9200	0.02
2	R N Shetty	26808	0.06	26808	0.06
3	Naveen R Shetty	560502	1.24	560502	1.18
4	Sunil R Shetty	561102	1.24	561102	1.18
5	Satish R Shetty	560402	1.24	560402	1.18
6	Satish R Shetty Jointly with Sunil R Shetty & Naveen R Shetty	1650000	3.65	1650000	3.47
7	Samtha A Shetty	544102	1.21	544102	1.15
8	Mamtha S Hegde	547300	1.21	547300	1.16
9	Geeta S Malli	564602	1.21	564602	1.15
10	Shobha Jeevan Shetty	544902	1.21	544902	1.15
11	Sudha R Shetty	540102	1.20	540102	1.14
12	Shilpa Shetty	7400	0.02	7400	0.02
13	Naveen Mechanised Construction Co. Pvt Ltd	488086	1.08	488086	1.03
14	RNS Infrastructure Ltd.	12140466	29.86	12140466	25.52
15	Anvita Satish Shetty	9800	0.02	9800	0.02
16	Murudeshwar Power Corporation Limited	10200000	22.56	10200000	26.42
17	Ramika Sudesh Hegde	12300	0.03	12300	0.03
18	Karan Satish Shetty	9800	0.02	9800	0.02
19	Rohan Abhay Shetty	9800	0.02	9800	0.02
20	Kolkebail Jeevan Shetty	38402	0.09	38402	0.08
21	Mythri Naveen Shetty	7550	0.02	7550	0.02
22	Aanchal Sunil Shetty	9800	0.02	9800	0.02



**ANNEXURE - 5 (Contd.)**

23	Sandip Malli Kaidale	36202	0.08	36202	0.07
24	Nikita Abhayanand Shetty	9800	0.02	9800	0.02
25	Anmol Sunil Shetty	9800	0.02	9800	0.02
26	Yukta Naveen Shetty	10000	0.02	10000	0.02
27	Rishabh Naveen Shetty	20068	0.02	20068	0.02
28	Mookambika Hiriyanna Shetty	20068	0.05	20068	0.04
29	Billadi Sudesh Hegde	36400	0.08	36400	0.07
30	Shachi Jeevan Shetty	12900	0.03	12900	0.03
31	Abhayanand Raghu Shetty	32200	0.07	32200	0.06
32	Adithi Jeevan Shetty	12900	0.03	12900	0.03
33	Rathul Sandip Malli	12300	0.03	12300	0.03
34	Rithika Sudesh Hegde	11600	0.03	11600	0.03
35	Rama Nagappa Shetty (on behalf of R.N. Shetty Family Trust	174590	0.39	174590	0.37
36	Anisha Punja	12300	0.03	12300	0.03

**D) Shareholding Pattern of top ten Shareholders :  
(Other than Directors, Promoters and Holders of GDRs and ADRs) :**

Sl. No.	Name of the Top Ten Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	<b>SUBRAMANIAN P</b>				
	At the beginning of the year	1111390	2.34	-	-
	Increase/Decrease as on 30.06.2018	-	-	-	-
	Increase/Decrease as on 30.09.2018	-	-	-	-
	Increase/Decrease as on 31.12.2018	+2700	+0.00	1114090	2.34
	Increase/Decrease as on 31.03.2019	+37260	+0.08	1151350	2.42
2	<b>KESWANI HARESH</b>				
	At the beginning of the year	571118	1.20	-	-
	Increase/Decrease as on 30.06.2018	-	-	-	-
	Increase/Decrease as on 30.09.2018	-	-	-	-
	Increase/Decrease as on 31.12.2018	-36432	-0.08	534686	1.12
	Increase/Decrease as on 31.03.2019	-256795	-0.54	320384	0.67
3	<b>RICKY ISHWARDAS KIRPALANI</b>				
	At the beginning of the year	320384	0.67	-	-
	Increase/Decrease as on 30.06.2018	-	-	-	-
	Increase/Decrease as on 30.09.2018	-	-	-	-
	Increase/Decrease as on 31.12.2018	-	-	-	-
	Increase/Decrease as on 31.03.2019	-	-	320384	0.67
4	<b>NITESH SANJEEV SHETTY</b>				
	At the beginning of the year	231059	0.49	-	-
	Increase/Decrease as on 30.06.2018	-	-	-	-
	Increase/Decrease as on 30.09.2018	-	-	-	-
	Increase/Decrease as on 31.12.2018	-	-	-	-
	Increase/Decrease as on 31.03.2019	-	-	231059	0.49

**ANNEXURE - 5 (Contd.)**

Sl. No.	Name of the Top Ten Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
5	<b>PRASHANT SANJEEV SHETTY</b>				
	At the beginning of the year	231059	0.49	-	-
	Increase/Decrease as on 30.06.2018	-	-	-	-
	Increase/Decrease as on 30.09.2018	-	-	-	-
	Increase/Decrease as on 31.03.2019	-	-	231059	0.49
6	<b>Dr. Sanjeev Arora</b>				
	At the beginning of the year	1909350	0.40	-	-
	Increase/Decrease as on 30.06.2018	-	-	-	-
	Increase/Decrease as on 30.09.2018	-	-	-	-
	Increase/Decrease as on 31.03.2019	-	-	1909350	0.40
7	<b>IL AND FS TRUST CO LTD</b>				
	At the beginning of the year	183901	0.41	-	-
	Increase/Decrease as on 30.06.2018	30055	-0.06	153846	0.32
	Increase/Decrease as on 30.09.2018	+57628	+0.12	211474	0.44
	Increase/Decrease as on 31.03.2019	-1102	-0.00	110420	0.22
8	<b>SHANTHI GENERAL FINANCE P LIMITED</b>				
	At the beginning of the year	175390	0.37	-	-
	Increase/Decrease as on 30.06.2018	-	-	-	-
	Increase/Decrease as on 30.09.2018	-	-	-	-
	Increase/Decrease as on 31.03.2019	-	-	175390	0.37
9	<b>UPDESH KUMAR KAUSHAL</b>				
	At the beginning of the year	141000	0.30	-	-
	Increase/Decrease as on 30.06.2018	+51800	+0.11	192800	0.41
	Increase/Decrease as on 30.09.2018	+6100	+0.01	198900	0.42
	Increase/Decrease as on 31.03.2019	-	-	200400	0.42
10	<b>LIFE INSURANCE CORPORATION OF INDIA P &amp; GS FUND</b>				
	At the beginning of the year	143186	0.30	-	-
	Increase/Decrease as on 30.06.2018	-	-	-	-
	Increase/Decrease as on 30.09.2018	-	-	-	-
	Increase/Decrease as on 31.03.2019	+30000	+0.06	173186	0.36
		-30000	-0.06	143186	0.30

**ANNEXURE - 5 (Contd.)**
**E) Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	Name of the Director	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	<b>Dr. Rama Nagappa Shetty</b>				
	At the beginning of the year	26808	0.06	-	-
	Allotment	-	-	-	-
	At the end of the year	26808	0.06	26808	0.06
2	<b>Shri Satish Rama Shetty</b>				
	At the beginning of the year	1110402	2.59	-	-
	Allotment	-	-	-	-
	At the end of the year	1110402	2.59	1110402	2.33
3	<b>Shri Sunil Rama Shetty</b>				
	At the beginning of the year	1111102	2.59	-	-
	Allotment	-	-	-	-
	At the end of the year	1111102	2.59	1111102	2.33
4	<b>Shri Naveen Rama Shetty</b>				
	At the beginning of the year	1110502	2.59	-	-
	Allotment	-	-	-	-
	At the end of the year	1110502	2.59	1110502	2.33
5	<b>Dr. Shivabasayya Siddaramayya Hiremath</b>				
	At the beginning of the year	2300	0.01	-	-
	Allotment	-	-	-	-
	At the end of the year	2300	0.01	2300	0.01
6	<b>Shri Annappayya</b>				
	At the beginning of the year	-	-	-	-
	Allotment	-	-	-	-
	At the end of the year	-	-	-	-
7	<b>Shri Sankappa Keremane Shetty</b>				
	At the beginning of the year	-	-	-	-
	Allotment	-	-	-	-
	At the end of the year	-	-	-	-
8	<b>Smt Sarvani Alva</b>				
	At the beginning of the year	-	-	-	-
	Allotment	-	-	-	-
	At the end of the year	-	-	-	-
9.	<b>Shri Sathya Murthy Padaki</b>				
	At the beginning of the year	-	-	-	-
	Allotment	-	-	-	-
	At the end of the year	-	-	-	-
10.	<b>Shri Karan Satish Shetty</b>				
	At the beginning of the year	9800	0.02	-	-
	Allotment	-	-	-	-
	At the end of the year	9800	0.02	9800	0.02

**ANNEXURE - 5 (Contd.)**

Sl. No.	Name of the Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	<b>Shri Satish Rama Shetty</b>				
	At the beginning of the year	11,10,402	2.72	-	-
	Allotment	-	-	-	-
	At the end of the year	11,10,402	2.72	11,10,402	2.33
2	<b>Shri Narayan Manjunath Hegde</b>				
	At the beginning of the year	700	-	-	-
	Allotment	-	-	-	-
	At the end of the year	700	-	700	-
3	<b>Shri Karan Satish Shetty</b>				
	At the beginning of the year	9800	0.02	-	-
	Allotment	-	-	-	-
	At the end of the year	9800	0.02	9800	0.02
4	<b>Shri Ashok Kumar</b>				
	At the beginning of the year	-	-	-	-
	Allotment	-	-	-	-
	At the end of the year	-	-	-	-

**v) INDEBTEDNESS -** Indebtedness of the Company including interest outstanding/accrued but not due for payment.  
In lakhs

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	9,725.60	638.76	-	10,364.36
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>9,725.60</b>	<b>638.76</b>	<b>-</b>	<b>10,364.36</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	-	40.54	-	-
* Reduction	845.83	-	-	-
<b>Net Change</b>	<b>845.83</b>	<b>40.54</b>	<b>-</b>	<b>805.29</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	8879.77	679.30	-	9559.07
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>8879.77</b>	<b>679.30</b>	<b>-</b>	<b>9,559.07</b>

**ANNEXURE - 5 (Contd.)**
**VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

A. Remuneration to Managing Director, Whole-time Directors and/or Manager :

₹ In lakhs

Sl. No.	Particulars of Remuneration	Satish R Shetty Managing Director	Karan S Shetty Whole Time Director	Total Amount
1	Gross salary	-	-	-
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	60.00	21.26	81.26
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	12.00	-	12.00
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify...	-	-	-
5	Others, please specify	-	-	-
	<b>Total (A)</b>	72.00	21.26	93.26

**B. Remuneration to other Directors**

₹ In lakhs

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount
		Annappayya	Dr. Shivabasayya Siddaramayya Hiremath	Sankappa Keremane Shetty	Sarvani Alva	Sathya Murthy Padaki	
1	Independent Directors						
	Fee for attending Board Committee Meetings	0.95	0.75	0.95	0.65	0.25	3.55
	Commission	-	-	-	-	-	-
	Local Conveyance	0.05	0.05	0.05	0.05	0.01	0.21
	<b>Total (1)</b>	<b>1.00</b>	<b>0.80</b>	<b>1.00</b>	<b>0.70</b>	<b>0.26</b>	<b>3.76</b>
2	Other Non-Executive Directors						
	Fee for attending Board Committee Meetings	-	-	-	-	-	-
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	<b>Total (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total (B)=(1+2)</b>	<b>1.00</b>	<b>0.80</b>	<b>1.00</b>	<b>0.70</b>	<b>0.26</b>	<b>3.76</b>
	Total Managerial Remuneration	1.00	0.80	1.00	0.70	0.26	3.76
Overall Ceiling as per the Companies Act, 2013 is ₹1 lakh per Director per meeting.							

**ANNEXURE - 5 (Contd.)**

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD

₹ In lakhs

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		CFO N M Hegde	CS Ashok Kumar	
1	Gross salary			
	(a) Salary and allowances	14.97	4.51	19.48
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-	-	-
	(c) Bonus paid	-	-	-
	(d) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	others, specify...	-	-	-
5	Incentive	-	-	-
	<b>Total</b>	<b>14.97</b>	<b>4.51</b>	<b>19.48</b>

**VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES :**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give details)
<b>A. COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

**ANNEXURE - 6**

**Form No. MR-3**

**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2019

[Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended]

**To,**

**The Members,**

**Murudeshwar Ceramics Limited**

CIN: L26914KA1983PLC005401

604/B, Gokul Road, Industrial Estate

Hubli, Karnataka - 580 030

I have conducted the secretarial audit of the compliance of applicable statutory provisions under the Listed enactments and the adherence to good corporate practices by **MURUDESHWAR CERAMICS LIMITED**, (CIN: L26914KA1983PLC005401), having its Registered Office at '604/B, Gokul Road, Industrial Estate, Hubli, Karnataka - 580030' (hereinafter referred as the "Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and the representations made and also the information, clarifications provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on **31<sup>st</sup> March, 2019** ("the Audit Period") complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2019 in relation to the transactions of the Company, wherever applicable in attracting and in according with the provisions of:

- i. The Companies Act, 2013 ("the Act") and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowing.
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (SEBI ICDR Regulations), upto September 10, 2018 and SEBI ICDR Regulations, 2018 w.e.f. September 11, 2018;
  - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008);

**ANNEXURE - 6 (Contd.)**

- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (SEBI Buyback of Securities Regulations) upto 10<sup>th</sup> September, 2018 and SEBI Buyback of Securities Regulations, 2018 w.e.f. 11<sup>th</sup> September, 2018;
- vi. And other general laws as may be applicable to the Company. Further, it has been represented by the Company also understood that there are no other sector specific laws which are specifically applicable to the Company on the nature of its business or industry.
- I have also examined compliance with the applicable clauses of the :
- a) The Secretarial Standards issued by the Institute of Company Secretaries of India.
  - b) The Listing Agreements with the Stock Exchanges and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 (LODR Reg, 2015), wherever applicable.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Standards, etc mentioned above wherever and as applicable to the Company.

I further report that the Compliance by the Company of applicable financial laws such as Direct & Indirect Tax laws and maintenance of financial records and books of accounts have not been reviewed in this Audit, since the same have been subject to review by the Statutory Financial Auditors, Tax Auditors and other designated professionals.

I further report that,

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act, however there was one instance wherein changes in the Directors of the Board during the year affected maintaining the composition of the Board under SEBI (LODR) Reg, 2015 for a short period which was then duly complied.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the Meetings duly recorded and signed by the Chairman, the decisions at the Board and Committee Meetings were carried out unanimously.

I further report that, based on the information provided and the representations made by the Company, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that, based on the information provided and the representations made by the Company during the audit period there were no specific events/actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards.

**Place : Bengaluru**  
**Date : 23<sup>rd</sup> July, 2019**

**Swati Ramachandra Hegde**  
Practicing Company Secretary  
Membership No. : ACS : 38013  
C.P.No. : 19286

This report is to be read with my letter of even date which is attached as 'Annexure -1' and forms an integral part of this report.



**ANNEXURE - 6 (Contd.)**

**'Annexure 1'**  
**To the Secretarial Audit Report**  
**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2019**

To,  
**The Members,**  
**Murudeshwar Ceramics Limited**  
604/B, Gokul Road, Industrial Estate  
Hubli, Karnataka - 580 030

My report of even date is to be read along with this letter:

1. Maintenance of secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test-check basis to ensure that correct facts are reflected in secretarial records. I believe that the process and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, I have obtained Management Representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test-check basis.
6. The Secretarial Audit report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**Swati Ramachandra Hegde**  
Practicing Company Secretary  
Membership No. : ACS : 38013  
C.P.No. : 19286

**Place : Bengaluru**  
**Date : 23<sup>rd</sup> July, 2019**

**ANNEXURE - 7**

**CERTIFICATE**

[(Pursuant to clause 10 of Schedule V of SEBI (LODR), Reg, 2015)]

In pursuance of sub clause (i) of clause 10 of Part C of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of **Murudeshwar Ceramics Limited** (CIN: L26914KA1983PLC005401), I hereby certify that:

On the basis of the written disclosure/ declaration/ representation received from the directors and taken on record by the Board of Directors, as on March 31, 2019, none of the Directors of the Company has been debarred or disqualified from being appointed or continuing as director of Companies by the SEBI/ Ministry of Corporate Affairs or any such other statutory authority.

**Swati Ramachandra Hegde**  
Practicing Company Secretary  
Membership No. : ACS : 38013  
C.P.No. : 19286

**Place : Bengaluru**  
**Date : 23<sup>rd</sup> July, 2019**

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT FORMING PART OF THE  
DIRECTORS' REPORT****INDUSTRY STRUCTURE AND DEVELOPMENT**

The Current scenarios in India of real estate is booming because of the Central Government new plans of Housing for all by 2022, Rural Housing Fund under National Housing Board, Swachh Bharat Abhiyan, Development of 100 smart cities, and favorable demographics and also the relaxed interest rates for real estate development. Simultaneously a situation of cut throat competition, margin squeezing to capture market caused serious setback to the business of tiles manufacturers in the organized sector. The Ceramic and Vitrified Tiles Industry is largely dependent on Indian Real estate Development. Ceramic and Vitrified Tiles are the major input only in building and construction, we can conclude that once the building and development increase there is a huge demand for Ceramic and Vitrified tiles. Added to this many small and unorganized sector have taken up production of tiles and the number of such small units are increasing day by day. However, Unorganised and small players, too, stand to gain from such partnerships as they are assisted by larger entities in streamlining their manufacturing operations, generate economies of scale, expand geographical reach through use of well-established marketing channels of organised players and ensure compliance of stringent pollution control norms of the State and Central Government Pollution Control Boards.

Murudeshwar Ceramics Limited started commercial production on 01.05.1988 with an installed capacity of 12,500 tons per annum (TPA) of Ceramic tiles at Hubli in Northern Karnataka. The Company undertook a major product diversification into manufacture of Vitrified tiles in the year 1993. The Vitrified tiles project was completed in a very short time and the production commenced on 01.03.1994. On considerations of quality, value addition, aesthetic looks and endurance, the said Vitrified tiles under the Brand Name of "NAVEEN DIAMONTILE" became very popular in domestic markets in a very short time. Encouraged by the response for Vitrified tiles in the Indian market, the company has established one more Vitrified tile manufacturing unit in Karaikal with an initial capacity of 6,000 Sq. mtrs., per day which commenced its commercial production on 1<sup>st</sup> day of October 2003. Simultaneously the capacity expansion also was carried on side by side. On cost considerations the Company stopped production of Ceramic tiles in August 2002. But later on, as a support product, manufacturing of Ceramic tiles was once again started with an initial capacity of 8,000 Sq.mtrs per day at Hubli unit. The new Ceramic tile manufacturing unit became operational from January 2006 and the expansion project was undertaken simultaneously. New varieties of tiles in aesthetic colours, shades, body matrix and in different dimensions are being constantly added on in the product mix. On cost considerations, the Kilns in Hubli unit were modified to be fueled by Coal Gas. The Coal gasification was completed in the year 2009. The Company had to stop the operation at Hubli unit from 2012-13 because of environmental and pollution complaints by the residents around the plant location. The plant was subsequently shifted to new location in Sira Taluk of Tumkur District in Karnataka State and Sira plant started operation from January 2017. During the year under review, the Company has produced 19,61,534 Sq. Mtrs. of Vitrified Tiles.

The Company has achieved sales turnover of ₹125.78 crores for the year ended 31.03.2019 as against ₹119.39 crores for the previous year i.e. increase in 5.35%. The performance would be better but poor real estate market after implementation of RERA and stiff competition from unorganised sector industries from Gujarat are the main reasons for not achieving the estimated sales after starting the SIRA unit. The Company has placed an order for one new Kiln for Sira plant with higher capacity, extra length, fuel efficient and extra production.

**ABOUT CERAMIC MARKET AND COMPETITION**

India is the second largest tile producer in the world after China, with an annual production of 1080 million square meters. India's per capita consumption of tile is still a mere 0.59 Sq. Mtrs. Compare to China's 3.95 Sq. Mtrs. Which shows that as our economy is moving forward at an average rate of 9-10%. The Industry has a huge market within the country.

At present due to the huge number of unorganised tile manufacturers in the market, National brands contribute less than 50% of the 760 Million Sq. mtrs., domestic and 228 Million Sq. mtrs. export market. With the incorporation of GST and the E-Way bill, the unorganised players are finding it harder to survive in this competitive market, this opens up a huge market for the Organised tile manufacturers. With a 12% rise in the market year on year and with the new government emphasizing on Housing for all and infrastructure getting a push, the industry looks to a bright future.

Ceramic tiles market has become more competitive and the changes in ceramic technology bringing new varieties, designs, sizes to the market. The premium range of ceramic products is a market segment of the industry in the country with very few competitors. The major organized players seek to expand into the premium products segment by specializing in designer tiles. Their target is to capture the demand from the projects in the Tier II and metro cities. The domestic demand for ceramics has to rise owing to the initiatives under the Swachh Bharat Abhiyan (SBA) and the Pradhan Mantri Awas Yojna (PMAY) along with higher replacement demand. These policies have had a direct effect on the demand for the building and construction materials industry and consequently, there is uptick in the consumption of Ceramic Tiles

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT FORMING PART OF THE  
DIRECTORS' REPORT (Contd.)**

and sanitary ware. Since the inception of SBA in 2014 there has been 53% rise in the number of individual household toilets built in the rural parts of the country till date. As of June, 2018, 51 lakhs household have been sanctioned under the PMAY-Urban.

These policies have had a direct effect on the demand for the building and construction materials industry and consequently, there has been an uptick in the consumption of Ceramic Tiles and sanitary ware. The market for both these Ceramic products is growing on the back of upcoming real estate projects in affordable housing, especially in the Tier II cities. Affordable housing with a potential of over 6-8 billion sq. ft. would be a key driver for the ceramic players, both across formal and informal sector.

The major market for Ceramic Tiles are housing and commercial real estate. Organized players in the industry have product ranges in both tiles and sanitary ware, while unorganized players generally cater to only one product segment.

Ceramic tiles can be polished or unpolished. Polished tiles are available in different price ranges. The tile segment of the Ceramic Industry can be further classified into wall and floor as well as Vitrified and Porcelain Tiles. The per capita consumption of tiles in India is ~0.60 square meters, compared with China's 2.6 square meters, Brazil's 3.4 square meters and Europe's 5-6 square meters. The sales by organized players accounts for about 55% of the market. The Cost of Raw Materials is one of the largest cost components for Ceramic Companies. Major raw materials used for the production of Ceramic products are clay – ball clay, feldspar and china clay. The cost of materials grew by 14.6% in FY15.

The established players in the organized sector of the Ceramic industry source finished products from Morbi. Due to easily available and established production technology and quality and brand being the differentiating factors, large players resort to purchase of readymade products (with their own quality monitoring), rather than investing in new manufacturing facilities.

**OPPORTUNITIES**

Fuelled by the growing construction sector in the country and a rise in exports to the advanced nations, the Indian Ceramic industry, which has the potential to be the largest producer in the world, is looking to double its turnover by 2021. With many new projects lined up in the country, the construction sector is growing at an approximate rate of 7 to 8 per cent. The demand for industrial ceramic products such as Ceramic tiles, Vitrified tiles, wall tiles etc. required in construction applications too are expected to increase.

The government has also announced an investment target of \$376.5 billion in infrastructure by 2020. "Looking at all these factors, the ceramic industry expects a huge growth in volume. The sectors are Housing for All By 2022 & Smart City Initiative, Rising Investments in Commercial Spaces, Rise in Global Urban Population and Standard of Living, GST.

Apart from the above a blitz of reforms and new strong initiatives bought forth by the Government, the market is looking at wide scale changes. The growth in the ceramic industry is expected to be driven by two factors, firstly the rise in the consumption of ceramic tiles and sanitary ware which could lead to volume growth and secondly, the increase in production costs which are likely to be passed on to the consumers. The organized sector companies are likely to register better growth rates than the industry average.

**THREATS**

The implementation of the RERA brought about a structural change in the real estate sector and is bound to affect the building materials sector as well. In FY17 the gross bank credit to the commercial real estate sector grew by 4.5% and the growth in the housing loans extended to private individuals was 15%. In FY18, gross bank credit to the commercial real estate sector grew by 1.5% and the growth in the housing loans extended to private individuals was 13%. In FY18 new investments declined by 5.6% as a result of the implementation of RERA in 2017. This dip in new investments may prove to be a slight concern for the Ceramic industry.

Further, in addition to the above your company is facing the following problems Natural Gas supply to Sira is further delayed, due to delay in getting NOC from NHA, Frequent power failure at Sira, Increase in power cost at Karaikal, Reduce in Natural Gas allocation at Karaikal plant.

**OUT-LOOK**

The Indian Ceramic Tile Industry (ICTI) has faced a challenging environment in the last two financial years ending FY18 on account of multiple policy changes and reforms by the government, like demonetisation, implementation of RERA and GST. In the present term, the vitrified tile segment is envisaged to face further pricing pressure on account of excess production capacity in the Morbi cluster. The installed capacity has increased significantly on account of commissioning of more than 100 new Vitrified tiles manufacturing units in the Morbi cluster during last two financial years ending March

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT FORMING PART OF THE  
DIRECTORS' REPORT (Contd.)**

2018. Consequently, the growth in production capacity has exceeded the growth in demand resulting in pricing pressure not only in Morbi cluster but also in other Ceramic tile manufacturing hubs in India.

Moreover, on March 06, 2019, NGT ordered Ceramic units in Morbi to switch to PNG for their fuel requirement and discontinue usage of coal gasifiers to control Air and Water pollution in the region.

However, The Indian Ceramic Tile Industry (ICTI) has recorded a phenomenal growth in terms of capacity, technology advancement, product portfolio and its structure during the last decade. The installed capacity has increased substantially on account of inherent advantages like abundance of raw materials from indigenous sources, advanced infrastructure and low labour cost. The Company has also started to produce only high value double charge Vitrified Tiles in Sira and Digital printing Glazed Vitrified Tiles (GVT) and polished Glazed Vitrified Tiles (PGVT) are manufactured at Karaikal plant and the Company has also started producing high value digital printing Vitrified Tiles at Karaikal.

As regards distribution set up, we have added a few more showrooms in Kerala depending upon the market demand. We are exploring the possibility of appointing new dealers and distributors in other South Indian States.

**RISKS AND CONCERNS**

During the year the price of fuels was increasing at an alarming rate which had directly influence the costing pattern of the Company, your company is also facing tough competition due to dumping of products from unorganised sectors. The Anti-dumping duty imposed by the Hon'ble Government of India on Vitrified tiles, cheap imported tiles which is disturbing the domestic market continuously, gives some relaxation to the domestic market. These imported tiles though cannot match the tiles produced by the larger industries in the organized sector in terms of quality, but still can affect the retail market which constitutes a larger part of the tiles market in India. Even though the Company can counter this by considering the quality and brand image, still a portion of market will be taken away by such cheap imported tiles on cost considerations. .

**INTERNAL CONTROL SYSTEMS AND ADEQUACY**

The Company has an Internal Control System, commensurate with the size, scale and complexity of operations. The Internal Auditor monitors and evaluates the efficacy and adequacy of internal control system in the company, its compliance with operating systems, accounting procedures and policies at all locations of the company. The Company has a separate internal audit department with experienced staff, placed under the supervision and control of the Vice President (Finance) and CFO. The Company has also appointed a practicing chartered accountant to conduct the internal audit and to submit a report for the Board. The system control of the Company is functioning efficiently with most of the branches electronically connected with the Head Office. The organizational set up and the system control have been efficient. The internal control procedures are adequate and efficient. During the year, no reportable material weakness in the design or operation was observed.

**DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE**

The financial performance and operational performance has been more fully described in the Board of Directors report. Shareholder may refer to the same in the Board of Directors report for further reference.

**MATERIAL DEVELOPMENT IN HUMAN RESOURCES / INDUSTRIAL RELATIONS**

As at the end of the year the Company had 327 employees on the rolls. The Company continued to engage services of senior level personnel even at branches level to ensure better control and coordination. Management also continues to give due importance for Manpower training and motivation. Customer care and Customer satisfaction are being ensured with meticulous care. The understanding between the Management and workers continues to be cordial.

**CAUTION**

Opportunities, threats, outlook, forecasts in any form and manner, made in this section or any other sections of this Annual Report are purely based on management perceptions made on situations as could be reasonably foreseen under the existing conditions. But various factors viz., capacities elsewhere, technology related matters, inflationary trends, unexpected recession and changes in policies of the Government etc., may impair such perceptions and adversely impact on calculations of the management.

Place : Bengaluru  
Date : August 13, 2019

for and on behalf of the Board of Directors  
**Dr. R.N. SHETTY**  
Chairman  
(DIN 00038810)

## CORPORATE GOVERNANCE REPORT

**“Good Corporate Governance is about maximizing shareholders value on a sustainable basis while ensuring fairness to all stakeholders; customers; investors; employees; government and society”**

### 1. PHILOSOPHY AND CORPORATE GOVERNANCE

Your Company believes that Corporate Governance is the active interaction between various participants like shareholders, Board of Directors, and company's management in shaping corporation's performance and the way it is proceeding towards. The relationship between the owners and the managers in an organization must be healthy and there should be no conflict between the two. The owners must see that individual's actual performance is according to the standard performance. These dimensions of Corporate Governance should not be overlooked. The Company's visionary founder had laid the foundation for good governance and made it an integral part of the Company's philosophy which has characteristics of fairness, accountability, disclosure and transparency.

The Management believes that all applicable laws, rules and regulations in force are to be abided as a basic discipline. In the process the Company has complied with requirements of Corporate Governance Provisions prescribed under SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015. Investors / Customer satisfaction are being constantly monitored and maintained at satisfactory levels. Inter-department co-ordination is satisfactory. Accountability and responsibility fixed at each level of hierarchy. On the operations side, the Management relies upon quality maintenance, effective presentation and customer satisfaction as basic requirements. Accordingly Manpower training and motivation are being pursued to attain desired results. The Management aims at commitment to high standards of administrative and financial discipline, transparent administration and enhancement of investor value.

### 2. BOARD OF DIRECTORS

As on the date of this report the composition of the Board of Directors is as follows :

#### 2.1 Non-Executive Directors

- |   |   |                        |
|---|---|------------------------|
| 1) Dr R.N. Shetty                         | : | Promoter and Chairman  |
| 2) Dr. Shivabasayya Siddaramayya Hiremath | : | Independent Director   |
| 3) Shri Annappayya                        | : | Independent Director   |
| 4) Shri Sankappa Keremane Shetty          | : | Independent Director   |
| 5) Smt. Sarvani Alva                      | : | Independent Director   |
| 6) Shri Sunil Rama Shetty                 | : | Non-Executive Director |
| 7) Shri Naveen Rama Shetty                | : | Non-Executive Director |
| 8) Shri Sathya Murthy Padaki              | : | Independent Director   |

#### 2.2 Executive Director

- |                              |   |                     |
|------------------------------|---|---------------------|
| 9) Shri Satish Rama Shetty   | : | Managing Director   |
| 10) Shri Karan Satish Shetty | : | Whole Time Director |

The Board has Eight Non-Executive Directors of whom five are independent directors. Dr R N Shetty is the Non-Executive Chairman. The said composition is in conformity with the requirements of SEBI (LODR) Regulations, 2015, Managing Director and Whole Time Director have been appointed for a term of three and five years respectively effective from their respective date of their appointment.

None of the above said Non-Executive Directors has any pecuniary relationship or transaction with the Company excepting eligibility for Sitting Fees and reimbursement of expenses incurred for attending the Board Meetings. Promoters Dr. Rama Nagappa Shetty, Shri Sunil Rama Shetty and Shri Naveen Rama Shetty continue to not receive any kind of remuneration for attending any Board and/or Committee meetings as they have waived their entitlement for such remuneration.

#### 2.3 Brief Particulars of Directors appointed / re-appointed

Pursuant to regulations of SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015, brief particulars of Directors appointed / re-appointed are furnished hereunder:

- 2.3 (a) **Shri Satish R Shetty** aged 56 years is a Mechanical Engineer from Karnataka University, Dharwad. He is the Managing Director of Murudeshwar Ceramics Limited. He joined the group after obtaining his Engineering Degree and worked for over 30 years in various group companies overseeing construction activities and ceramic business.

## CORPORATE GOVERNANCE REPORT (Contd.)

Since inception of the Murudeshwar Ceramics Limited he is looking after day to day business of Murudeshwar Ceramics Limited as an Executive Director. He has been appointed as a Managing Director in 1997. The various expansion projects of the Company since 1991 have been implemented under his technical supervision and guidance. He is not only looking after the production quality maintenance but also marketing, finance and other administration activities of the Company.

**Shri Satish R Shetty** is the eldest son of the Chairman of the Group, Dr. R N Shetty. Apart from the management of Murudeshwar Ceramics Limited he is also looking after the other group companies as well as the educational institutions like RNS Institute of Technology, Bangalore, R N Shetty College of Hotel Management & Catering Technology, Hubli and Murudeshwar Polytechnic College at Murudeshwar.

He has one son and one daughter. Under the able leadership of Shri Satish R Shetty, the Murudeshwar Ceramics Ltd. has been awarded ISO-9001:2000 Certificate by TUV-Z Germany in recognition of its commitment to quality. In order to promote direct sales, he has already opened MCL Show Rooms all over India. The prospects of the RNS Group of Companies is very bright due to long foresight and proper planning by the management team. Apart from above he is a good sportsman. He plays Cricket, Tennis and Golf. Shri Satish R Shetty is a simple man and mixes with all people. He is very popular among all the section of society for his generous contribution. Shri Satish R Shetty is also director on the Board of Directors of other Companies of the group.

2.3 (b) **Mrs. Sarvani Alva** is an Independent Non- Executive Director of the company. She joined the Board of Directors of the company on 31<sup>st</sup> July 2014 as an Independent Director. Pursuant to the Companies Act 1956/2013 she was appointed as an Independent Non-Executive Director to hold office for five consecutive years for a term upto 30<sup>th</sup> July, 2019, by the Members of the Company in the 31<sup>st</sup> AGM held on 27<sup>th</sup> September 2014.

2.3 (c) **Shri Sankappa Keremane Shetty** is an Independent Non- Executive Director of the company. He joined the Board of Directors of the company on 14<sup>th</sup> May, 2012 as an Independent Director. Pursuant to the Companies Act 1956/2013 he was appointed as an Independent Non-Executive Director to hold office for five consecutive years for a term upto 30<sup>th</sup> July, 2019, by the Members of the Company in the 31<sup>st</sup> AGM held on 27<sup>th</sup> September 2014.

**Shri Sankappa Keremane Shetty** aged around 77 years is a Civil Engineering Graduate from Karnataka Regional Engineer College, Surathkal (presently NITK) and started his career in the Koyna Hydro Electric Stage-III underground Power House Construction in the year 1966. After serving there for six years he joined Karnataka Power Corporation Limited (KPCL) in the year 1973. He retired from KPCL in the year 2001 as Executive Director. He had an illustrious career in the State Power Generation Company spanning over 27 years holding responsible positions and associations/in charge of execution of civil works of major projects like Kalinadi Hydel Project Stage-I and II, Sharavathi Stage-II-Gerasoppa Project, Hydel Dam Power House and RTPS Thermal Project Unit-III. After his retirement, he was appointed by Government of Karnataka as Director and Board member of KPCL till 2007.

He has undergone Energy Management Training in USA under USAID Programme in the year 1995. He has participated and presented Technical papers in many International Conferences held abroad. Presently he is advisor to many Power Producing Companies mainly for the execution of mini Hydel projects. Shri Sankappa Keremane Shetty is not a shareholder of the Company.

2.3 (d) **Shri Annappayya** is an Independent Non- Executive Director of the company. He joined the Board of Directors of the company on 24<sup>th</sup> April, 2011 as an Independent Director. Pursuant to the Companies Act 1956/2013 he was appointed as an Independent Non-Executive Director to hold office for five consecutive years for a term upto 30<sup>th</sup> July, 2019, by the Members of the Company in the 31<sup>st</sup> AGM held on 27<sup>th</sup> September 2014.

**Shri Annappayya** aged around 73 years is retired Canara Bank employee. He did his B.com with Distinction and CAIIB. He joined Canara Bank as an officer in 1969 and serve in various parts of the country. He has exposure in all facets of Banking including Merchant Banking and International Banking. He received extensive training in critical areas of Banking and Finance in BTC RBI Mumbai, NIBM Pune, IIM Ahmedabad, Irving Trust Co. at Sydney and Tokyo. He was Nominee Director in Canfin Homes Limited a subsidiary of Canara Bank for two years. He retired as General Manager in the year 2006 after 37 years of blemish less service in Canara Bank. He is not a member of the Company. He is the Chairman of Nomination & Remuneration Committee and Stakeholders Grievance Committee.

2.3 (e) **Dr. Shivabasayya Siddaramayya Hiremath** is an Independent Non- Executive Director of the company. He joined the Board of Directors of the company on 30<sup>th</sup> July 2008 as an Independent Director. Pursuant to the Companies Act 1956/2013 he was appointed as an Independent Non-Executive Director to hold office for five consecutive years for a term upto 30<sup>th</sup> July, 2019, by the Members of the Company in the 31<sup>st</sup> AGM held on 27<sup>th</sup> September 2014.

## CORPORATE GOVERNANCE REPORT (Contd.)

**Dr. Shivabasayya Siddaramayya Hiremath**, aged about 82 years is a Doctor by profession. He has been providing active service to the people of Hubli for over 54 years and has good knowledge about the topography, local residents and the local business at Hubli. He has knowledge of stage by stage development achieved by this Company ever since its inception in 1983. He has established two health institutions namely Dr. S.S. Hiremath Nursing Home in 1976 and Shivaleela Hospital in 1992. As a Professor in Obstetrics and Gynecology in KMC Hospital he was also a guiding mentor for many medical students. He is a member of various professional bodies. His services have been recognized by various institutions and also the Government of Karnataka. He has been honored with various awards including the Karnataka Rajyotsava Day Award – HDMC 1992.

- 2.3 (f) **Shri Sathya Murthy Padaki**, aged around 83 years, was appointed by the Board on 12<sup>th</sup> November, 2018 and his appointment was confirmed by the members of the Company on 28<sup>th</sup> March, 2019 through Postal Ballot. He is a retired State Government employee. He has a degree in BE (Civil) and Expertise in civil construction.

### 2.4 Board qualifications, skills, expertise and competencies.

The Board of Murudeshwar Ceramics Limited comprises qualified members who bring in the required skills, competence and expertise that allow them to make effective contributions to the Board in decision making and its committees. The Board members are committed to ensure that the Board of Murudeshwar Ceramics Limited is in compliance with the standards of Corporate Governance.

The following chart set out core skills/expertise/competencies identified by the Board of Directors as required in the context of its business(es) and sector(s) for it to function effectively and those actually available with the Board :

Skills/expertise/competence	Definition of skills/expertise/competence
Leadership	The action of leading a group of people or an organization, guidance, direction, authority, control, management, superintendence, supervision that resulting in a practical understanding of organizations, processes, strategic planning, and risk management, planning succession, and driving changes and long-term growth.
Finance	Financial affairs, money matters, money management, commerce, business, investment, banking, accounting, providing sources of funding for the enterprise. Management of the finance function of an enterprise, resulting in proficiency in complex financial management, capital allocation and financial, supervising a principal financial officer, principal accounting officer and auditor as well.
Sales and marketing	The action of promoting and selling products or services, including market research and advertising that brings an ability to develop strategies to grow sales and market share, build brand awareness and equity, and enhance enterprise reputation.
Technology	The application of scientific knowledge for practical purposes, especially in industry which is engaged in manufacturing and extend or create new business models, by new machinery and equipment developed from the application of scientific knowledge, designing of products.
Diversity	Diversity in the style of the reports, a range of different things that bring gender, ethnic, geographic, cultural, or other perspectives that expand the Board's understanding of the needs and viewpoints of our customers, partners, employees, governments and other stakeholders worldwide.
Mergers and acquisitions	A combination of two things, especially companies and a purchase of one company by another means the ability to assess 'build or buy' decisions, analyze the fit of a target with the Company's strategy and culture, and evaluate operational integration plans.
Global Business	With an ability to understanding of diverse business environments, economic conditions, cultures and a broad perspective on global market opportunities.

## CORPORATE GOVERNANCE REPORT (Contd.)

In the table below, the specific areas of focus or expertise of Directors have been highlighted on the basis of above Skills/expertise/competence:

Name of Directors	Leadership	Finance	Sales and marketing	Technology	Diversity	Mergers and acquisitions	Global Business
Dr. Rama Nagappa Shetty Chairman	✓	✓	✓	-	✓	-	✓
Shri Satish Rama Shetty Managing Director	✓	✓	✓	✓	✓	✓	✓
Shri Sunil Rama Shetty Director	✓	✓	✓	✓	✓	✓	✓
Shri Naveen Rama Shetty Director	✓	✓	✓	✓	✓	✓	✓
Shri Annappayya Independent Director	✓	✓	✓	✓	✓	-	✓
Shri Sankappa Keremane Shetty Independent Director	-	✓	✓	✓	✓	-	-
Dr. Shivabasayya Siddaramayya Hiremath Independent Director	✓	-	✓	✓	✓	-	-
Smt. Sarvani Alva Independent Director	✓	-	✓	-	✓	-	-
Shri Sathya Murthy Padaki Independent Director	-	-	✓	✓	✓	-	✓
Shri Karan Satish Shetty Whole Time Director	-	✓	✓	✓	✓	-	✓

### 2.5 Meetings, Attendance and Membership of Committees

During the year under review Five (5) Board Meetings were held on May 30, 2018, August 10, 2018, November 12, 2018, February 13, 2019 and February 25, 2019 (Through Circular resolutions) and gap between any two consecutive Board Meetings has not exceeded 120 days.

The following are the particulars of attendance of directors at the Board / General Meetings of the Company and memberships of Committees and number of other directorships, of each director during the year 2018-19.

Sl. No.	Name of Director	BOARD MEETINGS		Whether attended last AGM	COMMITTEES		Other director -ships held
		Held	Attended		Memberships	Chairman	
1	Dr. Rama Nagappa Shetty	5	5	No	4	-	13
2	Dr Shivabasayya Siddaramayya Hiremath	5	5	Yes	1	1	3
3	Shri Annappayya	5	5	Yes	1	2	1
4	Shri Sankappa Keremane Shetty	5	5	Yes	2	2	3
5	Smt. Sarvani Alva	5	5	No	1	-	1
6	Shri Satish Rama Shetty	5	5	Yes	0	-	13
7	Shri Sunil Rama Shetty	5	3	No	1	-	15
8	Shri Naveen Rama Shetty	5	5	No	-	-	11
9	Shri Karan Satish Shetty	5	3	No	-	-	-
10	Shri Sathya Murthy Padaki	5	2	No	-	-	-

However, No directors of Murudeshwar Ceramics Limited are holding directorship in any other listed company. Hence, all the above directors are holding directorship only in one listed company which is MURUDESHWAR CERAMICS LIMITED.



**CORPORATE GOVERNANCE REPORT (Contd.)****3. CODE OF CONDUCT**

The Board of Directors has laid down Code of Conduct for all the Board Members and senior management personnel of the Company. In the above context, Board Members and Senior Management Personnel have affirmed compliance with the said Code of Conduct for the year ended 31.03.2019 and necessary declaration from Managing Director is annexed forming part of this report.

**4. AUDIT COMMITTEE**

During the year under review four (4) Audit Committee Meetings were held on May 30, 2018, August 10, 2018, November 12, 2018, February 13, 2019. The Meeting held on May 30, 2018 was for the purpose of considering audited accounts for the year ended on 31.03.2019 and the members were:

- |                                  |   |          |
|----------------------------------|---|----------|
| 1. Shri Sankappa Keremane Shetty | - | Chairman |
| 2. Dr. Rama Nagappa Shetty       | - | Member   |
| 3. Shri Annappayya               | - | Member   |

All three members attended all the meetings of Audit Committee. The members of the Audit Committee are Non-Executive Directors and two of them are independent directors. The Chairman, Shri Sankappa K Shetty is an independent Non-Executive Director and having knowledge of financial and accounting matters. The Audit Committee invites such of the executives, as it considers appropriate to present at meetings. The Managing Director and CFO also attend the meeting. The Statutory Auditors are also invited to the meetings. Shri Ashok Kumar, Company Secretary is the Secretary of the Committee.

For the financial year 2018-19 the Audit Committee functions with reference to matters contained in the provisions of The Companies Act, 2013 and SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015. the terms of reference/role of the Audit Committee inter alia include (1) oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible; (2) recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity; (3) approval of payment to statutory auditors for any other services rendered by the statutory auditors; (4) reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to: (a) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause(c) of sub-section (3) of Section 134 of the Companies Act, 2013; (b) changes, if any, in accounting policies and practices and reasons for the same; (c) major accounting entries involving estimates based on the exercise of judgment by management; (d) significant adjustments made in the financial statements arising out of audit findings; (e) compliance with listing and other legal requirements relating to financial statements; (f) disclosure of any related party transactions; (g) modified opinion(s) in the draft audit report; (5) reviewing, with the management, the quarterly financial statements before submission to the board for approval, (6) reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.,) the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency, monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;

(7) reviewing and monitoring the auditor's independence and performance and effectiveness of audit process; (8) approval or any subsequent modification of transactions of the listed entity with related parties; (9) scrutiny of inter-corporate loans and investments; (10) valuation of undertakings or assets of the listed entity, wherever it is necessary; (11) evaluation of internal financial controls and risk management systems; (12) reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems; (13) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit; (14) discussion with internal auditors of any significant findings and follow up there on; (15) reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board; (16) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern; (17) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors; (18) to review the functioning of the whistle blower mechanism; (19) approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate; (20) Carrying out any other function as is mentioned in the terms of reference of the audit committee.

## CORPORATE GOVERNANCE REPORT (Contd.)

In accordance with the SEBI (Prohibition of Insider Trading) Regulations, 2015, the Board of Directors of the Company has adopted the Code of Conduct for prevention of Insider Trading and Code of Corporate Disclosure Practices to be followed by the Directors, Employees and other connected persons. The Code is based on the principle that Directors and Employees owe a fiduciary duty to, among others, the members of the Company, to place the interest of the members above their own and conduct their personal securities transactions in the manner that does not create any conflict of interest.

### 5. NOMINATION AND REMUNERATION COMMITTEE

5.1 **Composition** : The members of the Remuneration Committee were as follows :

- |  |   |          |
|--|---|----------|
| 1. Shri Annappayya                       | - | Chairman |
| 2. Dr Shivabasayya Siddaramayya Hiremath | - | Member   |
| 3. Shri Sankappa Keremane Shetty         | - | Member   |

During the year the Remuneration Committee has met 4 (four) time on 30.05.2018, 10.08.2018, 12.11.2018 and 25.02.2019 and all three Directors Shri Annappayya, Dr. Shivabasayya Siddaramayya Hiremath and Shri Sankappa Keremane Shetty attended the meeting. All the three members including the Chairman of the Committee are Non-Executive and Independent Directors, Shri Ashok Kumar, Company Secretary is the Secretary. The terms of the provisions of Section 178(3) of the Act and SEBI (LODR) Regulations 2015, the terms of reference/ role of NRC is (1) formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees. (2) formulation of criteria for evaluation of performance of independent directors and the board of directors; (3) devising a policy on diversity of Board of Directors; (4) identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommended to the Board of Directors their appointment and removal. (5) Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

5.2 **Remuneration Policy** : The Committee reviews the remuneration package for Executive Directors periodically with reference to trends prevailing elsewhere for similar industry for similar positions. The Board of Directors decide on a suitable remuneration package to the Executive Directors based on recommendations of the Remuneration Committee and submit the same for approval of members.

5.3(a) **Details of Remuneration paid / accrued to Executive Director for the year ended 31.03.2019**

Name of Executive Director	Salary (₹)	Perquisites & Amenities (₹)	TOTAL (₹)
Shri Satish Rama Shetty, Managing Director	60,00,000	12,00,000	72,00,000
Shri Karan Satish Shetty	21,25,830	-	21,25,830
<b>Total</b>	<b>81,25,830</b>	<b>12,00,000</b>	<b>93,25,830</b>

**NOTE :**

- None of the above said remuneration / benefits is performance linked.
- The Executive Directors shall discharge their duties under the supervision, control and directions of the Board of Directors from time to time. There is no service contract or agreement.
- The Term of office of the above said Directors is for Managing Director three years and for Whole Time Director five years effective from their respective dates of appointment or re-appointment.
- Directors are entitled to sitting fee of ₹25,000/- per Board meeting and ₹5,000/- per committee meeting attended and reimbursement of travel and other incidental expenses. However the said Executive Directors continue to not receive any kind of remuneration for attending any Board and / or Committee meetings as they have waived their entitlement for such remuneration.

5.3(b) **Pecuniary Relationship / transaction of Non-Executive Directors**

Non-Executive Independent Directors of the Company have no pecuniary relationship or transaction with either the Company or with any Promoters of the Company. The Non-Executive Directors are entitled to sitting fees of ₹25,000/- for every Board Meeting and ₹5,000/- for Committee Meetings attended and reimbursement of travel and stay expenses for each meeting attended. However, Chairman Dr. R N Shetty, Shri Sunil R Shetty and Shri Naveen R Shetty, Directors (Relative of Shri Satish R Shetty) continue to not receive any kind of remuneration for attending any Board and/or Committee Meetings as they have waived their entitlement for such remuneration.

**CORPORATE GOVERNANCE REPORT (Contd.)**

**5.3(c) Remuneration Package of Non-Executive Directors**

During the year under review, The remuneration package to Non-Executive Directors of the Company is within the limits prescribed under Sections 196, 197 and other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013. The Remuneration Committee shall examine and review payments, to Executive and Non-Executive Directors. As and when such recommendations are made by the Audit / Remuneration Committee, Board shall examine and adopt suitable remuneration package subject to compliance with applicable provisions of law and the SEBI (LODR) Regulations 2015. The remuneration package for Non-Executive Directors is furnished in paragraph 5.3(b) above.

**5.3(d) Share holding of Directors as on March 31, 2019.**

Name of Director	Nature of office of Director	Shares held	Percentage to Eq. Capital
Dr. Rama Nagappa Shetty	Non-Executive	26,808	0.06
Shri Satish Rama Shetty	Executive	11,10,402	2.46
Shri Sunil Rama Shetty	Non-Executive	11,11,102	2.46
Shri Naveen Rama Shetty	Non-Executive	11,10,502	2.46
Shri Annappayya	Non-Executive (ID)	Nil	-
Shri Sankappa Keremane Shetty	Non-Executive (ID)	Nil	-
Dr. Shivabasayya Siddaramayya Hiremath	Non-Executive (ID)	2,300	0.01
Smt.Sarvani Alva	Non-Executive (ID)	Nil	-
Shri Karan Satish Shetty	Executive	9,800	0.02
Shri Sathya Murthy Padaki	Non-Executive (ID)	Nil	-

None of the above directors holds any convertible instruments of the Company.

**6. STAKEHOLDERS GRIEVANCE COMMITTEE**

**6.1 Composition:** The members of the Stakeholders Grievance Committee were as follows:

1. Dr. Rama Nagappa Shetty - Member
2. Shri Annappayya - Chairman
3. Shri Sankappa Keremane Shetty - Member

Shri. Annappayya, the Non-Executive Director is the Chairman of the Committee. Shri. Ashok Kumar, Company Secretary is the Secretary of the Committee. During the year under review the committee was met on 30.05.2018.

**6.2 STATUS OF STAKEHOLDERS COMPLAINTS**

During the year under report the Company has not received any valid Investor complaints. Investor grievances were attended on top priority. Share transfers were attended within the prescribed time limits. As on 31.03.2019 there were no Stakeholders complaints pending redressal.

**6.3 THE ROLE OF THE COMMITTEE ARE INTER-ALIA INCLUDE THE FOLLOWING:**

1. Resolving the grievances of the security holders of the listed entity including complaints related to transfer/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/ duplicate certificates, general meetings etc.
2. Review of measures taken for effective exercise of voting rights by shareholders.
3. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
4. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

**7. INDEPENDENT DIRECTORS MEET**

The Independent Directors of the Company shall hold at least one meeting in a year, without the attendance of Non-Independent Directors and members of management. Directors on the Board to abide by the provision specified in Schedule IV of the Companies Act, which defines Code for Independent Directors. Accordingly a meeting of independent Directors was held by the independent directors on February 13, 2019. All the four independent Directors attended the meeting.

## CORPORATE GOVERNANCE REPORT (Contd.)

### 7.1 TERMS OF THE MEET

Review the performance of the Non-Independent Directors and Board as a whole and also the Chairman of the Company to assess the quality, Quantity and timely flow of information between the Company and Management. The Board needs to provide effective strategic direction to the Company and to direct on key decisions impacting the performance of the Company. To review the financial performance of the company and suggest corrective actions.

### 8. CSR COMMITTEE

In accordance with the provisions of Section 135 of Companies Act, 2013, the Corporate Social Responsibility (CSR) Committee of Murudeshwar Ceramics Limited ("the Company") has been constituted by the Board of Directors of the Company at their meeting held on Friday, August 10, 2018.

The composition of the said Committee comprises of three directors viz.,

Shri Satish Rama Shetty	-	Chairman
Shri Naveen Rama Shetty	-	Member
Dr. Shivabasayya Siddaramayya Hiremath	-	Member

This Policy has been formulated in compliance with the Section 135, Schedule VII of the Companies Act, 2013 and CSR Rules issued by the Ministry of Corporate Affair on February 27, 2014.

#### ROLE OF THE CSR COMMITTEE

- Formulate and recommend to the Board, a Corporate Social Responsibility Policy in compliance with Section 135 of the Companies Act, 2013.
- Identify the activities to be undertaken as per Schedule VII of the Companies Act, 2013.
- Institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the Company.
- Recommend the amount of CSR expenditure to be incurred on the earmarked CSR activities.
- Monitor the implementation of the CSR Policy from time to time.
- Such other functions as the Board may deem fit.

### 9. OTHER COMMITTEES

In order to closely monitor the day to day administration and speed up the administrative procedures, the Sub-Committee of the Board called the "Executive Committee" is functioning under the overall control and supervision of the Board of Directors. Following Directors are members of the said Executive Committee:

- |                                      |                                  |
|--------------------------------------|----------------------------------|
| 1) Dr. Rama Nagappa Shetty, Chairman | 2) Shri Satish Rama Shetty       |
| 3) Shri Sunil Rama Shetty            | 4) Shri Naveen Rama Shetty       |
| 5) Shri Annappayya                   | 6) Shri Sankappa Keremane Shetty |

The said Committee has been discharging all the functions and responsibilities vested in it by the Board of Directors from time to time. Decisions taken by the Committee will be referred to the Board for review and suggestions, if any.

### 10. DISCLOSURES

10.1 **Materially significant related party transactions** : All Related party transactions has been furnished in the Note 27.2 forming part of the statement of accounts. None of the transactions stated therein may be considered to have potential conflict with the interests of the Company and all transactions are in the usual course of business of the Company. The related party transactions, in the ordinary course of business are subject to periodical review by the audit committee.

10.2 **Disclosures of transactions of the listed entity** : with any person or entity belonging to the promoter/promoter Group which hold(s) 10% or more shareholding in the listed, has been shown in Note 27.2 forming part of the statement of accounts as under for the financial year 2018-19:  
(₹ In lakhs)

Name of Party	Sales	Purchase	Dividend Receipts	Service Receipts	Closing Balance
Murudeshwar Power Corporation Ltd.	-	-	29.79	-	3.49
RNS Infrastructure Ltd.	1616.86	41.05	-	3207.72	1777.09

10.3 **Board Disclosures and Risk Management** . : The Company has regular procedure of reporting to the Board on quarterly basis about all significant transactions, developments, policies etc., concerning the Industry in general and the Company in particular. The Board reviews the same and also uses the same as tool of risk assessment, planning and control.

## CORPORATE GOVERNANCE REPORT (Contd.)

10.4 The Company has been regular in making timely disclosures prescribed under the SEBI (LODR) Regulations 2015. The Company has not been subjected to any penalties or strictures either by SEBI or by Stock Exchanges in the last three years. However, the Stock Exchanges have imposed penalty on the company due to violation of Regulations 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

10.5 **Disclosures in relation to the Sexual Harassment of Women at workplace :** Your Company is committed to providing work environment that ensures every employee is treated with dignity and respect and afforded equitable treatment. The Company is also committed to promoting a work environment that is conducive to the professional growth of its employees and encourages equality of opportunity. The Company will not tolerate any form of sexual harassment and is committed to take all necessary steps to ensure that its employees are not subjected to any form of harassment. Your Company has a set of Policy in this respect. The following Statement shows the details of complaint received during the F.Y 2018-19.

Particulars	Redressal
Number of complaints filed during the financial year	NIL
Number of complaints disposed during the financial year	NIL
Number of complaints pending as on end of the financial year	NIL

10.6 **Details of significant changes in key financial Ratios :**

During the year under review, there is no any significant changes (i.e. changes of 25% or more as compared to the immediate previous financial year) in key financial ratios have been occurred. The key financial ratios are as under:

Sl. No.	Ratio	FY 2018-19	FY 2017-18	Variance
1	Current Ratio	1.64	1.48	10.81%
2	Total Outside Liability/Tangible Net Worth	0.35	0.40	-12.50%
3	Fixed Assets Coverage Ratio	1.22	1.17	4.27%
4	Interest Coverage Ratio	1.88	1.81	3.87%
5	Debt Equity Ratio	0.25	0.28	-10.71%
6	Fixed Assets Ratio	0.42	0.36	7.69%
7	Debt Service Coverage Ratio	1.66	1.36	22.06%

11 **ANNUAL GENERAL BODY MEETINGS**

The three Annual General Meetings of the Company were held at Shri R N Shetty Kalyana Mantap, Opp. Glass House, Hubli on the following dates:

Year ended	Date of Meeting	Time	Special Resolution passed
2017-18	28.09.2018	4:00 p.m.	Yes 1. To Regularisation of Additional Director, Mr. Karan Satish Shetty, by appointing him as Director (Executive Director) of the Company; 2. To appoint and fix remuneration of Mr. Karan Satish Shetty (DIN: 0008168200) as the Whole Time Director of the Company.
2016-17	22.09.2017	4:00 p.m.	Yes To re-appointment of Shri Satish Rama Shetty as Managing Director of the Company.
2015-16	23.09.2016	4.00 p.m.	Yes Sale, purchase of supply of any goods including capital goods or materials, selling or otherwise disposing of, or buying leasing of property any kind, availing or rendering of any services, appointment for purchase or sale of goods, materials, services or property or any other transaction with RNS Infrastructure Limited from financial year 2016 to 2019

## CORPORATE GOVERNANCE REPORT (Contd.)

- 11.1 **EXTRA ORDINARY GENERAL BODY MEETINGS : None**
- 11.2 **DETAILS OF SPECIAL RESOLUTION PASSED LAST YEAR THROUGH POSTAL BALLOT :**  
 A Postal Ballot Meeting was conducted on 28<sup>th</sup> March, 2019. The following special businesses were transacted:
- Continuation of directorship of Dr. Rama Nagappa Shetty (DIN : 00038810)
  - Continuation of directorship of Dr. Shivabasayya Siddaramayya Hiremath (DIN : 02272897)
  - Continuation of directorship of Shri Sankappa Keremane Shetty (DIN : 00894366)
  - Continuation of directorship of Smt. Sarvani Alva (DIN : 06896403)
  - Regularization and Continuation of directorship of Shri Sathya Murthy Padaki (DIN : 08276537).
  - To authorize Board of Directors to enter into Related Party Transactions under section 188 of the Companies Act, 2013.
12. **MEANS OF COMMUNICATION**
- 12.1 Financial Results prescribed under Regulation 33 of SEBI (LODR) Regulations 2015 were published in Financial Express in English Version and Udayavani in Vernacular text.
- 12.2 The Presentations made to Institutional Investors were mainly on case-to-case basis and purely related to matters concerning the Company and corresponding Lenders. No analysts were involved during the year.
- 12.3 The Company's website [www.naveentiles.co.in](http://www.naveentiles.co.in) / [www.naveentile.com](http://www.naveentile.com) contained a separate dedicated section "Investor Relations" where shareholders information is available. The Company's Annual Report and all other necessary documents prescribed under SEBI (LODR) Regulations 2015 is also uploaded on the website in a user friendly and downloadable form.
- 12.4 All periodical compliances filings like shareholding pattern, corporate governance report, media releases, among others are filed electronically on NEAPS and BSE Listing Centre maintained by National Stock Exchange of India Limited and Bombay Stock Exchange Limited respectively.
- 12.5 The investor complaints are processed in a centralized web based complaints redress system of SEBI Complaints Redress System (SCORES). The salient features of this system are Centralized database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status.
- 12.6 The Management Discussion and Analysis report is separately annexed forming part of the Directors' Report.
13. **GENERAL INFORMATION TO SHAREHOLDERS**
- 13.1 **Outstanding GDR / ADR / Warrants / any other Convertible Instruments :** Nil.
- 13.2 **Commodity Price risk of foreign exchange risk and hedging risk :** The Company has a Risk Management policy which the company follows in case of such situation.
- 13.3 **Plant Location :** Please refer first page of the Annual Report.
- 13.4 **Annual General Meeting**
- Date and time : September 28, 2019 at 3 p.m.
  - Venue : Shri R N Shetty Kalyana Mantap, Opp. Indira Glass House, Hubli - 580 029.
- 13.5 **Financial Year** : 1<sup>st</sup> day of April to 31<sup>st</sup> day of March of succeeding year.
- 13.6 **Books Closure** : Saturday, September 21, 2019 to Saturday, September 28, 2019 (both days inclusive)
- 13.7 **Stock Exch. on which listed and Stock Code** : a) Bombay Stock Exchange Ltd.,(Stock Code 515037)  
 b) National Stock Exchange of India Ltd., (Symbol MURUDCERA, Series EQ)

**CORPORATE GOVERNANCE REPORT (Contd.)**

**13.8 Murudeshwar Ceramics Limited Vs BSE Sensex**



**13.9 Murudeshwar Ceramics Limited VS NIFTY**



**13.10 Market Price Data**

Month	BSE		NSE	
	Highest ₹	Lowest ₹	Highest ₹	Lowest ₹
April 2018	43.35	32.75	43.40	31.65
May 2018	42.80	32.25	42.70	32.45
June 2018	42.70	31.80	42.90	31.00
July 2018	39.00	28.00	36.40	30.10
August 2018	39.90	29.00	41.40	28.60
September 2018	33.15	24.85	33.25	24.55
October 2018	28.00	19.00	27.60	21.00
November 2018	28.95	22.35	29.20	22.25
December 2018	26.15	20.50	26.10	20.60
January 2019	26.40	20.40	26.30	20.50
February 2019	23.20	18.35	23.80	18.20
March 2019	25.50	20.30	24.95	20.25

## CORPORATE GOVERNANCE REPORT (Contd.)

### 13.11 Share Transfer System and Dematerialisation

As at the end of March 31, 2019 the Company had 17,237 shareholders holding 4,75,73,922 equity shares of the Company. Out of the above 15,778 members (91.51%) hold 4,71,91,822 (99.20%) shares in dematerialized form. The Balance of 1,459 members (8.49%) hold 3,82,100 equity shares (0.80%) in physical form.

From the records it is clear that 1,459 (8.49%) of the total number of members holding in all 3,82,100 (0.80%) in physical form have still not taken action to dematerialize their shares, in spite of various reminders and appeal made by the Company in the interest of such members. Since the trading of shares of this Company is allowed by Stock Exchanges only in dematerialized form, members holding shares in physical form will lose the advantage of easy liquidity for their shares unless their shareholding is dematerialized. Such members are requested to dematerialize their shares in their own interest. Members may please contact their Depository Participants or may contact the Company Secretary for guidance.

Note : a) The particulars of Share Transfer Agents for all Share related matters are furnished at the end of this Report.

### 13.12(a) Distribution of Shareholding as on 31.03.2019

Nominal Value of Shares	No. of Holders	Share Amount	
		in ₹	% to Paid-up Capital
Upto 5,000	13,301	2,26,71,480	4.77
5,001 - 10,000	1,907	1,62,70,030	3.42
10,001 - 20,000	983	1,55,62,170	3.27
20,001 - 30,000	356	91,33,080	1.92
30,001 - 40,000	160	58,11,460	1.22
40,001 - 50,000	155	74,13,510	1.56
50,001 - 1,00,000	208	1,56,06,550	3.28
1,00,001 & Above	167	38,32,70,940	80.56
<b>T O T A L</b>	<b>17,237</b>	<b>47,57,39,220</b>	<b>100.00</b>

### 13.12(b) Shareholding Pattern as on 31.03.2019

Sl. No.	Category of Shareholder	Shares as on 31-03-2019	% of Holding
1	Financial Institutions Govt. Sponsored (Insurance Companies)	2,11,087	0.44
2	Mutual Funds	700	-
3	Banks / Financial Institutions	3,100	0.01
4	NRI's	11,93,239	2.51
5	Hindu Undivided Family	4,05,170	0.85
6	Foreign Institutional Investors	900	-
7	Promoter Directors & their Relatives	3,17,93,286	66.83
8	Other Bodies Corporates	13,73,097	2.89
9	Clearing Members	48,721	0.10
10	Resident Individuals	1,25,44,622	26.37
	<b>T O T A L</b>	<b>4,75,73,922</b>	<b>100.00</b>

### 13.13 Compliance with non-mandatory requirements under Corporate Governance Provisions

The Company has taken action to comply with Non-mandatory requirements to the following extent:

- The Chairman is Non-Executive Director and is entitled to reimbursement of expenses incurred for the Business purposes of the Company. But the Chairman has waived his entitlement to remuneration for attending Board / Committee Meetings.
- Audit qualification** : The Company is in the regime of unqualified financial statements.
- Reporting of Internal Auditor** : The Internal Auditor of the Company reports directly to the Audit Committee.



**CORPORATE GOVERNANCE REPORT (Contd.)**

- d) **Nomination and Remuneration Committee** : The Company has Constituted a "Nomination and Remuneration Committee" meeting the requirements of SEBI (LODR) Regulation 2015 and the Companies Act, 2013.
- e) **Training of Board Members** : All new Non-Executive Directors inducted to the Board are introduced to the Company culture with appropriate orientation sessions. The Board members are provided with necessary documents / brochures, reports and internal policies to enable them to familiarize with the Company's procedures and practices. Periodic presentations are made at the Board and Board Committee Meetings on business and performance updates of the Company, global business environment, business strategy and risks involved.
- f) **The Whistle Blower Policy** : The Company has established a mechanism for employees to report concerns about unethical behavior, actual or suspected fraud, or violation of the Company's Code of Conduct. It also provides for adequate safeguards against the victimization of employees who avail of the mechanism and allows direct access to the Chairman of the Audit Committee in exceptional cases. The existence of the policy / mechanism is communicated through appropriate manuals within the organization.
- g) **Risk Management** : The Board reviews the Company's risk management practices and activities periodically. This includes comprehensive review of various risks attached to the company's business for achieving key objectives and actions taken to mitigate them. The Board review and advises on risk management aspects inter alia in the areas of leadership development, information security, project management and execution risks, contracts management risks, financial risks, forex risks and geopolitical risks.

**13.14 General**

- a) Members 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 prescribed as under the Companies Act.
- b) Members holding shares in physical form may please furnish their change of address, if any, and Bank Account details to the Company from time to time to enable the Company to update such particulars in the corresponding ledger folios for prompt delivery of any communication from the Company.
- c) It is noticed that some of the members are holding shares in dematerialized form have not updated address, E-mail, phone numbers and Bank account details with their Depositories through their DPs. Some members holding dematerialized shares are requesting the Company for updating the particulars. Members may please note that the Company has no access to their Demat accounts and all such corrections have to be got updated by the members in their Demat accounts through their respective DPs.

**13.15 Address for Communication :**

- a) Members may contact **Company Secretary at the Registered Office of the Company at Murudeshwar Bhavan, 604/B, Gokul Road, Hubli – 580 030 [Phone: 0836 – 2331615 (upto 18)], Fax: 0836 – 4252583 or at 7<sup>th</sup> Floor, Naveen Complex, 14, M G Road, Bengaluru – 560 001** (Phone-080-25584181. Fax : 080-25584017) for clarifications or grievances if any.
- b) In respect of members holding shares in physical form, all correspondences relating to share transfers, transmissions, issue of certificates on split-up / consolidation / replacement, change of address and dematerialisation requests may be addressed to the Share Transfer Agents – **Canbank Computer Services Limited at its Office at No.218, "J.P.ROYALE", 1st Floor, 2<sup>nd</sup> Main, Sampige Road, Near 14<sup>th</sup> Cross, Malleswaram, Bengaluru – 560 003.** Phone: 080-23469661 - 62, Fax : 080 – 23469667 - 68.
- c) The Company has designated a separate E-mail Id – investor@naveentile.com for the benefit of members to report their grievances, if any, regarding their shareholding, transfers / transmissions and dividends.

**14. Other Provisions:**

**Certificate from Auditors:** Statutory Auditors have certified that the Company has complied with Corporate Governance Provisions. A copy of the said certificate is annexed forming part of this Report.

Place : Bengaluru  
Date : August 13, 2019

For and on behalf of the Board of Directors  
**Dr. R. N.SHETTY**  
Chairman  
(DIN 00038810)

**AUDITORS' CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE PROVISIONS**

To,

**The Members,  
Murudeshwar Ceramics Limited**

We have examined all relevant records of Murudeshwar Ceramics Limited (the Company) for the purpose of certifying compliance of conditions of Corporate Governance under Chapter IV read with Schedule V of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 for the financial year ended on March 31, 2019.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said Clause / Regulations.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of the Corporate Governance as stipulated in Chapter IV read with Schedule V of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

We further state that this certificate is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For K.A.RAGHUPATHY & CO.,**  
Chartered Accountants  
ICAI FIRM REG No : 011573S  
**( K.A.RAGHUPATHY )**  
Partner  
Membership No : 218041

Place : Bengaluru

Date : August 12, 2019

**DECLARATION REGARDING COMPLIANCE WITH COMPANIES CODE OF CONDUCT BY THE BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL**

To

The Members  
Murudeshwar Ceramics Ltd.

This is to confirm that the Company has laid down Code of Conduct for all Board members and senior management personnel of the Company and a copy of the said Code of Conduct is available on the Company's web-site [www.naveentiles.com](http://www.naveentiles.com).

This is also to confirm that the members of the Board of Directors and senior management personnel within the meaning of the said Code of Conduct have affirmed compliance with the said Code of Conduct applicable to them for the year ended 31.03.2019.

**SATISH R SHETTY**  
Managing Director  
(DIN 00037526)

Place : Bengaluru

Date : August 13, 2019

**MANAGING DIRECTOR & CHIEF FINANCIAL OFFICER CERTIFICATION**

To

The Board of Directors,  
Murudeshwar Ceramics Limited

A. We have reviewed financial statements and the cash flow statement for the year ended 31<sup>st</sup> March 2019 and that to the best of our knowledge and belief:

- (1) These statements do not contain any materially untrue statement or omission any material fact or contain statements that might be misleading;
- (2) These statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.

C. We accept responsibility for establishing and maintaining Internal Controls for financial reporting and that they have evaluated the effectiveness of Internal Control Systems of the listed entity pertaining to financial reporting and they have disclosed to the Auditors and the Audit Committee, deficiencies if any in the design or operation of such Internal Controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies

D. We have indicated to the Auditors and the Audit Committee ;

- (1) Significant changes in Internal Control over Financial reporting if any during the year;
- (2) Significant changes in Accounting Policies if any during the year and that the same have been disclosed in the notes to the financial statements; and
- (3) Instances of significant fraud if any of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's Internal Control System over Financial Reporting.

Place : Bengaluru  
Date : August 13, 2019

**Satish Rama Shetty**  
Managing Director  
(DIN 00037526)

**N M Hegde**  
CFO

## INDEPENDENT AUDITORS' REPORT

To the Members of MURUDESHWAR CERAMICS LIMITED

### Report on the Audit of the Standalone Financial Statements

#### Opinion

We have audited the standalone financial statements of MURUDESHWAR CERAMICS LIMITED ("the Company"), which comprise the balance sheet as at 31st March 2019, and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information (herein referred to as "the standalone financial statements")

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the act read with the Companies (Indian Accounting Standard) Rules, 2015, as amended, ("Ind AS") and other accounting policies generally accepted in India of the state of affairs of the Company as at March 31, 2019, and its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Basis for Audit Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the *Code of Ethics* issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Companies Act, 2013 and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Financial Statements.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the Key Audit Matters to be communicated in our report.

Key Audit matter	How our Audit addressed the Key Audit Matter
<b>Inventory (Refer Note 6 of Standalone Financial Statements)</b>	
<p>The value of inventory as at 31.03.2019 is 10,101.57 lakhs which is 21.3% of total asset value. Given the size of the inventory balance relative to the total asset size of the company, the valuation of inventory required significant audit attention.</p> <p>As disclosed in Note no. 6, inventories are held at the lower of cost or net realizable value determined using weighted average cost.</p> <p>The determination of valuation of inventory requires management to exercise qualitative judgments and apply assumptions.</p>	<p>We have performed the following procedures w.r.t valuation of inventory and assessment of procedure of physical verification of inventory during the period to ensure the accuracy of inventory reporting.</p> <p>For a sample of Outsourced Finished Goods, we performed the weighted average cost calculation and compared the weighted average cost to the last purchased invoices.</p> <p>At the year end, the valuation of inventory is reviewed by management and the cost of inventory is revalued where inventory is forecast to be sold below cost.</p> <p>On a sample basis, we tested the net realisable value of inventory to recent selling prices. We have also considered the Stock audit report by Stock Auditors engaged by the bank to ensure that there are no inconsistencies in inventory reporting.</p>

**INDEPENDENT AUDITORS' REPORT (Contd.)**

	<p>In the view of the management, basic raw material used is clay for manufacture of tiles and the same being a natural resource, does not have any depletion in value/utility over passage of time.</p> <p>We have also considered the expert opinion on valuation of primary raw materials by Mr. Vijaykumar V Dandin vide report dated 10<sup>th</sup> of April 2019.</p>
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**Property Plant and Equipment - Refer Note 3**

<p>Additions to Fixed Assets during the year were ₹871 lakhs (including CWIP of the previous year). Inappropriate timing of capitalization of project/ inappropriate classification of categories of items of PPE could result in material misstatement of CWIP/ PPE with consequent impact on depreciation charge and results for the year.</p>	<p>Our audit procedures included testing the design, implementation and operating effectiveness of controls in respect of review of capitalization of assets, particularly in respect of timing of the capitalization and recording of additions to items of various categories of PPE with source documentation, substantive testing of appropriateness of cut-off date considered for project capitalization.</p> <p>We tested the source documentation to determine whether the expenditure is of capital nature and has been approved and segregated into appropriate categories. We reviewed operating expenses to determine the appropriateness of accounting.</p>
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**Information Other than the Financial Statements and Auditor's Report thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises Board's Report, Report on Corporate Governance but does not include Standalone Financial Statements and our Auditor's Report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

Based on the work we have performed, if we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

This Board of Directors is also responsible for overseeing the Company's financial reporting process.

**INDEPENDENT AUDITORS' REPORT (Contd.)****Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

**Materiality**

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

**Communication with those charged with governance**

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**INDEPENDENT AUDITORS' REPORT (Contd.)****Report on Other Legal and Regulatory Requirements**

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and loss including Other Comprehensive Income, the Statement of changes in Equity and the statement of Cash Flow dealt with by this Report are in agreement with the books of account.
- (e) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (f) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  1. The Company does not have any pending litigations which would impact its financial position apart from those mentioned in Annexure B to the Independent Auditor's Report.
  2. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  3. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

As required by Companies (Auditors' Report) Order 2016 ("The Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" as statement on matters specified in paragraph 3 and 4 of the order.

**For K.A.RAGHUPATHY & CO.,**  
Chartered Accountants  
ICAI FIRM REGN. No. : 011573S  
**( K.A.RAGHUPATHY )**  
Partner  
Membership No:218041

Place : Bengaluru  
Date : May 29, 2019

**ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT**

(Referred to in paragraph 1(g) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of M/s MURUDESHWAR CERAMICS LTD. of even date)

**Report on the Internal Financial Controls Over Financial Reporting under Clause(i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **M/s MURUDESHWAR CERAMICS LTD.** ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**ANNEXURE “A” TO THE INDEPENDENT AUDITORS’ REPORT (Contd.)****Auditor’s Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that:

- (1) Pertain to them maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For K.A.RAGHUPATHY & CO.,**  
Chartered Accountants  
ICAI FIRM REGN. No. : 011573S  
**( K.A.RAGHUPATHY )**  
Partner  
Membership No : 218041

Place : Bengaluru  
Date : May 29, 2019



## ANNEXURE “B” TO THE INDEPENDENT AUDITORS’ REPORT

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of M/s MURUDESHWAR CERAMICS LTD. of even date)

- i. In respect of the Company’s Property Plant and Equipment:
  - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of Property Plant and Equipment.
  - b. The Company has a program of physical verification to cover all the items of Property Plant and Equipment in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its Property Plant and Equipment. Pursuant to the program, certain Property Plant and Equipment were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - c. According to the information and explanations given to us, the records examined by us and based on the examination of the sale/transfer/conveyance deeds provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company.
- ii. The inventory, except goods-in-transit and stocks lying with third parties, have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been dealt with in the books of accounts.
- iii. According to the information and explanations given to us, the Company has not granted unsecured loans to any bodies corporate, covered in the register maintained under section 189 of the Companies Act, 2013, and accordingly Clause 3(III) (a) to (c) are not applicable to company and hence cannot be commented upon.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit from the public in accordance with the provisions of Section 73 to 76 or any other relevant provisions of the act and the rules framed thereunder. Accordingly, paragraph 3(v) of the order is not applicable to the Company.
- vi. The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company. Thus, reporting under clause 3(vi) of the order is not applicable to the Company.
- vii. According to the information and explanations given to us, in respect of statutory dues:
  - a. The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Value Added Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
  - b. There were no undisputed amounts payable in respect of Provident Fund, Employees’ State Insurance, Income Tax, Sales Tax, Service Tax, Value Added Tax, Goods and Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.

**ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT (Contd.)**

- viii. In our opinion and according to explanations given to us, the company has not defaulted in the repayment of dues to banks, financial institutions or government. The company has not issued any debentures.
- ix. (a) Based on audit procedures performed and information and explanations given to us by the management, the company has not raised moneys by way of Initial public offer or Further Public offer including debt instruments but has raised moneys by allotting 23,70,000 Equity shares pursuant to conversion of first tranche of convertible Share warrants to promoter/Promoter Group company M/s Murudeshwar Power Corporation Limited on preferential allotment basis. The funds raised during the year are applied for the purposes for which they are raised.
- (b) According to the information and explanation provided to us, the company has not raised any new term loans during the year. The term loans outstanding at the beginning of the year and those raised during the year have been applied for the purposed for which they were raised.
- x. According to the information provided to us and to the best of our knowledge no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.
- xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- xiv. (a) Based on audit procedures performed and information and explanations given to us by the management, the company has made preferential allotment of shares/convertible share warrants during the year by allotting 23,70,000 Equity shares pursuant to conversion of convertible Share warrants to promoter/Promoter Group company M/s Murudeshwar Power Corporation Limited on preferential allotment basis during the year under review. Accordingly the relevant provision of the order has been complied with.
- (b) Based upon audit procedures performed and the explanation and information given to us by the management, the company has not made any fully/partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the order are not applicable to the company and hence cannot be commented upon.
- xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For K.A.RAGHUPATHY & CO.,**  
Chartered Accountants  
ICAI FIRM REGN. No. : 011573S  
**( K.A.RAGHUPATHY )**  
Partner  
Membership No:218041

Place : Bengaluru  
Date : May 29, 2019

**BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2019**

Particulars		Notes	March 31, 2019	March 31, 2018						
<b>A</b>	<b>ASSETS</b>		₹ in lakhs	₹ in lakhs						
	<b>Non Current Assets</b>									
	Property, plant and equipment	3	29,830.66	30,168.54						
	Capital work-in-progress		67.54	453.00						
	Financial Assets :									
	Other Financial Assets	4	390.29	390.29						
	Non-Financial Assets (Net)	5	197.58	203.33						
	Other Non-Current Assets		68.33	85.76						
	<b>Total Non-Current Assets (A)</b>		<b>30,554.40</b>	<b>31,300.92</b>						
<b>B</b>	<b>CURRENT ASSETS</b>									
	Inventories	6	10,101.57	11,180.02						
	Financial Assets :									
	Trade Receivables	7	4,597.51	3,255.74						
	Cash and cash equivalents	8	303.33	437.15						
	Other current assets	9	1,794.38	1,371.97						
	<b>Total Current Assets (B)</b>		<b>16,796.79</b>	<b>16,244.88</b>						
	<b>Total Assets (A+B)</b>		<b>47,351.19</b>	<b>47,545.80</b>						
<b>C</b>	<b>EQUITY AND LIABILITIES</b>									
	<b>EQUITY</b>									
	Equity share capital	10	4,758.17	4,521.17						
	Reserves and Surplus		28,548.88	27,514.45						
	Other equity - (Money Received against Share Warrant)		-	195.52						
	<b>Total Equity</b>		<b>33,307.05</b>	<b>32,231.14</b>						
<b>D</b>	<b>LIABILITIES</b>									
	<b>Non-Current liabilities</b>									
	Financial liabilities :									
	Borrowings	11	2,599.44	3,222.95						
	Deferred Tax Liability	12	1,693.90	1,732.03						
	Provisions	13	-	17.80						
	<b>Total Non-Current liabilities</b>		<b>4,293.34</b>	<b>4,972.78</b>						
	<b>Current liabilities</b>									
	Financial liabilities :									
	Trade Payables	14	1,484.75	1,958.05						
	Other financial liabilities	15	6,959.63	7,141.41						
	Other current liabilities	16	1,161.89	1,065.61						
	Provisions	17	144.53	176.81						
	<b>Total Equity and Liabilities</b>		<b>47,351.19</b>	<b>47,545.80</b>						
In terms of our report attached <b>For K A RAGHUPATHY &amp; Co.,</b> Chartered Accountants ICAI FIRM REG No. : 011573S <b>K A RAGHUPATHY</b> Membership No : 218041 Place : Bengaluru Date : 29-05-2019		For and on behalf of the Board of Directors <b>MURUDESHWAR CERAMICS LIMITED</b> <b>R.N.SHETTY</b> Chairman (DIN 00038810) <b>S.S. HIREMATH</b> Director (DIN 02272897) <b>SATHYA MURTHY PADAKI</b> Director (DIN 08276537)			<b>SATISH R. SHETTY</b> Managing Director & CEO (DIN 00037526) <b>SANKAPPA K. SHETTY</b> Director (DIN 00894366) <b>KARAN SATISH SHETTY</b> Whole Time Director (DIN 0008168200)		<b>SUNIL R. SHETTY</b> Director (DIN 00037572) <b>ANNAPPAYYA</b> Director (DIN 03558522) <b>N.M. HEGDE</b> Vice President (Finance) & CFO		<b>NAVEEN R. SHETTY</b> Director (DIN 00058779) <b>SARVANI ALVA</b> Director (DIN 06896403) <b>ASHOK KUMAR</b> Company Secretary	

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2019**

Particulars		Notes	March 31, 2019	March 31, 2018					
<b>I</b>	<b>REVENUES:</b>		<b>₹ in lakhs</b>	<b>₹ in lakhs</b>					
	Revenue from operations	18	<b>12,577.95</b>	11,938.86					
	Other Income	19	<b>166.13</b>	123.26					
	<b>Total Revenue</b>		<b>12,744.08</b>	12,062.12					
<b>II</b>	<b>EXPENSES</b>								
	Cost of materials consumed	20	<b>4,066.71</b>	3,390.10					
	Changes in inventory of finished goods and work-in-progress	21	<b>790.13</b>	(517.57)					
	Employee benefits expense	22	<b>1,340.72</b>	1,642.59					
	Finance costs	23	<b>1,618.05</b>	1,871.00					
	Depreciation and amortisation expenses	3	<b>896.01</b>	902.68					
	Other expenses	24	<b>3,507.16</b>	4,263.23					
	<b>Total Expenses</b>		<b>12,218.78</b>	11,552.03					
<b>III</b>	<b>Profit/(Loss) before tax (I - II)</b>		<b>525.30</b>	510.09					
<b>IV</b>	<b>Tax Expense</b>								
	Current Tax		<b>102.01</b>	107.51					
	Prior period tax		<b>(17.92)</b>	-					
	Deferred tax		<b>54.46</b>	9.37					
	Less : MAT Credit Entitlement		<b>(92.59)</b>	(99.00)					
	<b>Total tax expenses</b>		<b>45.96</b>	17.88					
<b>V</b>	<b>Profit/(Loss) for the year (III - IV)</b>		<b>479.34</b>	492.21					
<b>VI</b>	<b>Other comprehensive income</b>								
(a)	(i) Items that will not be reclassified to profit or loss								
	- Remeasurement of defined benefit plans		<b>13.45</b>	24.24					
	(ii) Income tax relating to items that will not be reclassified to profit & loss								
	- Remeasurement of defined benefit plans		<b>(3.46)</b>	(7.49)					
(b)	(i) Items that may be reclassified to profit or loss		-	-					
	(ii) Income tax on items that may be reclassified to profit or loss		-	-					
	<b>Total other comprehensive income</b>		<b>9.99</b>	16.75					
<b>VII</b>	<b>Total comprehensive income for the period (V + VI)</b>		<b>489.33</b>	508.96					
	<b>Earnings per equity share (for continuing operation):</b>								
	Basic in Rs.		<b>0.81</b>	0.87					
	Diluted in Rs.		<b>0.81</b>	0.83					
In terms of our report attached <b>For K A RAGHUPATHY &amp; Co.,</b> Chartered Accountants ICAI FIRM REG No. : 011573S <b>K A RAGHUPATHY</b> Membership No : 218041 Place : Bengaluru Date : 29-05-2019		For and on behalf of the Board of Directors <b>MURUDESHWAR CERAMICS LIMITED</b> <b>R.N.SHETTY</b> Chairman (DIN 00038810) <b>S.S. HIREMATH</b> Director (DIN 02272897) <b>SATHYA MURTHY PADAKI</b> Director (DIN 08276537)		<b>SATISH R. SHETTY</b> Managing Director & CEO (DIN 00037526) <b>SANKAPPA K. SHETTY</b> Director (DIN 00894366) <b>KARAN SATISH SHETTY</b> Whole Time Director (DIN 0008168200)		<b>SUNIL R. SHETTY</b> Director (DIN 00037572) <b>ANNAPPAYYA</b> Director (DIN 03558522) <b>N.M. HEGDE</b> Vice President (Finance) & CFO		<b>NAVEEN R. SHETTY</b> Director (DIN 00058779) <b>SARVANI ALVA</b> Director (DIN 06896403) <b>ASHOK KUMAR</b> Company Secretary	

**CASH FLOW STATEMENT ANNEXED TO BALANCE SHEET  
FOR THE PERIOD FROM APRIL 2018 to MARCH 2019**

(₹ in lakhs)

	2018 - 2019		2017 - 2018	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>				
Net profit before tax and extra-ordinary items	479.34		492.21	
<b>Adjustments for :</b>				
Depreciation	896.01		902.68	
Interest paid	1280.02		1231.68	
Rent Received	(2.80)		-	
Loss on Sale of Fixed Assets	-		1.08	
Profit on sale of Assets	(7.87)		(1.64)	
Interest Income on Investments	(36.45)		(42.39)	
Dividend received	(29.79)		(74.47)	
Remeasurement of defined benefit plans	9.99		16.75	
<b>Operating profit before working capital changes</b>	<b>2588.45</b>		<b>2525.90</b>	
<b>Adjustments for :</b>				
Increase / (Decrease) in Other Long Term Liabilities	(38.13)		9.37	
Decrease / (Increase) in Inventories	1078.45		(819.85)	
Decrease / (Increase) in Trade receivables	(1341.77)		(180.74)	
Increase / (Decrease) in Trade Payables	(473.30)		(669.55)	
Decrease / (Increase) in Short term loans & advances	-		-	
Decrease / (Increase) in Other Current Assets	(462.53)		47.28	
Decrease / (Increase) in Long term Loans & Advances	23.20		(101.74)	
Increase / (Decrease) in Other Current Liabilities	63.99		(418.62)	
Increase / (Decrease) in Short Term Provisions	(17.80)		8.31	
Cash generated from operations	1420.56		400.36	
Taxes paid	40.13		92.15	
<b>Net cash from Operating Activities (before extra-ordinary item)</b>		<b>1460.69</b>		<b>492.51</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>				
Purchase of fixed assets	(172.67)		(485.01)	
Sale of Fixed Assets	7.87		0.56	
Interest received	36.45		42.39	
Dividend received	29.79		74.47	
Rent Received	2.80		-	
<b>Net cash flow from investing activities</b>		<b>(95.76)</b>		<b>(367.59)</b>

**CASH FLOW STATEMENT ANNEXED TO BALANCE SHEET  
FOR THE PERIOD FROM APRIL 2018 to MARCH 2019 (Contd.)**

(₹ in lakhs)

	2018 - 2019		2017 - 2018	
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>				
Long term Borrowings repaid	<b>(623.52)</b>		529.18	
Short term Borrowings repaid	<b>(181.78)</b>		(141.27)	
Proceeds from issue of Share Capital	<b>586.57</b>		742.50	
Issue of Share Warrants	-		(185.63)	
Dividend paid	-		-	
Interest paid	<b>(1,280.02)</b>		(1,231.68)	
<b>Net Cash used in Financial activities</b>		<b>(1,498.75)</b>		(286.90)
Net Increase/(Decrease) in cash and cash Equivalents		<b>(133.82)</b>		(161.98)
Cash and Cash Equivalents as at 01.04.2018		<b>437.15</b>		599.13
<b>Cash and Cash Equivalents as at 31.03.2019</b>		<b>303.33</b>		437.15

**NOTES TO THE CASH FLOW STATEMENT**

**CASH AND CASH EQUIVALENT :**

Cash and cash equivalents consists of cash on hand and balances with Banks and Investments in money market instruments. Cash and cash equivalents in the cash flow statement comprise the following Balance Sheet amounts.

	<u>2018-19</u>	<u>2017-18</u>
Cash on hand and balances with Banks	<b>303.33</b>	437.15
Short Term investments	-	-
Cash and cash equivalents effect of changes in Exchange rates	-	-
Cash and cash equivalents as restated	<b>303.33</b>	437.15

For and on behalf of the Board of Directors <b>MURUDESHWAR CERAMICS LIMITED</b>			
<b>R.N.SHETTY</b> Chairman (DIN 00038810)	<b>SATISH R. SHETTY</b> Managing Director & CEO (DIN 00037526)	<b>SUNIL R. SHETTY</b> Director (DIN 00037572)	<b>NAVEEN R. SHETTY</b> Director (DIN 00058779)
<b>S.S. HIREMATH</b> Director (DIN 02272897)	<b>SANKAPPA K. SHETTY</b> Director (DIN 00894366)	<b>ANNAPPAYYA</b> Director (DIN 03558522)	<b>SARVANI ALVA</b> Director (DIN 06896403)
Place : Bengaluru Date : 29-05-2019	<b>SATHYA MURTHY PDAKI</b> Director (DIN 08276537)	<b>KARAN SATISH SHETTY</b> Whole Time Director (DIN 0008168200)	<b>N.M. HEGDE</b> Vice President (Finance) & CFO <b>ASHOK KUMAR</b> Company Secretary

**CERTIFICATE**

We have examined the above Cash Flow Statement of Murudeshwar Ceramics Ltd., for the year ended 31.03.2019 and certify that the said statement has been prepared by the Company in accordance with IND AS - 7 issued by the Institute of Chartered Accountants of India and as per requirements of Listing Agreements with Stock Exchanges and is based on and is in agreement with the Profit & Loss Account and Balance Sheet of the Company for the year ended on 31.03.2019.

Place : Bengaluru  
Date : 29-05-2019

**For K.A.RAGHUPATHY & CO.,**  
Chartered Accountants  
ICAI FIRM REGN. No. : 011573S  
**(K.A.RAGHUPATHY)**  
Partner  
Membership No:218041

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS****Note : 1 Corporate Information :**

Murudeshwar Ceramics Limited (the Company) was established during the year 1983. The Company is manufacturing Ceramic and Vitrified Tiles. The Registered Office of the Company is at 604/B, Murudeshwar Bhavan, Gokul Road, Hubli – 580 030 and the Corporate Office is at Naveen Complex, 7th Floor, 14, M.G.Road, Bengaluru – 560 001. The Company is having 2 manufacturing plants at Sira, Dist. Tumkur and Karaikal, Pondicherry. The Company started trading activities for outsourcing of Vitrified Tiles and Ceramic Tiles. The Company's products are branded as "Naveen Ceramic Tiles" and "Naveen Diamontile". The Company is having well established marketing network all over the country.

**Note : 2 Significant Accounting Policies****1. Basis of Preparation**

These financial statements are separate financial statements prepared in accordance with Indian Accounting Standards ("Ind AS"), the provisions of the Companies Act, 2013 ("the Act") (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

**Functional and presentation currency**

These financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest lakhs, unless otherwise indicated.

**Basis of measurement**

The financial statements have been prepared on the historical cost basis except certain financial assets and liabilities which are measured at fair value.

**Application of new Accounting pronouncements**

The company has applied the following IND AS Pronouncements pursuant to the Companies (Indian Accounting Standards) amendment rules, 2018. The effect is described below:

- a) The company has adopted IND AS 115, Revenue from Contract with Customers w.e.f. 01.04.2018 and it is detailed in Note:3. The Company has elected to recognize cumulative effect of initially applying IND AS 115 retrospectively. The standard is applied retrospectively only to contracts that are not completed as at the date of initial application. The adoption of this standard did not have any material impact to financial statements of the company.

**2. Use of estimates and judgement**

In the application of the Company's accounting policies, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**Current / Non-Current Classification**

The Company recognizes any asset or liability as current if it satisfies any of the following conditions:

- a) Asset/Liability is expected to be realized/settled during the company's normal operating cycle.
- b) The asset is intended for sale or consumption.
- c) The Asset/Liability is held primarily for the purpose of trading.
- d) The Asset/Liability is expected to be realized/settled within 12 months after the reporting period.
- e) The Asset is cash/cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.
- f) In the case of the liability, the company does not have an unconditional right to defer the settlement of liability for at least 12 months after the reporting date.

All other assets/liabilities are classified as non-current.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)**

**3. Revenue**

- i) Revenue from contract from customers is recognized on transfer of control of promised goods or services to a customer at an amount that reflects the consideration to which the company is expected to be entitled to in exchange for those goods or services. The Transaction price of goods sold, and services rendered is net of variable consideration on account of various discounts and schemes offered by company as part of the contract. Revenue is recognized only to the extent that it is highly probable that the amount will not be subject to significant reversal when uncertainty relating to its recognition is resolved.

**Sale of Products**

Revenue from sale of products is recognized when the control on the goods have been transferred to the customer. The performance obligation in case of sale of product is satisfied at a point in time that is, when the material is shipped to the customer or on delivery to the customer as may be specified in the contract.

**Rendering of Services**

The Revenue from services is recognized over time by measuring progress towards satisfaction of performance obligations for the services rendered. The company uses output method for measurement of revenue from services.

**4. Expenses**

All expenditures are accounted on accrual basis after reducing any specific income attributable to such expenditure.

**5. Property, plant and Equipment**

The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, including relevant borrowing costs for qualifying assets and any expected costs of decommissioning. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are charged to the Statement of Profit and Loss in the period in which the costs are incurred. Major shut-down and overhaul expenditure is capitalized as the activities undertaken improve the economic benefits expected to arise from the asset.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in Statement of Profit and Loss.

**Capital Work in Progress**

The cost of assets not ready for intended use, as on the balance sheet date, is shown as Capital Work in Progress.

**Depreciation commences when the assets are ready for their intended use**

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation is recognized so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of Plant and Machinery, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

Depreciation is provided on estimated useful lives of the assets as per Schedule – II of the Companies Act, 2013 except for the following assets where the useful life has been estimated based on the technical estimate.

<b>Assets</b>	<b>Estimated Life</b>	<b>Life as per Schedule-II</b>
Plant & Machinery	25-30 Years	20 Years

Amounts spent on Site preparation at Quarry for mining of Clay have been capitalized under the head Building – Others and Depreciation provided accordingly.

The Company reviews the residual value, useful lives and depreciation method annually and, if expectations differ from previous estimates, the change is accounted for as a change in accounting estimate on a prospective basis.

**Derecognition**

The carrying amount of an item of property, plant and equipment, is de-recognized on disposal or when no future economic effects are expected from its use or disposal. The Gain or Loss arising from the Derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds and the carrying amount of the item and is recognized in the statement of profit and loss when the item is derecognized.



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)****6. Inventories**

Raw Materials, Work in progress, Finished Goods, packing materials, stores, spares, components, consumables and stock in trade are carried at the lower of cost and net realizable value. However, the materials and other items held for use in production of inventories are not written down below cost. If the finished goods in which they will be incorporated are expected to be sold at or above cost. The comparison of cost and net realizable value is made on an item by item basis. Net realizable value is the estimated selling price in the ordinary course of the business less estimated cost of completion and estimated costs necessary to make the sale.

In determining the cost of raw materials, packing materials, stock in trade, stores, spares, components and consumables weighted average cost method is used. Cost of inventory comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from the tax authorities) and all the other costs incurred in bringing the inventory to their present location and condition.

Cost of finished goods and work in progress, includes the cost of raw materials, packing materials, an appropriate share of fixed and variable production overheads and other costs incurred in bringing the inventories to present location and condition. Fixed production overheads are allocated on the basis of normal capacity of production facilities.

**7. Investments in associate company**

The company has elected to recognize its investments in associate company at cost in accordance with the option available in IND AS 27 "Separate financials statements".

**8. Gratuity**

Gratuity has been paid through an approved gratuity fund managed by the LIC of India. Premium paid thereon is accounted as expenditure. The Company has also provided for gratuity as per actuarial valuation.

**9. Bonus**

Minimum Bonus payable as per the Payment of Bonus Act has been provided in the accounts.

**10. Leave Encashment**

Leave encashment has been determined based on the actuarial valuation, available leave entitlement at the end of each calendar year. The incremental amount so calculated each year is debited to Salaries and Wages - leave encashment.

**11. Taxes on Income****Current Tax**

The current tax is determined on the basis of taxable income and tax credits computed in accordance with the provisions of Indian Income Tax Act, 1961.

**Deferred Tax**

Deferred income tax is provided using the liability method on all timing differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the tax rates and tax laws substantively enacted at the balance sheet date.

**12. Financial Instruments**

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are considered as cost on initial recognition.

**13. Borrowings and Borrowing Cost**

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest rate method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in statement of profit and loss in the period in which they are incurred.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)****14. Provision and contingencies**

The company recognizes provisions when a present obligation (legal or constructive) as a result of a past event exists and it is probable that an outflow of resource embodying economic benefits will be required to settle such obligation and the amount of such obligation can be reliably estimated.

**15. Cash and cash equivalents**

Cash and cash equivalent for the purpose of balance sheet comprises of cash and banks balances.

**16. Earnings per share**

Basic earnings per share is computed by dividing profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. The weighted average number of shares outstanding during the year is adjusted for events of bonus issue and share split.

Diluted earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic EPS and also weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

**17. Employee benefits****(i) Short term Employee benefits**

Employee benefits such as salaries, wages, short term compensated absences, expected cost of bonus, ex-gratia and performance – linked rewards falling due wholly within the twelve months or rendering the service are classified as short term employee benefits and are expensed in the period in which employee renders the related service.

**(ii) Post-employment benefits**

A. **Defined contribution plans** : The company's superannuation scheme, the state governed provident fund scheme, employee insurance scheme and employee pension scheme are defined contribution plans. The contribution paid/payable under such schemes is recognized during the period in which the employee renders the related service.

B. **Defined benefit plans** : The present value of obligation under defined benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method.

The obligation is measured at the present value of estimated future cash flows using a discount rate based on the market yield on government securities of a maturity period equivalent to weighted average maturity profile of defined benefit obligations at the balance sheet date.

Re-measurement, comprising actuarial gains and losses, the return on plan assets (excluding amount included in net interest on the net defined benefit liability or asset) and any change in the effect of asset ceiling (if applicable) is recognized in other comprehensive Income and is reflected in Retained earnings and the same is not eligible to be reclassified to profit and loss.

Defined benefit costs comprising current service cost, past service cost and gains or losses on settlements are recognized in the Statement of Profit and loss as employee benefits expense, Interest cost implicit in the defined benefit employee cost is recognized in the Statement of Profit and Loss under finance cost. Gains or losses on settlement on any defined benefit plan are recognized when the settlement occurs. Past service cost is recognized as expense at the earlier of the plan amendment or curtailment and when the company recognized related restructuring costs or termination benefits.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognize the obligation on a net basis.

(iii) **Long term employee benefits** : The obligation recognized in respect of long term benefits such as compensated absences, long service award is measured at present value of estimated future cash flows expected to be made by company and is recognized in similar manner as in the case of defined benefit plans as above.

**18. Segment reporting policies**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)****19. Events after the reporting date**

Where events occurring after the balance sheet date provide evidence of the conditions that existed at the end of reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the balance sheet date of the material size of the nature are only disclosed.

**20. Recent Accounting pronouncements (New Accounting Standards Issued but not effective)**

On March 30, 2019, Ministry of Company Affairs issued (Indian Accounting Standards) (Amendments) 2019, notifying IND AS 116 on leases. The IND AS 116 would replace the existing leases Ind AS 17. The standard sets out the principles for recognition, measurement, presentation and disclosures for both parties to a contract i.e. lessee and a lessor. IND AS 116 introduces single lease accounting model and requires the lessee to recognize the assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of a low value. Currently for operating lease, the rentals are charged to the statement of profit and loss. The company is currently evaluating the implication of Ind AS 116 on the financial statements.

The Companies (Indian Accounting Standards) Amendment Rules, 2019 notified amendments to the following accounting standards and the same is effective from April 1, 2019.

- a) IND AS 12 - Income Taxes- Appendix C on uncertainty over income tax treatments
- b) IND AS 19 - Employee Benefits
- c) IND AS 23 - Borrowing Costs
- d) IND AS 28 - Investment in Associates and Joint ventures
- e) IND AS 109 - Financial Instruments

The Company is in the process of evaluating the impact of such amendments.

**21. Government Grants/Subsidy**

During the year, the company has received capital subsidy of ₹72.86 lakhs for investment in Effluent Treatment Plant which is an integral part of Building and Plant and Machinery being depreciated from the year 2016-17. The Company has accounted the amount of entire subsidy received under other income, as the total charge of depreciation on the integral asset is higher than the amount of subsidy received.

**22. Financial Risk Management- Objectives and Policies**

The company's financial liabilities comprise mainly of borrowings, trade payables and other payables. The company's financial assets comprise mainly of investments, cash and cash equivalents, other balances with banks, loans, trade receivables and other receivables.

**1. Market Risk :** Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The market risk comprises three types of risk: Interest rate risk, Foreign currency risk and another price risk.

- a) Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of market interest risk. The Company's exposure to risk of changes in market interest rates is minimal. The company has not used any interest rate derivatives.
- b) Foreign currency risk: Foreign currency risk is the risk that the fair value of future cash flows of an exposure will fluctuate due to changes in foreign exchange rates. The company has not entered into any forward exchange contracts/derivative contracts.
- c) Other price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded prices. The company has not invested in any traded equity instruments or bonds.

**2. Credit risk**

The credit risk refers to the risk that a counterparty will default on its contractual obligation resulting in financial loss to the company. Credit risk arises from financial assets such as trade receivables, other balances with banks, loans and other receivables. The Company has adopted a policy of only dealing with the counterparties that have sufficiently high credit ratings. The exposure and credit ratings of the counterparties are continuously monitored, and aggregate value of transactions is reasonably spread amongst the counterparties. There are no cases of historical defaults and hence no provision for expected credit loss is necessary.

**3. Liquidity risk**

The liquidity risk is the risk that the company will encounter difficulty in raising funds to meet the commitments associated with financial instruments that are settled by delivering cash or another financial asset. The company has established liquidity risk management framework for managing its short term, medium term and long term and liquidity management requirements. The company has adequate credit facilities agreed with banks to ensure that there is sufficient cash to meet all its normal operating commitments in a timely and cost-effective manner.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd .)**

**NOTE : 3 PROPERTY, PLANT & EQUIPMENT AND OTHER INTANGIBLE ASSETS**

Changes in the carrying value of property, plant and equipment for the year ended March 31, 2019

(₹ in lakhs)

Particulars	Property, Plant and Equipment							
	Land	Building	Plant and Equipment	Computers	Office Equipment	Furniture & Fixtures	Vehicles	Total
Gross carrying value as of April 1, 2018	8,070.69	8,465.03	14,994.70	13.74	7.46	147.56	154.27	31,853.45
Additions	-	451.91	392.56	2.85	5.21	3.65	14.82	871.00
Deletions	-	21.47	272.65	-	-	38.77	5.25	338.14
<b>Gross carrying value as of March 31, 2019</b>	<b>8,070.69</b>	<b>8,895.47</b>	<b>15,114.61</b>	<b>16.59</b>	<b>12.67</b>	<b>112.44</b>	<b>163.84</b>	<b>32,386.31</b>
Accumulated depreciation as of April 1, 2018	-	366.77	1,259.78	5.33	2.69	22.18	28.16	1,684.91
Depreciation	-	190.29	671.43	4.81	2.08	8.64	18.76	896.01
Accumulated depreciation on deletions	-	0.67	19.48	-	-	4.09	1.03	25.27
<b>Accumulated depreciation as of March 31, 2019</b>	<b>-</b>	<b>556.39</b>	<b>1,911.73</b>	<b>10.14</b>	<b>4.77</b>	<b>26.73</b>	<b>45.89</b>	<b>2,555.65</b>
<b>Carrying value as of March 31, 2019</b>	<b>8,070.69</b>	<b>8,339.08</b>	<b>13,202.88</b>	<b>6.45</b>	<b>7.90</b>	<b>85.71</b>	<b>117.95</b>	<b>29,830.66</b>
Carrying value as of March 31, 2018	8,070.69	8,098.26	13,734.92	8.41	4.77	125.38	126.11	30,168.54

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**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)**
**NOTE : 4 OTHER FINANCIAL ASSETS**
**₹ in lakhs**

Particulars	As at 31-03-2019				As at 31-03-2018			
	Equity Instruments	Govt. & Trust Securities	Debenture & Bonds	Total	Equity Instruments	Govt. & Trust Securities	Debenture & Bonds	Total
Investments in :								
a) Associates	374.80	-	-	374.80	374.80	-	-	374.80
b) Structured Entities	2.00	0.49	13.00	15.49	2.00	0.49	13.00	15.49
<b>Total</b>	<b>376.80</b>	<b>0.49</b>	<b>13.00</b>	<b>390.29</b>	<b>376.80</b>	<b>0.49</b>	<b>13.00</b>	<b>390.29</b>
Quoted Investments Market Value								
Unquoted Investments Impairment	376.80	0.49	13.00	390.29	376.80	0.49	13.00	390.29

**NOTE : 5 NON FINANCIAL ASSETS**
**₹ in lakhs**

Particulars	As at 31-03-2019	As at 31-03-2018
(i) Capital Advances / Prepaid Rent	3.67	(3.71)
(ii) Prepaid Interest - IND AS	10.04	-
(iii) Advances Other than Capital Advances Security Deposits	54.62	89.49
	<b>68.33</b>	<b>85.78</b>
<b>Non - Financial Assets :</b>		
(i) PLA and Cenvat Credit	2.80	3.09
(ii) VAT Credit receivable	19.66	19.66
(iii) Service Tax Credit receivable	3.90	9.36
(iv) Income Tax Refund receivable	171.22	171.22
<b>Total</b>	<b>197.58</b>	<b>203.33</b>

**NOTE : 6 INVENTORIES**
**₹ in lakhs**

Particulars	As at 31-03-2019	As at 31-03-2018
Raw Materials	2,362.49	2,740.31
Work in Progress	2,389.77	2,507.06
Finished Goods	3,867.98	4,558.66
Stock in Trade	174.27	156.44
Stores and Spares	1,307.06	1,217.55
<b>Total</b>	<b>10,101.57</b>	<b>11,180.02</b>

**NOTE : 7 TRADE RECEIVABLES**
**₹ in lakhs**

Particulars	As at 31-03-2019	As at 31-03-2018
Trade receivables outstanding for a period exceeding six months from the date they were due for payment	-	-
Secured, considered good	-	-
Unsecured, considered good	228.64	1,111.38
Doubtful	-	-
	<b>228.64</b>	<b>1,111.38</b>
Other Trade receivables :		
Secured, considered good	-	-
Unsecured, considered good	4,368.87	2,144.36
Doubtful	-	-
	<b>4,368.87</b>	<b>2,144.36</b>
Less : Provision for doubtful trade receivables	-	-
	<b>4,368.87</b>	<b>2,144.36</b>
	<b>4,597.51</b>	<b>3,255.74</b>

Note : Trade receivables include debts due from :

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)**
**NOTE : 7 TRADE RECEIVABLES (Contd.)**

₹ in lakhs

Particulars	As at 31-03-2019	As at 31-03-2018
Private companies in which any director is a director or member		
RNS Infrastructure Limited	1,775.09	1,710.76
Naveen Hotels Ltd.,	6.19	19.77
<b>Total</b>	<b>1,781.28</b>	<b>1,730.53</b>

**NOTE : 8 CASH AND CASH EQUIVALENTS**

₹ in lakhs

Particulars	As at 31-03-2019	As at 31-03-2018
Balances with bank (of nature Cash and Cash Equivalents)		
Earmarked Funds	94.32	94.32
Margin Money	150.44	278.67
Cash on hand	15.50	13.40
Others - (Current Account)	43.07	50.76
<b>Total</b>	<b>303.33</b>	<b>437.15</b>

**NOTE : 9 OTHER CURRENT ASSETS**

₹ in lakhs

Particulars	As at 31-03-2019	As at 31-03-2018
(i) Capital Advances	63.01	-
(ii) Advances other than Capital Advances		
Security Deposits	520.04	514.54
Interest Accrued on Deposits	80.51	88.32
<b>Total</b>	<b>600.55</b>	<b>602.86</b>
(iii) Loans and advances to employees		
Secured, considered good	-	-
Unsecured, considered good	168.37	220.94
Doubtful	-	-
<b>Total</b>	<b>168.37</b>	<b>220.94</b>
(iv) Balances with government authorities		
Unsecured, considered good		
(i) GST Credit	17.63	30.19
	17.63	30.19
(v) Prepaid expenses - Unsecured, considered good	43.39	9.53
(vi) Others - Advances		
Secured, considered good	-	-
For supply of goods and rendering services	861.17	416.31
Advance Payment of Income Tax (Net of provision Income Tax)	40.26	92.14
	901.43	508.45
Less : Provision for other doubtful loans	-	-
	901.43	508.45
<b>Total</b>	<b>1,794.38</b>	<b>1,371.97</b>

**NOTE : 10 STATEMENT OF CHANGES IN EQUITY**

₹ in lakhs

Particulars	Equity Share Capital	Other Equity				Ind AS Transition Reserve	Total equity attributable to equity holders of the Company
		Reserves & Surplus					
		Securities Premium	Retained Earnings	General Reserve	Other Items		
<b>Balance as of April 1, 2017</b>	<b>4,296.17</b>	<b>11,676.73</b>	<b>1,948.14</b>	<b>12,795.85</b>	<b>1,615.02</b>	<b>54.46</b>	<b>32,386.37</b>
Less : Deferred Tax Liability - Prior Period	-	-	(1,602.20)	-	-	-	(1,602.20)
Restated Balance as on April 1, 2017	4,296.17	11,676.73	345.94	12,795.85	1,615.02	54.46	30,784.17
Changes in equity share capital	225.00	517.50	-	-	-	-	742.50
Additional Provision	-	-	-	-	-	-	-

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)**
**NOTE : 10 STATEMENT OF CHANGES IN EQUITY (Contd.)**
**₹ in lakhs**

Particulars	Equity Share Capital	Other Equity				Ind AS Transition Reserve	Total Equity Attributable to equity holders of the Company
		Reserves & Surplus					
		Securities Premium	Retained Earnings	General Reserve	Other Items		
Remeasurment of Deferred Tax liability for the year	-	-	-	-	-	-	-
Profit for the year	-	-	492.21	-	-	-	492.21
Remeasurement of the net defined benefit liability/asset, net of tax effect	-	-	16.74	-	-	-	16.74
Dividends (including Corporate Dividend Tax)	-	-	-	-	-	-	-
<b>Balance as of March 31, 2018</b>	<b>4,521.17</b>	<b>12,194.23</b>	<b>854.89</b>	<b>12,795.85</b>	<b>1,615.02</b>	<b>54.46</b>	<b>32,035.62</b>
Changes in equity share capital	237.00	545.10	-	-	-	-	782.10
Profit for the year	-	-	479.34	-	-	-	479.34
Remeasurement of the net defined benefit liability/asset, net of tax effect	-	-	9.99	-	-	-	9.99
Interim Dividend (including Corporate Dividend Tax)	-	-	-	-	-	-	-
Final Dividends(including Corporate Dividend Tax)	-	-	-	-	-	-	-
<b>Balance as of March 31, 2019</b>	<b>4,758.17</b>	<b>12,739.33</b>	<b>1,344.22</b>	<b>12,795.85</b>	<b>1,615.02</b>	<b>54.46</b>	<b>33,307.05</b>

**NOTE : 11 BORROWINGS**
**₹ in lakhs**

Particulars	As at 31-03-2019	As at 31-03-2018
Bonds and Debentures		
<b>Term Loans</b>		
From Banks		
Secured	<b>1,920.14</b>	2,584.19
From Others	<b>679.30</b>	638.76
<b>Total</b>	<b>2,599.44</b>	3,222.95

The Term Loans from Banks are repayable in quarterly instalments. Interest is payable on monthly basis. The Term Loans from Banks, namely Canara Bank is secured by first charge created/to be created on the immovable / Fixed Assets of the Company, and by charges on the other movables including Machinery, Spares, Tools, accessories and movable plant and machinery both present and future, save and except book debts and other Deferred Payment Guarantee equipments. Assets hypothecated to concerned institutions / Bankers against specific finance for the same. The said charge on the movable properties of the Company in favour of these Bankers is subject to prior charges created in favour of Company's Bankers for working capital requirements. Loans from ICICI Bank Ltd., Kotak Mahindra Ltd., Oriental Bank of Commerce, The Daimler Financial Services and Sundaram Finance Limited for specific assets are secure against hypothecation of specific items of assets financed for. Loan from LIC of India is against pledge of Key-Man Policy. All the secured and unsecured loans other than public deposits have been further secured by way of Personal Guarantees by Promoter Directors of the Company to the extent applicable. The Term Loan from Indiabulls is secured by way of Mortgage of Title Deeds of specific assets.

**NOTE : 12 OTHER NON-CURRENT LIABILITIES**
**₹ in lakhs**

Particulars	As at 31-03-2019	As at 31-03-2018
<b>DEFERRED TAX LIABILITY</b>		
Opening balance as on 01.04.2017	-	810.17
<b>Add : Restatement of DTL for previous years</b>	-	1,602.20
Restated opening Balance at the beginning of year	<b>2,421.74</b>	2,412.37
<b>Add: Provision for the year</b>	<b>54.46</b>	9.37
Deferred Payment Liabilities	<b>2,476.20</b>	2,421.74
<b>Less : Deferred Tax Asset - MAT Credit</b>	<b>782.30</b>	689.71
<b>Deferred tax Liability (Net)</b>	<b>1,693.90</b>	1,732.03

The Company had calculated Deferred tax asset / liability using the applicable rates that were prescribed for Minimum Alternate Tax (MAT) during the previous year as the management was of opinion that MAT rate best reflected the value of DTL/DTA as on reporting date. During the current financial year, the Company has Restated /trued up the calculation of Deferred Tax Assets/ Liabilities using the rate at which the normal income taxes would be payable by the company as per IND AS 12.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)**
**NOTE : 13 PROVISIONS**
**₹ in lakhs**

Particulars	As at 31-03-2019	As at 31-03-2018
Employee Benefits	-	17.80
<b>Total</b>	<b>-</b>	<b>17.80</b>

**NOTE :14 TRADE PAYABLES**
**₹ in lakhs**

Particulars	As at 31-03-2019	As at 31-03-2018
Trade payables :		
Acceptances	421.63	427.69
Other than Acceptances	1,063.12	1,530.36
<b>Total</b>	<b>1,484.75</b>	<b>1,958.05</b>

**NOTE : 15 OTHER FINANCIAL LIABILITIES**
**₹ in lakhs**

Particulars	As at 31-03-2019	As at 31-03-2018
Bonds and Debentures	-	-
Loans repayable on demand from Banks :		
From Banks		
Secured	6,959.63	7,141.41
<b>Total</b>	<b>6,959.63</b>	<b>7,141.41</b>

The Cash Credit and other working capital facilities from the consortium of Bankers namely, Canara Bank, State Bank of India, Bank of Baroda, The Lakshmi Vilas Bank Ltd., Oriental Bank of Commerce and Axis Bank are secured by way of hypothecation of Raw materials, Stock in Process, Finished Goods, Book Debts and Goods meant for export on pari-passu basis and further secured by way of second & subsequent charge on the whole of the immovable / Fixed Assets of the Company. These borrowings are further secured by way of Personal Guarantees by two Promoter Directors of the Company to the extent applicable.

**NOTE : 16 OTHER CURRENT LIABILITIES**
**₹ in lakhs**

Particulars	As at 31-03-2019	As at 31-03-2018
Advances from Customers	418.22	280.46
Deposits	69.22	70.47
Statutory remittances (Contributions to PF and ESIC, withholding Taxes, GST etc)	157.32	266.35
Contractually reimbursable expenses	2.11	1.34
Salary & Wages Payable	276.68	308.05
Outstanding Liabilities for Expenses	238.34	138.94
<b>Total</b>	<b>1,161.89</b>	<b>1,065.61</b>

**NOTE : 17 PROVISIONS**
**₹ in lakhs**

Particulars	As at 31-03-2019	As at 31-03-2018
Employee Benefits	56.98	61.82
Current Tax Provision	87.55	114.99
<b>Total</b>	<b>144.53</b>	<b>176.81</b>



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)**
**NOTE : 18 REVENUE FROM OPERATIONS**
**₹ in lakhs**

	Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
(a)	Sale of products	8,286.77	7,690.20
(b)	Sale of services	4,268.61	4,387.56
(c)	Other operating revenues	22.57	0.23
		<b>12,577.95</b>	<b>12,077.99</b>
	Less :		
(d)	Excise duty	-	139.13
	<b>Total</b>	<b>12,577.95</b>	<b>11,938.86</b>
<b>Note</b>			
(i)	Sale of products comprises :		
	Sale of produced goods	7,256.45	6,317.34
	Sale of traded goods	1,030.32	1,372.86
	<b>Total - Sale of products</b>	<b>8,286.77</b>	<b>7,690.20</b>
(ii)	Sale of services comprises :		
	Service - Earth Work	2,969.79	3,742.12
	Service - Road Work	1,298.82	645.44
	<b>Total - Sale of services</b>	<b>4,268.61</b>	<b>4,387.56</b>
(iii)	Other operating revenues comprises :		
	Sale of Scraps	22.57	0.23
	<b>Total - Other operating revenues</b>	<b>22.57</b>	<b>0.23</b>

**NOTE : 19 OTHER INCOME**
**₹ in lakhs**

Note	Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
(a)	Interest income	36.45	42.39
(b)	Dividend income :		
	Associates	29.79	74.47
(c)	Other non-operating income (net of expenses directly attributable to such income)	27.03	6.40
(d)	Subsidy Received	72.86	-
	<b>Total</b>	<b>166.13</b>	<b>123.26</b>
<b>Note</b>			
(i)	Interest income comprises :		
	Interest from banks on : deposits	36.45	42.39
	<b>Total - Interest income</b>	<b>36.45</b>	<b>42.39</b>
(ii)	Other non-operating income comprises :		
	Insurance Claim received	14.71	2.96
	Profit on sale of fixed assets (net of expenses directly attributable prior period items (net)	7.87	1.64
	Miscellaneous income (net of expenses directly attributable)	1.65	1.80
	Rent Received	2.80	-
	<b>Total - Other non-operating income</b>	<b>27.03</b>	<b>6.40</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)**
**NOTE : 20 COST OF MATERIALS CONSUMED**

₹ in lakhs

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
Opening Stock	2,740.31	2,252.06
Add : Purchases	1,639.29	2,055.34
	<b>4,379.60</b>	<b>4,307.40</b>
Less : Closing Stock	2,362.48	2,740.31
<b>Cost of material consumed</b>	<b>2,017.12</b>	<b>1,567.09</b>
Material consumed comprises :		
Clay	1,752.77	1,419.44
Glaze & Pigments	106.01	68.25
Packing Material	155.65	79.06
Other items	2.69	0.34
<b>Total</b>	<b>2,017.12</b>	<b>1,567.09</b>
<b>PURCHASE OF TRADED GOODS</b>		
Traded goods	2,049.59	1,823.01
<b>Grand Total</b>	<b>4,066.71</b>	<b>3,390.10</b>

**NOTE : 21 CHANGES IN INVENTORY OF FINISHED GOODS & WORK-IN-PROGRESS**

₹ in lakhs

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
<b>INVENTORIES AT THE END OF THE YEAR :</b>		
Finished goods	3,867.98	4,558.66
Work-in-progress	2,389.77	2,507.06
Stock-in-trade	174.27	156.43
	<b>6,432.02</b>	<b>7,222.15</b>
<b>INVENTORIES AT THE BEGINNING OF THE YEAR :</b>		
Finished Goods	4,558.66	3,523.16
Work-in-progress	2,507.06	2,950.45
Stock-in-trade	156.43	230.97
	<b>7,222.15</b>	<b>6,704.58</b>
<b>Net (Increase) / decrease</b>	<b>790.13</b>	<b>(517.57)</b>

**NOTE : 22 EMPLOYEE BENEFITS EXPENSE**

₹ in lakhs

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
Salaries and Wages	776.69	1,022.87
Contributions to provident fund and other funds	63.71	71.38
Staff welfare expenses	453.92	517.55
Defined Benefit Obligation - Gratuity	14.11	17.65
Defined Benefit Obligation - Leave Encashment	11.16	13.14
Other Employee Benefit Expenses	21.13	-
<b>Total</b>	<b>1,340.72</b>	<b>1,642.59</b>

**NOTE : 23 FINANCE COSTS**

(a) Interest expenses on :		
(i) Borrowings	1,280.02	1,231.68
(ii) Trade payables	156.88	354.58
(iii) Others		
Interest on delayed / deferred payment of Income Tax		
- Security deposits	4.09	4.21
(b) Other borrowing costs	177.06	280.53
<b>Total</b>	<b>1,618.05</b>	<b>1,871.00</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)**

**NOTE : 24 OTHER EXPENSES**

₹ in lakhs

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
Consumption of stores and spare parts	184.01	344.31
Increase / (decrease) of excise duty on Inventory	-	11.56
Subcontracting	498.87	507.56
Power and Fuel	1,590.65	2,126.15
Rent	122.79	134.50
Repairs and maintenance - Buildings	18.67	11.42
Repairs and maintenance - Machinery	10.03	22.18
Repairs and maintenance - Others	72.89	65.18
Insurance	131.71	169.28
Rates and taxes	122.63	117.47
Communication	22.57	26.68
Travelling and conveyance	253.88	282.66
Printing and stationery	14.37	16.42
Freight and forwarding	329.36	282.88
Sales commission	15.29	16.82
Sales discount	12.59	6.26
Business promotion	1.26	0.85
Donations and contributions	0.18	0.71
Legal and professional	21.84	20.41
Payments to auditors	6.00	6.75
Directors Sitting Fees	3.70	2.55
Advertisement & Publicity	6.47	2.20
Sales Promotion Expenses	4.37	0.13
Selling & Distribution expenses-Others	27.15	28.64
Security charges	16.70	15.30
Loss on fixed assets sold / scrapped	-	1.08
Miscellaneous expenses	19.18	43.28
<b>TOTAL</b>	<b>3,507.16</b>	<b>4,263.23</b>
<b>Notes</b>		
<b>(i) Payments to the Auditors comprises</b>		
As auditors - statutory audit	3.00	3.75
For taxation matters	0.50	0.50
For management services	0.50	0.50
Reimbursement of expenses	2.00	2.00
<b>TOTAL</b>	<b>6.00</b>	<b>6.75</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)**

**NOTE : 25 DISCLOSURES UNDER ACCOUNTING STANDARDS**

**25.1 Employee benefit plans**

**25.1.a DEFINED CONTRIBUTION PLANS**

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised **₹35.02 lakhs** (Year ended 31st March, 2018 ₹40.58 lakhs) for Provident Fund contributions and **₹15.26 lakhs** (Year ended 31st March, 2018 ₹13.35 lakhs) for Superannuation Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of schemes.

**25.1.b DEFINED BENEFIT PLANS**

The Company offers the following employee benefit schemes to its employees :

- i. **Gratuity** : The following tables sets out the funded status of the defined benefit schemes and the amount recognised in the financial statements :

	Particulars	Year ended	Year ended
		31st March 2019	31st March 2018
		Gratuity	Gratuity
<b>A</b>	<b>Change in Defined Benefit Obligations (DBO) during the year</b>		
	Defined Benefit Obligation at the beginning of the year	249.72	243.30
	Current service cost	13.64	14.56
	Interest Expense	18.33	18.48
	Benefit Payment from Plan Assets	(23.38)	(9.61)
	Remeasurement - Due to Financial Assumptions	0.86	(3.02)
	Remeasurement - Due to Experience Adjustments	(8.07)	(13.98)
	Present value of DBO at the end of the year	251.09	249.72
<b>B</b>	<b>Change in fair Value of Plan Assets during the year</b>		
	Fair Value of Plan Assets at the beginning of the year	231.92	198.58
	Interest Income	17.86	15.39
	Actual company contributions	58.00	29.50
	Employers Contribution	(1.51)	(1.93)
	Benefit Payments from Plan Assets	(23.38)	(9.62)
	Plan assets at the end of the year	282.89	231.92
	Actual return on plan assets	13.64	14.56
<b>C</b>	<b>Components of Defined Cost</b>		
	Current service cost	13.64	14.56
	Interest Expenses on DBO	18.33	18.48
	Interest (income) on Plan Assets	(17.86)	(15.39)
	Total Net Interest Cost	0.47	3.09
	Defined Benefit Cost included in P & L	14.11	17.65
	Remeasurement - Due to Financial Assumptions	0.86	(3.02)
	Remeasurement - Due to Experience Adjustments	(8.07)	(13.98)
	(Return) on Plan Assets (Excluding Interest income)	1.51	1.93
	Total Remeasurements in OCI	(5.70)	(15.08)
	Total Defined Benefit Cost recognised in P & L and OCI	8.41	2.58
<b>D</b>	<b>Amount Recognised in the Statement of Financial Position</b>		
	Defined Benefit Obligation	251.09	249.72
	Fair Value of Plan Assets	282.89	231.92
	Fund Status	(31.79)	17.80
	Net Defined Benefit Liability/(Assets)	(31.79)	17.80

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)**
**NOTE : 25 DISCLOSURES UNDER ACCOUNTING STANDARDS (Contd.)**

Note	Particulars	Year ended 31st March 2019	Year ended 31st March 2018
		Gratuity	Gratuity
E	Net Defined Benefit Liability/(Assets) Reconciliation		
	Net Defined Benefit Liability/(Assets) at beginning of the year	17.80	44.72
	Defined Benefit Cost included in P & L	14.11	17.65
	Total Remeasurements included in OCI	(5.70)	(15.08)
	Employers Contributions	(58.00)	(29.50)
	Net Defined Benefit Liability/(Assets) at end of the year	(31.79)	17.80
	Weightage Average Asset Allocation at the year end		
	Insurance Policies	100%	100%
	<b>Actuarial assumptions</b>		
	Discount rate	7.70%	7.50%
	Salary escalation	6.00%	6.00%

**NOTE : 26 ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS**

Note	Particulars	As at 31st March 2019	As at 31st March 2018
		(₹ in lakhs)	(₹ in lakhs)
26.1	<b>Contingent liabilities and commitments (to the extent not provided for)</b>		
(i)	Contingent liabilities		
	(a) Claims against the Company not acknowledged as debt (give details)	-	-
	(b) Guarantees	522.81	364.79
	(c) Letters of Credit established with Banks	1,868.11	2,444.68
(ii)	Commitments		
	(a) Estimated amount of contracts remaining to be executed on capital account and not provided for Tangible assets	786.25	175.54
		786.25	175.54
26.2	<b>Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006</b>		
	(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	19.31	46.38
	Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.		
26.3	<b>Disclosure as per Clause 32 of the Listing Agreements with the Stock Exchanges</b>		
	Loans and advances in the nature of loans given to subsidiaries, associates and others and investment in shares of the Company by such parties:		
	<b>Name of the Party</b>	<b>Relationship</b>	<b>Amount outstanding as at 31.03.2019</b>
			<b>Maximum Balance Outstanding during the year</b>
			(₹ in lakhs)
			(₹ in lakhs)
	Murudeshwar Power Corporation Ltd.	Group Companies	297.88
	RNS Power Ltd.,	Group Companies	76.92

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)**
**NOTE : 26 ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS (Contd.)**

The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below :

	As at 31st March 2019		As at 31st March 2018	
	Payable	Payable in Foreign Currency	Payable	Payable in Foreign Currency
	(₹ in lakhs)	(indicate amount with Currency)	(₹ in lakhs)	(indicate amount with Currency)
	260.14	US\$ 3,74,769	42.38	US\$ 65.200
Note	Particulars		For the year ended 31st March 2019	For the year ended 31st March 2018
			(₹ in lakhs)	(₹ in lakhs)
26.4	<b>Value of imports calculated on CIF basis :</b>			
	Raw Materials		55.68	734.48
	Components		89.65	111.52
	Spare parts		58.84	61.75
	Total Components and spare parts		148.49	173.27
	Capital goods		217.72	11.55
Note	Particulars		For the year ended 31st March 2019	
			(₹ in lakhs)	%
26.5	<b>Details of consumption of imported and indigenous items</b>			
	<b>IMPORTED</b>			
	Raw materials		429.03 (440.20)	84.72 (67.21)
	Components		43.34 (102.25)	8.56 (15.61)
	Spare parts		34.03 (112.55)	6.72 (17.18)
	<b>TOTAL</b>		<b>506.40</b> (655.00)	<b>100.00</b> (100.00)
	<b>INDIGENOUS</b>			
	Raw materials		1,588.07 (1,126.89)	93.71 (89.69)
	Components		48.31 (57.31)	2.85 (4.56)
	Spare parts		58.34 (72.20)	3.44 (5.75)
	<b>TOTAL</b>		<b>1,694.72</b> (1,256.40)	<b>100.00</b> (100.00)
Note : Figures / percentages in brackets relates to the previous year.				

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)**

**NOTE : 27 DISCLOSURES UNDER ACCOUNTING STANDARDS (Contd.)**

Note	For the Year ended 31st March, 2019		
27.1	<p><b>Segment information</b></p> <p>Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The Board of Directors of the Company assesses the financial performance and position of the Company. The Board of Directors have been identified as the CODM.</p> <p><b>The Company operates in a business segment, i.e., Manufacture and Trading of Tiles, Services</b></p> <p>The Company has identified business segments as its primary segment and geographic segments as its secondary segment. Business segments are primarily Company products and Services. Revenues and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to each reportable segment have been allocated on the basis of associated revenues of the segment and manpower efforts. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable. Fixed assets that are used interchangeably amongst segments are not allocated to primary and secondary segments. Geographical revenues are allocated based on the location of the customer. Geographic segments of the Company are Americas (including Canada) and South American countries, Europe, India and others.</p>		
		<b>For the Year ended 31st March, 2019</b>	
	<b>PARTICULARS</b>	<b>Business Segments</b>	
		<b>Sale of Products</b>	<b>Sale of Services</b>
		(₹ in lakhs)	(₹ in lakhs)
			<b>Total</b>
			(₹ in lakhs)
	Revenue	8,309.34	4,268.61
	Inter-segment revenue	-	-
	Net Revenue	<b>8,309.34</b>	<b>4,268.61</b>
	Segment result	211.23	281.48
	Unallocable expenses (net)	-	-
	Operating income	-	32.59
	Other income (net)	-	-
	Profit before taxes	-	525.30
	Tax expense	-	45.96
	Net profit for the year	-	479.34
	Segment assets	<b>44,289.71</b>	<b>3,061.47</b>
	Unallocable assets	-	-
	Total assets	<b>44,289.71</b>	<b>47,351.18</b>
	Segment liabilities	11,530.05	1,017.00
	Unallocable liabilities	-	-
	<b>Total liabilities</b>	<b>11,530.05</b>	<b>1,017.00</b>
	<b>OTHER INFORMATION</b>		
	Capital expenditure (allocable)	32,759.66	2,044.47
	Capital expenditure (unallocable)	-	-
	Depreciation and amortisation (allocable)	<b>591.93</b>	<b>304.08</b>
			<b>896.01</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)**

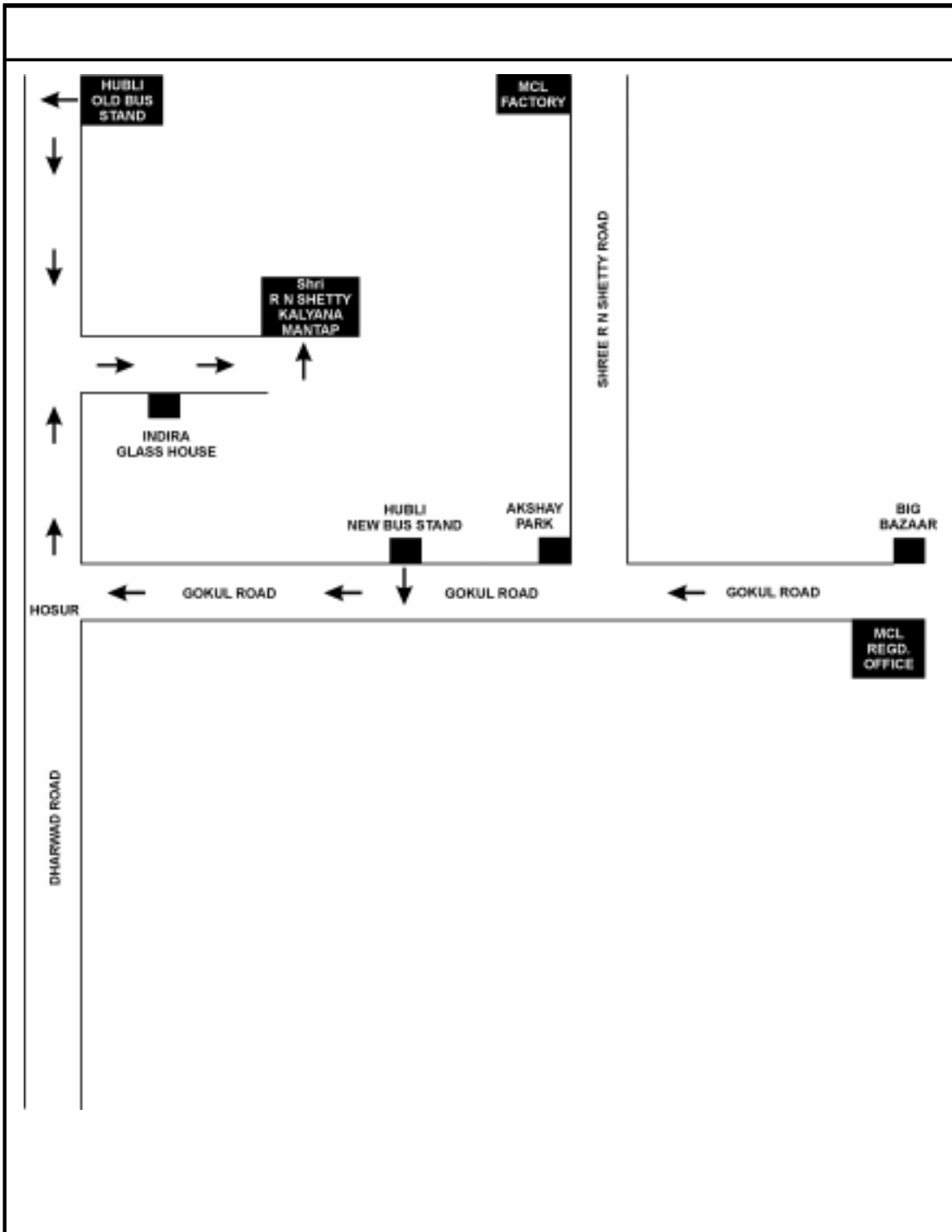
**NOTE : 27 DISCLOSURES UNDER ACCOUNTING STANDARDS (Contd.)**

Note	Particulars		
27.2	<b>Related party transactions</b>		
	<b>Details of related parties:</b>		
	<b>Description of Relationship</b>		
	<b>Satish R Shetty</b>	<b>Managing Director</b>	
	Companies under common Control	M/s. RNS Infrastructure Ltd . M/s. Murudeshwar Power Corporation Ltd. M/s. Naveen Hotels Ltd. M/s. RNS Motors Ltd. M/s. R N S Power Ltd., R N Shetty Trust R N S Trust	
	Key Management Personnel (KMP)	Dr. R N Shetty Shri Satish R Shetty Shri Sunil R Shetty Shri Naveen R Shetty Smt. Sudha R Shetty Shri Karan Satish Shetty	
	Relatives of KMP	Shri Satish R Shetty, Shri Sunil R Shetty and Shri Naveen R Shetty are Sons of Dr. R N Shetty Smt. Sudha R Shetty is wife of Dr. R N Shetty Shri Karan Satish Shetty is Son of Shri Satish R Shetty	
	Company in which KMP / Relatives of KMP can exercise significant influence	Above mentioned Group Companies	
	Note : Related parties have been identified by the Management.		
	<b>Details of related party transactions during the year ended 31<sup>st</sup> March, 2019 and balances outstanding as at 31<sup>st</sup> March, 2019</b>	<b>Group Companies</b>	<b>Relatives of Key Management Personnel</b>
Purchase of goods	<b>205.43</b> (203.23)		<b>205.43</b> (203.23)
Sale of goods	<b>1,642.19</b> (731.74)		<b>1,642.19</b> (731.74)
Purchase of Fixed Assets	<b>2.95</b> (3.26)		<b>2.95</b> (3.26)
Sale of Fixed Assets	- (1.34)		- (1.34)
Rendering of services : - RNS Infrastructure Limited	<b>3,266.77</b> (4,123.25)		<b>3,266.77</b> (4,123.25)
Receiving of services	<b>2.60</b> (2.00)		<b>2.60</b> (2.00)
Dividend Received	<b>29.79</b> (74.47)		<b>29.79</b> (74.47)
<b>Balances outstanding at the end of the year</b>			
Trade receivables	<b>2,381.53</b> (1,492.49)		<b>2,381.53</b> (1,492.49)
Trade payables	<b>37.41</b> (42.18)		<b>37.41</b> (42.18)
Note : Figures in brackets relates to the previous year			



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)**
**NOTE : 27 DISCLOSURES UNDER ACCOUNTING STANDARDS (Contd.)**

Note	Particulars	Year ended 31st March 2019	Year ended 31st March 2018
		(₹)	(₹)
27.3	<b>Earnings per share</b>		
	Basic		
27.4	<b>Continuing operations</b>		
	Net profit / (loss) for the year from continuing operations	<b>3,86,73,757</b>	3,93,20,866
	Less : Preference dividend and tax thereon	-	-
	Net profit / (loss) for the year from continuing operations attributable to the equity shareholders	<b>3,86,73,757</b>	3,93,20,866
	Weighted average number of equity shares	<b>4,75,73,922</b>	4,52,03,922
	Par value per share	<b>10</b>	10
	Earnings per share from continuing operations - Basic	<b>0.81</b>	0.87
27.5	<b>Income Tax expense in Profit and Loss account consist of following</b>	(₹ in lakhs)	(₹ in lakhs)
	Current Tax	<b>102.01</b>	107.51
	Prior Period Tax	<b>(17.92)</b>	-
	Deferred Tax	<b>54.46</b>	9.37
	MAT Credit Entitlement	<b>(92.59)</b>	(99.00)
	Total Tax expenses	<b>45.96</b>	17.88
	Reconciliation of taxes to the amount computed by applying the statutory Income Tax rate to the income before taxes is summarised below :-		
27.6	Profit before Taxes	<b>525.30</b>	510.09
	Applicable rate	<b>27.82%</b>	33.06%
	Computed Tax Charge	<b>146.14</b>	168.64
	<b>Less : Tax effect due to difference in tax rates</b>	<b>44.13</b>	79.33
	<b>Less : Reversal of excess provision for previous year</b>	<b>17.92</b>	-
	<b>Add : (Increase) Decrease in Deferred Tax Liability</b>	<b>114.04</b>	248.71
	<b>Less : Increase (Decrease) in Deferred Tax Asset</b>	<b>152.17</b>	320.14
	Total Tax Expense	<b>45.96</b>	17.88
	<b>Less : Total Expense as per P &amp; L</b>	<b>45.96</b>	17.88
	Balance	<b>Nil</b>	Nil



**MURUDESHWAR CERAMICS LIMITED**

Regd.Office : 604/B, Murudeshwar Bhavan, Gokul Road, Hubli - 580 030

**CIN:L26914KA1983PLC005401**

**36<sup>th</sup> ANNUAL GENERAL MEETING**

**ATTENDANCE SLIP**

Regd. Folio No/Client ID .....

Name & Address of First/Sole Shareholder .....

E-mail ID .....

No. of Shares.....

I hereby record my presence at the Annual General Meeting of the Company to be held on Saturday, September 28<sup>th</sup>, 2019 at 3 P.M at Shri R N Shetty Kalyana Mantap, Opp. Indira Glass House, Hubli - 580 029.

***Signature of the Member / Proxy***

Members are requested to fill up the attendance slip and hand it over at the venue.

Members are requested to bring their copy of Annual Report to the meeting as no copies will be distributed at the venue.

**MURUDESHWAR CERAMICS LIMITED**

Regd.Office : 604/B, Murudeshwar Bhavan, Gokul Road, Hubli - 580 030

**CIN: L26914KA1983PLC005401****36<sup>th</sup> ANNUAL GENERAL MEETING****PROXY FORM**

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)

CIN	<b>L26914KA1983PLC005401</b>
Name of the Company	<b>MURUDESHWAR CERAMICS LIMITED</b>
Registered Office	<b>Murudeshwar Bhavan, Gokul Road, Hubli - 580 030</b>
Name of the Member	:
Registered Address	:
E-mail ID	:
Regd. Folio No. / Client ID / : DP ID	:

I/We being the member(s) of \_\_\_\_\_ shares of the above named company, hereby appoint :

1) Name.....Address.....

E-mail ID.....Signature.....or failing him/her

2) Name.....Address.....

E-mail ID.....Signature.....or failing him/her

3) Name.....Address.....

E-mail ID.....Signature.....

As my/our proxy to attend and vote (on a poll) for me/us on my/our behalf at the 36<sup>th</sup> Annual General Meeting of the Company to be held on Saturday, September 28, 2019 at 3 P.M at Shri R N Shetty Kalyana Mantap, Opp. Indira Glass House, Hubli - 580 029 and at any adjournment thereof in respect of such resolutions as are indicated below :

Sl.No.	RESOLUTIONS	Option	
		For	Against
	<b>Ordinary Business</b>		
1	Adoption of Financial Statements for the year ended 31st March, 2019		
2	Appointment of Shri Satish Rama Shetty (DIN : 00037526) as Director liable to Retire by Rotation.		
3	Appointment of Statutory Auditors of the Company and fix their remuneration.		
	<b>Special Business</b>		
4.	Approval for setting a threshold limit and to provide Power to the Board of Directors under Section 180(1) of The Companies Act, 2013.		
5.	Approval for setting a threshold limit to Make Investments, Give Loans, Guarantees and Provide Securities under Section 186 of the Companies Act, 2013 and provide power to the Board of Directors.		
6.	Approval for setting a threshold limit under section 185 and provide power to the Board of Directors.		

(P.T.O.)

Sl.No.	RESOLUTIONS	Option	
7.	Approval for enter into Related Party Transactions as prescribed under section 188 and provide power to the Board of Directors.		
8.	Approval for re-appointment of Smt. Sarvani Alva (DIN : 06896403), as an Independent Director with effect from 31st July, 2019 for the period of next consecutive five years.		
9.	Approval for re-appointment of Shri Sankappa Keremane Shetty (DIN 00894366) as an Independent Director with effect from 31st July, 2019 for the period of next consecutive five years.		
10.	Approval for re-appointment of Shri Annappayya (DIN 03558522) as an Independent Director with effect from 31st July, 2019 for the period of next consecutive five years.		
11.	Approval for re-appointment of Dr. Shivabasayya Siddaramayya Hiremath (DIN 02272897) as an Independent Director with effect from 31st July, 2019 for the period of next consecutive five years.		

Signed this ..... day of .....2019

Signature of Shareholder: ..... Signature of Proxy holder(s).....

Affix Re. 1/-  
Revenue  
Stamp

**Notes :**

1. The Proxy Form should be signed across the revenue stamp as per specimen signature(s) registered with the Company.
2. The Proxy Form must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the meeting.
3. A Proxy need not be member of the Company.
4. Corporate members intending to send their authorized representative(s) to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative(s) to attend and vote on their behalf at the meeting.

**NOTE**

**NOTE**