

MCL: SEC: 2020

AUGUST 29, 2020

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 along with Annual Report of 37th Annual General Meeting of the Company.

Dear Sir/ Madam,

We wish to inform you that the **37th Annual General Meeting (AGM)** of the Company will be held on **Saturday, 26th September, 2020 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 37th Annual General Meeting along with Annual Report of the Company for the financial year 2019-20.

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 19, 2020 to Saturday, September 26, 2020 (both days inclusive)**, for the purpose of 37th 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 G RAO & 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 **37th (Thirty Seventh) Annual General Meeting (AGM)** of the Members of Murudeshwar Ceramics Limited will be held on Saturday, 26th day of September, 2020 at 3.00 P.M. IST at Shri R N Shetty Kalyana Mantap, Opp. Indira Glass House, Hubballi – 580 029, to transact the following business:

ORDINARY BUSINESS

1. Adoption of Financial Statements :

To consider and if thought fit, to pass with or without modification (s), 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, 2020 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, 2020, together with the report of the Directors’, Auditors’ and notes, annexures, schedules etc. appended thereon as presented to the meeting, be and are hereby approved and adopted.”

2. Appointment of Shri Naveen Rama Shetty (DIN 00058779) as a Director Liable to Retire by Rotation :

To appoint a Director in place of Shri Naveen Rama Shetty (DIN 00058779), who retires by rotation and being eligible, offers himself for reappointment.

To consider and if thought fit, to pass with or without modification (s), 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 Naveen Rama Shetty (DIN 00058779) as a director without affecting his current position, who is liable to retire by rotation.”

SPECIAL BUSINESS

3. To re-appoint Shri Satish Rama Shetty (DIN 00037526), as the Managing Director for the further period of five years w.e.f. 26.06.2020 and also designate him as the Vice - Chairman of the Company:

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

“RESOLVED THAT pursuant to the provisions contained in the Articles of Association of the Company, recommendation of the Nomination and Remuneration Committee, approval of the Board of Directors and subject to the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof) read with Schedule - V of the Companies Act, 2013, and subject to the approvals of the Central Govt., if necessary and such other approvals, permissions and sanctions as may be required in this regard, approval of the members of the Company be and is hereby accorded to re-appoint Shri Satish Rama Shetty (DIN 00037526), as the Managing Director of the Company for a further period of five consecutive years with effect from June 26, 2020 and also designate him as the Vice Chairman i.e. now he will hold office as the Vice Chairman and Managing Director on the following remuneration, terms and conditions:

- i) **Salary** : Rs.5,00,000/- (Rupees Five lakhs only) per month;
- ii) **Housing** : House Rent Allowance as may be decided by the Board of Directors subject to maximum of 20% of the salary;
- iii) **Provident Fund** : Employers contribution not exceeding 12% of the salary;
- iv) **Superannuation Fund** : As per Company’s rules not exceeding the non-taxable maximum limits;
- v) **Gratuity** : As applicable to senior executives of the Company subject to limit not exceeding non-taxable maximum limits;
- vi) **Leave & leave encashment** : As per leave rules of the Company;
- vii) **Leave Travel concession** : For self, wife and dependent children once in a year as per rules applicable to senior executives of the Company;
- viii) **Medical Reimbursement** : Actual expenses incurred for self, wife and dependent children subject to maximum of one month’s salary per year;
- ix) **Club Membership** : Fees for membership of any two clubs excluding life membership;
- x) **Company’s car with driver** for official purposes of the Company;
- xi) **Telephone** : Free telephone facility at residence for official purposes of the Company.”

“RESOLVED FURTHER THAT in accordance with schedule V of the Companies Act, 2013 (any modifications or enactment thereof) the salary and perquisites payable to Mr. Satish Rama Shetty pursuant to this resolution shall be the minimum remuneration payable irrespective of whether there is loss (No Profit) or adequate profit available in any year or not.”

NOTICE (Contd.)

“RESOLVED FURTHER THAT the term of office of Mr. Satish Rama Shetty shall be liable to be determined by retirement by rotation.”

“RESOLVED FURTHER THAT the Board of Directors is hereby authorized to modify, alter or vary the above said terms and conditions (including the remuneration) and/or prescribe such further terms and conditions as may be deemed fit by the Board of Directors, from time to time, as may be in accordance with the provisions of the Companies Act, 2013.”

“RESOLVED FURTHER THAT, any Director of the Company or Company Secretary of the company be and is hereby severally authorized to do all such acts, deeds and things which are necessary to carry out the aforesaid resolution and to do the necessary filings, submissions and also seek such necessary approval/ consent from the government departments/ regulatory authorities as and when may be required from time to time.”

4. Continuation of directorship of Shri Annappayya (DIN: 03558522) as an Independent Director.

To consider and if thought fit, to pass with or without modification, the following resolution as **SPECIAL RESOLUTION:**

“RESOLVED THAT pursuant to the provisions of Regulation 17(1A) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions, if any, as amended from time to time and subject to such other approvals, consents, permissions, terms and conditions, if any, as may be considered necessary from the appropriate authorities and recommendation made by the Board of Directors, consent of the Members be and is hereby accorded for continuance of the Directorship of **Shri Annappayya (DIN: 03558522)**, as the Non-Executive Independent Director of the Company w.e.f. 26.02.2021, who is going to attain the age limit of 75 years on February 26, 2021, upto the expiry of his present term as the Non-Executive Independent Director, on the existing terms and conditions subject to the provisions, rules and regulations of Companies Act 2013 and/or Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 and/or of any other appropriate authorities, as may be applicable, and as amended from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to undertake all other activities as may be incidental or expedient in this regard.”

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

Place : Bengaluru

Date : August 12, 2020

NOTES :

- (1) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE “MEETING”) IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY SO APPOINTED NEED NOT BE A MEMBER OF THE COMPANY.**
- (2) The instrument appointing the proxy should, however, be deposited at the registered office of the company not less than 48 (forty-eight) hours before the commencement of the meeting.
- (3) A person can act as a proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than ten percent of the total Share Capital of the Company carrying voting rights. Further a member holding more than ten percent of the total Share Capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other Member or shareholder. The holder of the proxy shall prove his identity at the time of attending the Meeting. Member may please note that a proxy does not have the right to speak at the Meeting and cannot vote on poll.
- (4) In compliance with the MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company / Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website www.naveentile.com, websites of the Stock Exchanges, i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively.
- (5) Corporate Members intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company, a certified copy of the relevant Board Resolution together with their respective specimen signatures authorizing their representative(s) to attend and vote on their behalf at the Meeting.
- (6) 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.
- (7) The relevant details as required under Regulation 36(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”) of persons seeking appointment/ re-appointment as Directors are provided in the explanatory part to this Notice and also may be refer in the Corporate Governance part of Annual Report.

NOTICE (Contd.)

- (8) A Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
- (9) Members/Proxies should bring the Attendance Slip duly filled in, for attending the Meeting. The Attendance slip is accompanied with this Annual Report. Members, who hold shares in Electronic Form, are requested to bring their Depository ID Number and Client ID Number to facilitate their identification for recording Attendance at the forthcoming Annual General Meeting.
- (10) In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- (11) 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.
- (12) Register of Members/Transfer books of the Company will be closed from Saturday, September 19, 2020 to Saturday, September 26, 2020 (both days inclusive).
- (13) Members seeking any information/clarification concerning the Accounts for the year 2019-20 are requested to send their specific request addressed to the Company at its Registered Office of the Company at least seven days before the Annual General Meeting.
- (14) The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of Contracts or Arrangements in which the directors are interested maintained under Section 189 of the Act and the relevant documents will be available for inspection by the members during the AGM.
- (15) Please also refer "General Information to Shareholders" in the annexure to Corporate Governance Report forming part of this Annual Report.
- (16) 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.
- (17) Members holding shares in physical mode are :
 - a) required to submit their Permanent Account Number (PAN) and bank account details to the Company / Canbank Computer Services Limited (RTA), if not registered with the Company, as mandated by SEBI.
 - b) advised to register nomination in respect of their shareholding in the Company. Nomination Form (SH-13).
 - c) requested to register / update their e-mail address with the Company / Canbank Computer Services Limited (RTA) for receiving all communications from the Company electronically.
- (18) Members holding shares in electronic mode are :
 - a) requested to submit their PAN and bank account details to their respective Depository Participants ("DPs") with whom they are maintaining their Demat accounts.
 - b) advised to contact their respective DPs for registering nomination.
 - c) requested to register / update their e-mail address with their respective DPs for receiving all communications from the Company electronically.
- (19) Non-Resident Indian Members are requested to inform Canbank Computer Services Ltd. / respective DPs, immediately of :
 - a) Change in their residential status on return to India for permanent settlement.
 - b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.
- (20) In terms of the provisions of Section 152 of the Act, Shri Naveen Rama Shetty (DIN: 00058779), Director of the Company, retire by rotation at the Meeting. Nomination and Remuneration Committee and the Board of Directors of the Company recommend his re-appointment.
- (21) SEBI vide its Notification No. SEBI/LAD-NRO/GN/2018/24 dated June 08, 2018 and further amended vide notification no. SEBI/LAD-NRO/GN/2018/49 dated November 30, 2018 requests for effecting transfer of securities (except in case of transmission or transposition of securities) shall not be processed from April 1, 2019 unless the securities are held in the dematerialized form with the depositories. Accordingly, the Company has stopped accepting any fresh lodgment of transfer of shares in physical form. Members holding shares in physical form are advised to avail of the facility of Dematerialisation.
- (22) **Transfer of Shares Pursuant to section 124(6) of the Companies Act, 2013 to the Investor Education and Protection Fund ("IEPF") :**
 - a) The Company has already transferred the unpaid or unclaimed dividends declared up to Financial years 2008-2009, from time to time , to the Investor Education and Protection Fund ("IEPF") established by the Central Government. Details of dividends so far transferred to the IEPF Authority are available on the website of IEPF Authority and the same can be accessed through the link : www.iepf.gov.in.

NOTICE (Contd.)

- b) Pursuant to section 124(6) of the Companies Act, 2013 and read with Investor Education and Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended from time to time ("the Rules"), all such shares in respect of which dividend has not been paid or claimed for seven consecutive years, are liable to be transferred to the Investor Education and Protection Fund. The Members who have not yet encashed the dividend warrants for any of the Financial Years 2008-2009 are therefore once again requested to make their claims immediately with the Company or the Company's Registrar & Share Transfer Agents for issuance of duplicate / revalidated dividend warrants. The list of unclaimed dividend for the Financial Years 2008-2009 and the list of members whose shares are liable to be transferred to the said Fund are available on the Company's website www.naveentile.com
- c) The Shareholders whose dividend / shares is / will be transferred to the IEPF Authority may claim the shares or apply for refund by making an application to the IEPF Authority by following the procedure as detailed in the IEPF Rules and as enumerated on the website of IEPF Authority. [http:// www.iepf.gov.in](http://www.iepf.gov.in)
- (23) Please refer last page of Annual Report for AGM Location Map.
- (24) Voting through electronic means :
- (a) Pursuant to Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended and Regulation 44 of the SEBI Listing Obligations and Secretarial Standards on General Meeting (SS-2) issued by the Institute of Company Secretaries of India, the Company is pleased to provide the facility to cast their vote electronically, through the e-voting services provided by NSDL on all resolutions set forth in this Notice, through remote e-voting to all members.
- (b) Such remote e-voting facility is in addition to voting that may take place at the meeting venue on September 26, 2020. Members who have cast their votes by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again at the meeting.
- (c) The Board of Directors has appointed Mr. Sunil J. Shah, Practicing Company Secretary (Membership No. ACS: 8717), (mail id: sunil_j_shah@yahoo.com) as the Scrutinizer to scrutinize the remote e-voting and the voting process at the AGM in a fair and transparent manner. 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 witnesses not in the employment of the Company and shall make, not later than two days of the conclusion of the AGM a consolidated Scrutinizer's 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. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company www.naveentile.com immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the Stock Exchanges.
- (d) The remote e-voting period commences on September 23, 2020 (9.00 a.m. IST) and ends on September 25, 2020 (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 18, 2020 (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.
- (e) 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.
- (f) 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 18, 2020 (Cutoff date {record date}).

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.

NOTICE (Contd.)

- (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.
- (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) Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to e-Voting system of URL:https://www.evoting.nsdl.com. and register themselves as 'Custodian / Mutual Fund / Corporate Body'. They are also required to upload a scanned certified true copy of the board resolution / authority letter/power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the 'Custodian / Mutual Fund / Corporate Body' login for the Scrutinizer to verify the same.
- (b) During the voting period, shareholders can login any number of time till they have voted on the resolution(s) for a particular "Event".
- (c) Shareholders holding multiple folios/demat account shall choose the voting process separately for each of the folios/demat account.
- (d) In case the shareholders have any queries or issues regarding e-voting, please refer the Frequently Asked Questions ("FAQs") and NSDL e-Voting manual or contact to help desk of e-Voting.

EXPLANATORY STATEMENT UNDER SECTION 102(1) OF THE COMPANIES ACT, 2013 AND PROFILE OF THE APPOINTEES :**Item No. 3 : To re-appoint Shri Satish Rama Shetty (DIN 00037526), as the Managing Director of the Company :**

1. Shri Satish Rama Shetty aged about 58 years is a graduate in Mechanical Engineering from Karnataka University. He is on the Board of this Company since December, 1987. Shri Satish Rama Shetty has taken a very active part in every expansion and diversification projects of the Company including establishment of Vitrified tile manufacturing unit at Karaikal and at Sira, Tumkur. He has been continuously involved in upgradation and value addition to the products manufacturing by adopting improved technology, body matrix, improved designs and varieties. He is a very successful industrialist since inception of his career.

Shri Satish Rama Shetty is a member of the Executive Committee and the Chairman of the CSR Committee of the Company. Shri Satish Rama Shetty is a Director in RNS Infrastructure Ltd., Naveen Hotels Ltd., Naveen Mechanised Construction Co. Pvt. Ltd., Naveen Structural & Engineering Co. Pvt. Ltd., Murudeshwar Power Corporation Ltd., Murudeshwar Developers Ltd., Murudeshwar Infosystems Ltd., Firebricks & Potteries Pvt. Ltd., SHP Auto Services Ltd., RNS Motors Ltd., Shri Murudeshwar Tiles Pvt. Ltd., Sairam Mines and Minerals Pvt. Ltd. and RNS Power Ltd.
2. There is no increment in the remuneration of Shri Satish Rama Shetty as the Managing Director of the Company. He has been appointed at existing remuneration which has been shown in the resolution itself with breakup. In comparison to other entity with same size and industry, Remuneration paid to Shri Satish Rama Shetty is less.
3. 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 the 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. Under the able leadership of Shri Satish Rama Shetty, Murudeshwar Ceramics Ltd. has been awarded ISO-9001:2008 Certificate by United Registrar of Systems (URS) in recognition of its commitment to quality.
4. The terms of appointment and remuneration for Shri Satish Rama Shetty: as nominated by Shri Rama Nagappa Shetty, The Chairman of the Company and as determined by the Nomination & Remuneration Committee of the Directors and approved by the Board of Directors at the Board Meeting held on June 26, 2020 as set forth in the resolution of this Notice of AGM.
5. Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any: Shri Satish Rama Shetty is the eldest son of Dr. R N Shetty – Chairman of the company and brother of Shri Sunil Rama Shetty and Shri Naveen Rama Shetty – Non Executive Directors of the Company and Father of Shri Karan Satish Shetty, the Whole Time Director of the Company.

NOTICE (Contd.)
Item No. 4 : Continuation of directorship of Shri Annappayya (DIN: 03558522) as an Independent Director.

As per the latest amendment made in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for the continuation of Office of Non-Executive Independent Directors on attaining the age of 75 years, consent of members of the Company is required by way of passing a Special Resolution. Shri Annappayya will attain the age of 75 years on 26.02.2021. Since his appointment as Non-Executive Independent Director is considered now, considering his professional qualifications, vast experience in the field of Corporate Finance and other financial matters, the Board deems it fit for his continuation in the position of Non-Executive Independent Director even after his attaining the age of 75 years on 26.02.2021 and recommends the same to the members for their approval.

A brief profile of Shri Annappayya (DIN: 03558522) is provided below pursuant to the provisions of (i) the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India:

Shri Annappayya (DIN: 03558522) aged around 74 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 and Remuneration Committee and Shareholder Grievance Committee of the Company. He is also a member of Audit Committee of the Company. Presently he is the Non-executive Independent Director of this Company and RNS Motors Limited. He is not holding any Share of the Company.

Shri Annappayya (DIN: 03558522) is interested in the resolution set forth in Item No.4 of the Notice. None of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

The above Explanatory Statements and brief profile of the appointees as set forth in Item No. (3) and (4) together with the accompanying Notice of the AGM may also be regarded as a disclosure under Regulation 36(3) of the SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015, under the Companies Act, 2013 and rules made thereunder and the Secretarial Standard on General Meetings (SS-2) of issued by the Institute of Company Secretaries of India.

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

1. 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	2019-20	2018-19	2017-18
Turnover	10317.22	12577.95	11938.86
Profit/(Loss) Before Tax	331.00	525.30	510.09
Profit/(Loss) After Tax	144.87	489.33	508.96
Dividend (%)	Nil	Nil	Nil

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

Place : Bengaluru
Date : August 12, 2020

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

DIRECTORS' REPORT

Dear Members,

The Board of Directors of your company have pleasure in presenting **37th (Thirty Seventh) Annual Report** on the business and operations of your Company along with the audited financial statements for the financial year ended **March 31, 2020**.

FINANCIAL RESULTS 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 2019-20	Previous Financial Year 2018-19
Revenue from Operations	10,317.22	12,577.95
Other Income	850.93	166.13
Total Income	11,168.15	12,744.08
Operational Expenditure	6,867.08	8,914.59
Increase / (Decrease) in stock (WIP)	1,377.97	790.13
Profit / loss before Depreciation, Finance Costs, Exceptional items and Tax Expense	2,923.10	3,039.36
Less : Depreciation / Amortisation / Impairment	992.50	896.01
Profit / loss before Finance Costs, Exceptional items and Tax Expense	1,930.60	2,143.35
Less : Finance Costs	1,599.60	1,618.05
Profit / loss before Exceptional items and Tax Expense	331.00	525.30
Add / (less) : Exceptional items	-	-
Profit / loss before Tax Expense	331.00	525.30
Less : Tax Expense -		
● Current Tax	56.79	102.01
● Prior Period Tax	(1.01)	(17.92)
● Deferred Tax	157.41	54.46
● MAT Credit Entitlement	(56.79)	(92.59)
Profit / loss for the year (1)	174.60	479.34
Total Comprehensive Income/loss (2)	(29.73)	09.99
Total (1+2)	144.87	489.33
Balance of profit /loss for earlier years	1,344.22	854.89
Less : Transfer to Reserves	-	-
Less : Dividend paid on Equity Shares	-	-
Balance carried forward	1,489.09	1,344.22

OPERATIONAL PERFORMANCE IN SEGMENTS

During the year under review, the sale of products has marginally increased by 01.00% at ₹8,391.61 lakhs in compared to Rs. 8,309.33 lakhs of the previous year and sale of services has reduced by 54.89% at ₹1,925.61 lakhs in compare to ₹4,268.62 Lakhs of the previous year. Therefore, the company has marginally decreased its overall sale by 17.97% at ₹10,317.22 Lakhs in compare to ₹12,577.95 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 ₹144.87 lakhs (Previous year ₹483.84 lakhs) which leads to decrease of 70.06% as compared to previous year 2018-19.

THE IMPACT ON BUSINESS AND HEALTH DUE TO OUTBREAK OF COVID-19 PANDEMIC

First, the hard reality—COVID-19 has taken the Indian economy, already on slowdown track. There is virtually no area of business that has not been hit by the pandemic, and the outlook isn't exactly magnificent in the quarters to come. The World Health Organization has already declared a global pandemic of the Novel Coronavirus disease (COVID-19) on February 11, 2020. The Indian Government has taken some major steps like social distancing, operate offices and factory with minimal or no staff for extended periods of time, national lockdown to stop the spreading of disease due to

DIRECTORS' REPORT (Contd.)

COVID-19 and work from home. In keeping with its employee-safety, your company has also taken steps as per the guidelines of Indian Government, like allowing work from home, shutdown the office and factory for the extended period of time to ensure the safety of workers and also distributed mask and sanitizer.

CAPITAL EXPENDITURE ON PROPERTY, PLANT & EQUIPMENT AND OTHER TANGIBLE ASSETS

In the financial year 2019-20, we incurred a capital expenditure of ₹1,533.45 lakhs which comprises of ₹211.52 lakhs in Building, ₹1,285.75 lakhs in Plant and Equipment, ₹22.59 lakhs in Computers, ₹10.70 lakhs in Office Equipment, ₹2.29 lakhs in Furniture & Fixtures and Rs. 0.60 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, 2020 your company has ₹327.09 lakhs in account of cash and cash equivalents.

BASIC EPS

The Basic Earnings per Share has decreased by 69.14% i.e. to 0.25 as compared from 0.81 of previous year 2018-19.

DIVIDEND

The Board of Directors of your company, after considering holistically the relevant circumstances and financial performance of the company, 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 2019-20. 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

During the year under review the Company has focused on strengthening its capacity and capability in production in both the units at Karaikal and the Sira by installing new and modern equipments to meet customers demand. In view of the various Government Projects and customers demand, your Company has started producing the Vitrified tiles of double and multi charge tiles in its production unit at Karaikal which is functioning with improved gas allocation. The Company has also purchased ODOO ERP software for complete solution and smooth functioning of its day to day business operation. The Company is expecting a better growth result in the near future.

Except the above 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.

MARKETING STRATEGY OF THE COMPANY IN THE CURRENT SCENARIO TO IMPROVE SALES.

We are Following the Four R's of B2B Sales in Response to COVID-19 :

Respond

Support customers' immediate needs such as product and pricing Shift to digital communications and remote channels, Arm teams with remote-selling tools.

Reflect

Track pipeline orders and deal risks, Review sales teams and make necessary tweaks, Scan competitive landscape to look for opportunities, Cut down on all non-essential costs.

Reimagine

Digitize got to market strategy, Digitize lead building and management, Update our offering and pricing, Data Analysis for better business development, Track emerging trends.

Rebound

Scale digital sales and inside sales, online meetings with key decision makers and architects, Personalise account engagement with joint marketing and sales tactics, Optimising supply chain to reduce costs.

DIRECTORS' REPORT (Contd.)

Created a cross functional team to identify, prioritise, pilot and scale longer term digital initiatives. Additionally, we are using past data to reconnect with old clients and channel partners to reopen channels.

Data Analysis is being used to find projects by analysing the tenders flouted by various government departments and increasing our territory throughout India and not restricting ourselves to South India.

New Sales Channels :

Appointment of new potential dealers in tier 2 and tier 3 cities across South and Eastern India to penetrate the market better. The Company is constantly focusing on Brand building and accordingly advertisements are given on regular basis to increase the sales. 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. Depots located at various parts of the Country are helping us have superior supply chain and faster delivery time. 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.

RESEARCH AND DEVELOPMENT (R & D)

The Research & Development wing of the Company is always trying to give new look and design of company's products to meet valued customers demand and to meet international standards and certification requirements 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 2019-20.

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: 2019-20 and the previous year are as follows :

(₹ in Lakhs)

Particulars	F.Y: 2019-20	F.Y: 2018-19
Capital Reserve	15.03	15.02
Capital Redemption reserve	1,600.00	1,600.00
Securities premium account	12,739.33	12,739.33
General Reserve	12,795.85	12,795.85
Profit and Loss Account	1,489.09	1,344.22

CHANGE IN THE NATURE OF BUSINESS, IF ANY

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

RISK MANAGEMENT

In terms of provisions of Section 134(3) (n) of the Companies Act, 2013, the Company has written Risk Management Policy and the policy has been placed on the Company's website at www.naveentile.com also. The Risk Management Team of the company is constituted from time to time to look into various risks faced by it and various risks exist in the market and the team 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.

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 and as a collective is equipped to guide the business and strategy of the company.

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, 2020, 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 a women.

DIRECTORS' REPORT (Contd.)**APPOINTMENT OR REAPPOINTMENT OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

1. **Shri Naveen Rama Shetty (00058779)**, Non-executive and Non-Independent 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.
2. **Shri Satish Rama Shetty (00037526)**, The Managing Director of the Company has been reappointed for further period of five consecutive years by the Board of Directors with effect from 26th June, 2020 and he has also been designated as the Vice Chairman. Thus, he is now Vice Chairman and Managing Director and the approval from the members' has been sought in ensuing AGM for the same. For brief Profile of Shri Satish Rama Shetty please refer to the explanatory statement of Notice portion of AGM.
3. **Shri Annappayya (DIN: 03558522)** : Continuation of directorship of Shri Annappayya (DIN : 03558522).

As per the latest amendment made in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, for the continuation of Office of Non-Executive Independent Directors on attaining the age of 75 years, consent of members of the Company is required by way of passing a Special Resolution. Shri Annappayya will attain the age of 75 years on 26.02.2021. Since his appointment as Non-Executive Independent Director is considered now, considering his professional qualifications, vast experience in the field of Corporate Finance and other financial matters, the Board deems it fit for his continuation in the position of Non-Executive Independent Director even after his attaining the age of 75 years on 26.02.2021 and recommends the same to the members for their approval. For brief Profile of Shri Annappayya please refer to the explanatory statement of Notice portion of AGM.

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 and Shri Annappayya, Shri Sankappa Keremane Shetty, Smt. Sarvani Alva, Dr. S S Hiremath and Shri Sathya Murthy Padaki are 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 Narayan Manjunath Hegde - Chief Financial Officer
- Shri Ashok Kumar - Company Secretary

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 Companies Act, 2013 and Regulations 25 of the SEBI (Listing Obligations Disclosure Requirements) Regulations, 2015 and the Company has received Disclosure of Interest in form MBP-1 as per section 184 of the act and intimation by all the 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

Pursuant to the provisions of Companies Act, 2013 and Regulation 25 of the Listing Regulations, the Board has carried out an annual performance evaluation of its own performance, its Committees and the Directors including the Chairman which include criteria for performance evaluation of the non-executive directors and executive director. Each member of the Board 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 timeliness 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. 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

At your Company, Management focus to 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 reimagined our employee value proposition, to

DIRECTORS' REPORT (Contd.)

make it more meaningful to our employees. The Company is providing appropriate training and guidance to its employees from time to time for reskill them and making them for more valuable for the Company.

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 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 (5) Board Meetings were held. For further details, please refer to 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

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

THE DETAILS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

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, recommendation for appointment of KMPs and Directors to the Board and also 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.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO SECTION 188

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 any such type of 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 duly constituted a Corporate Social Responsibility (CSR) Committee of the Board of Directors and also has 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

DIRECTORS' REPORT (Contd.)

website at www.naveentile.com. The Contribution against CSR has been made by the company for the financial year 2019-20 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 a guarantee jointly with other guarantors to the extend and subject to the limit approved by the members of the Company, guaranteeing the repayment of the Credit Facility along the interest in favour of the Canara Bank being the lead banker in consortium finance among other bankers including State Bank of India, Karnataka Bank Ltd., Union Bank of India and HDFC Bank for and behalf of RNS Infrastructure Limited, the Group company of the Company and the details of investments are provided in the schedules to the financial statements. Except the above, the Company has not provided any Loans, guarantees and securities under section 186 of the Companies Act, 2013.

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 AND THE WEB ADDRESS

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 and forms part of this Report as **Annexure-5**.

STATUTORY AUDITORS

CA 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, is the present Statutory Auditors of the Company for a period of five years w.e.f. September 28, 2019.

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 2019-20. 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 "IndAS" since April 01, 2017.

SECRETARIAL AUDITOR AND 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**.

SECRETARIAL STANDARDS

The Company complies with all applicable mandatory secretarial standards issued by the Institute of Company Secretaries of India.

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

DIRECTORS' REPORT (Contd.)

record by the Board of Directors, as on March 31, 2020, 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.**

MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT

Management Discussion and Analysis Report for the financial year 2019-20, as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable laws, forming part of this report, has been given under separate section in this Annual Report.

CORPORATE GOVERNANCE

Pursuant to Regulation 27 and other applicable provisions of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 and relevant sections of the Companies Act, 2013, 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 (Listing Obligations and Disclosure Requirements) Regulation, 2015 from the period 01.04.2019 to 31.03.2020 is annexed with this report.

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.

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. Your Company has a written Vigil Mechanism / Whistle Blower Policy which may be accessed at www.naveentile.com.

DETAILS OF ADEQUACY OF INTERNAL FINANCIAL CONTROL

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.

DIRECTORS' REPORT (Contd.)**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 given by the practicing professionals, business heads and KMPs of the Company.

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 (Listing Obligations and Disclosure Requirements) Regulations, 2015 or by further issue of shares (Bonus, ESOP etc.) under the Companies Act, 2013.

Hence, Authorised share capital is remain the same of ₹7162.00 Lakhs and the Paid up Equity Share Capital is ₹4,758.17 lakhs.

PREVENTION OF INSIDER TRADING

Pursuant to the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015 ('the Regulations') 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 2019-20.

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.

APPRECIATION AND ACKNOWLEDGEMENT

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 support and employees at all levels for their hard work, dedication and commitment and as well to our esteemed shareholders. Your Directors would also like to record appreciation for the support and cooperation, your Company has been receiving from its suppliers, dealers, business partners and others associated with the Company. We are deeply grateful for the confidence and faith that you have always reposed in us.

Place : Bengaluru
Date : August 12, 2020

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	28.69
Shri Karan Satish Shetty	09.96

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	0.00%
Shri N.M. Hegde	25%
Shri Ashok Kumar	50%

- c) The percentage increase in the median remuneration of employees in the financial year : 32.13%

- d) The number of permanent employees on the rolls of the company : 293

- 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 : 32.13%	Increase in median remuneration of employees is due to decrease 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 ₹144.87 lakhs (2019-20) to ₹489.33 lakhs (2018-19)	

- 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	21.75%
2.	Shri Karan Satish Shetty	7.55%
3.	Shri N.M. Hegde	5.64%
4.	Shri Ashok Kumar	2.53%

- g) Market and financial performance related information:

Particulars	March 31, 2020	March 31, 2019	% Change
Market Capitalization (₹ lakhs)	4,481.46	9,847.80	-54.50
P/E Ratio	37.68	25.56	+47.42

(Note : As on 31-03-2020 at (NSE : ₹9.50 and BSE : ₹9.34), average price is ₹9.42 & No. of shares 47573922)

- 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:**

Proposal to test and purchase Variable frequency drive and panel for all our Ball Mills, to reduce peak voltage consumption..

(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.

(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. Alternative to imported clay found, tested and used successfully in large scale production
- b. Glaze raw material tested for better wear resistance and slip resistance

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

- a. Better sales realization on the finished product
- b. Larger number of Sku's to offer clients.

3. Future plan of action

- a. Larger size tiles to be manufactured 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 the 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 / Sale of Jelly
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	29.05.2019
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 INITIATIVE

- Period for which CSR is being reported: From 1st April 2019 to 31st March, 2020.
- 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;
- The Composition of the CSR Committee: Shri Satish Rama Shetty- Chairman, Dr. Shivabasayya Siddaramayya Hiremath, Member and Shri Naveen Rama Shetty.
- Average Net Profits of the Company for the last three financial years : ₹427.32 lakhs
- Prescribed CSR Expenditure (Two percent of the amount as in item 4 above) : ₹8.55 lakhs
- 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	₹8.55 lakhs
TOTAL		₹8.55 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.
By order of the Board

For Murudeshwar Ceramics Limited
Dr. Rama Nagappa Shetty Satish R Shetty
Chairman Managing Director
(DIN 00038810) (DIN 00037526)

Place : Bengaluru
Date : 12-08-2020

ANNEXURE - 5
**FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN**
As on financial year ended on 31.03.2020
**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 : cosec@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.	CANBANK COMPUTER SERVICES LIMITED J P ROYALE, 1 ST FLOOR, No.218, 2 ND MAIN, SAMPIGE ROAD (NEAR 14 TH 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 and Floor Tiles, Polished and Glazed Vitrified Tiles	23913	80.60%
2.	Construction and maintenance of water main line connection, water reservoirs including irrigation system (canal) Including earth works	42204	19.40%

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-2019]				No. of Shares held at the end of the year [As on 31-March-2020]				% 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	13.86	6594734	-	6594734	13.86	-
b) Central Govt/State Govt(s)	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	25198552	-	25198552	52.97	25198552	-	25198552	52.97	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Others	-	-	-	-	-	-	-	-	-
Sub-Total (A) (1)	31793286	-	31793286	66.83	31793286	-	31793286	66.83	-

ANNEXURE - 5 (Contd.)

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2019]				No. of Shares held at the end of the year [As on 31-March-2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Foreign									
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/ FI	-	-	-	-	-	-	-	-	-
e) Others	-	-	-	-	-	-	-	-	-
Sub-total (A) (2)	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A)= (A)(1)+(A)(2)	31793286	-	31793286	66.83	31793286	-	31793286	66.83	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds/UTI	-	700	700	-	-	700	700	-	-
b) Banks / FI	500	2600	3100	0.01	6229	2600	8829	0.02	+0.01
c) Central Govt/ State Govt(s)	-	-	-	-	-	-	-	-	-
d) Venture Capital Funds	-	-	-	-	-	-	-	-	-
e) Insurance Companies	211087	-	211087	0.44	211087	-	211087	0.44	0.00
f) FIs	-	900	900	-	-	900	900	-	-
g) Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
h) Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
i) Others	-	-	-	-	-	-	-	-	-
Sub-total (B)(1)	211587	4200	215787	0.45	217316	4200	221516	0.46	+0.01
2. Non-Institutions									
a) Bodies Corporate	1367546	5551	1373097	2.89	762688	5551	768239	1.61	-1.28
b) Individuals									
i) Individual holding nominal share capital upto ₹2 lakhs	8388344	362852	8751196	18.39	8910069	337508	9247577	19.44	+1.05
ii) Individual holding nominal share capital in excess of ₹2 lakhs	3793426	-	3793426	7.97	3972564	-	3972564	8.35	+0.38
c) Others									
Clearing Members	48721	-	48721	0.10	88275	-	88275	0.19	+0.09
Non Resident Indians	1183742	9497	1193239	2.51	1020666	9497	1030163	2.17	-0.34
HUF	405170	-	405170	0.85	452302	-	452302	0.95	+0.10

ANNEXURE - 5 (Contd.)

d) Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
Sub-total (B)(2)	15186949	377900	15564849	32.72	15206564	352556	15559120	32.71	-
Total (B)= (B)(1)+ (B)(2)	15398536	382100	15780636	33.17	15423880	356756	15780636	33.17	-
C. Shares held by Custodian against which Depository Receipts have been issued									
(1) Promoters and Promoter Group	-	-	-	-	-	-	-	-	-
(2) Public	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	47191822	382100	47573922	100.00	47217166	356756	47573922	100.00	-

Sl. No.								
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	1.18	-	560502	1.18	-	-
4	Sunil R Shetty	561102	1.18	-	561102	1.18	-	-
5	Satish R Shetty	560402	1.18	-	560402	1.18	-	-
6	Satish R Shetty Jointly With Sunil R Shetty & Naveen R Shetty	1650000	3.47	-	1650000	3.47	-	-
7	Samtha A Shetty	544102	1.15	-	544102	1.15	-	-
8	Mamtha S Hegde	547300	1.16	-	547300	1.16	-	-
9	Geeta S Malli	564602	1.15	-	564602	1.15	-	-
10	Shobha Jeevan Shetty	544902	1.15	-	544902	1.15	-	-
11	Sudha R Shetty	540102	1.14	-	540102	1.14	-	-
12	Shilpa Shetty	7400	0.02	-	7400	0.02	-	-
13	Naveen Mechanised Construction Co. Pvt Ltd	488086	1.03	-	488086	1.03	-	-
14	RNS Infrastructure Ltd	12140466	25.52	-	12140466	25.52	-	-
15	Anvitaa Satish Shetty	9800	0.02	-	9800	0.02	-	-
16	Murudeshwar Power Corporation Limited	10200000	26.42	-	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	0.08	-	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	0.07	-	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	0.04	-	20068	0.04	-	-
29	Billadi Sudesh Hegde	36400	0.07	-	36400	0.07	-	-
30	Shachi Jeevan Shetty	12900	0.03	-	12900	0.03	-	-
31	Abhayanand Raghu Shetty	32200	0.06	-	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	0.37	-	174590	0.37	-	-
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	1.18	560502	1.18
4	Sunil R Shetty	561102	1.18	561102	1.18
5	Satish R Shetty	560402	1.18	560402	1.18
6	Satish R Shetty Jointly with Sunil R Shetty & Naveen R Shetty	1650000	3.47	1650000	3.47
7	Samtha A Shetty	544102	1.15	544102	1.15
8	Mamtha S Hegde	547300	1.16	547300	1.16
9	Geeta S Malli	564602	1.15	564602	1.15
10	Shobha Jeevan Shetty	544902	1.15	544902	1.15
11	Sudha R Shetty	540102	1.14	540102	1.14
12	Shilpa Shetty	7400	0.02	7400	0.02
13	Naveen Mechanised Construction Co. Pvt. Ltd	488086	1.03	488086	1.03
14	RNS Infrastructure Ltd.	12140466	25.52	12140466	25.52
15	Anvitaa Satish Shetty	9800	0.02	9800	0.02
16	Murudeshwar Power Corporation Limited	10200000	26.42	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	0.08	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	0.07	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	0.04	20068	0.04\
29	Billadi Sudesh Hegde	36400	0.07	36400	0.07
30	Shachi Jeevan Shetty	12900	0.03	12900	0.03
31	Abhayanand Raghu Shetty	32200	0.06	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	0.37	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	SANGEETHA S				
	At the beginning of the year	1151350	2.42	-	-
	Increase/Decrease as on 30.06.2019	-	-	-	-
	Increase/Decrease as on 30.09.2019	-	-	-	-
	Increase/Decrease as on 31.12.2019	-	-	-	-
	Increase/Decrease as on 31.03.2020	-	-	1151350	2.42
2	KESWANI HARESH				
	At the beginning of the year	277891	0.58	-	-
	Increase/Decrease as on 30.06.2019	-	-	-	-
	Increase/Decrease as on 30.09.2019	-	-	-	-
	Increase/Decrease as on 31.12.2019	-	-	-	-
	Increase/Decrease as on 31.03.2020	-	-	161055	0.34
3	RICKY ISHWARDAS KIRPALANI				
	At the beginning of the year	320384	0.67	-	-
	Increase/Decrease as on 30.06.2019	-	-	-	-
	Increase/Decrease as on 30.09.2019	-	-	-	-
	Increase/Decrease as on 31.12.2019	-16602	0.03	303782	-
	Increase/Decrease as on 31.03.2020	-	-	303782	0.64
4	NITESH SANJEEV SHETTY				
	At the beginning of the year	231059	0.49	-	-
	Increase/Decrease as on 30.06.2019	-	-	-	-
	Increase/Decrease as on 30.09.2019	-	-	-	-
	Increase/Decrease as on 31.12.2019	-	-	-	-
	Increase/Decrease as on 31.03.2020	-	-	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	PRASHANT SANJEEV SHETTY				
	At the beginning of the year	231059	0.49	-	-
	Increase/Decrease as on 30.06.2019	-	-	-	-
	Increase/Decrease as on 30.09.2019	-	-	-	-
	Increase/Decrease as on 31.03.2020	-	-	231059	0.49
6	Dr. SANJEEV ARORA				
	At the beginning of the year	190935	0.40	-	-
	Increase/Decrease as on 30.06.2019	-	-	-	-
	Increase/Decrease as on 30.09.2019	-	-	-	-
	Increase/Decrease as on 31.03.2020	-	-	190935	0.40
7	ANANDARAYA KAMATH M				
	At the beginning of the year	143186	0.30	-	-
	Increase/Decrease as on 30.06.2019	-	-	-	-
	Increase/Decrease as on 30.09.2019	+13381	0.03	156567	-
	Increase/Decrease as on 31.03.2020	-16322	0.03	143186	0.30
8	SHANTHI AGROFARMS GLOBAL SERVICE PRIVATE LIMITED				
	At the beginning of the year	175390	0.37	-	-
	Increase/Decrease as on 30.06.2019	-	-	-	-
	Increase/Decrease as on 30.09.2019	-	-	-	-
	Increase/Decrease as on 31.03.2020	-	-	175390	0.37
9	UPDESH KUMAR KAUSHAL				
	At the beginning of the year	200400	0.42	-	-
	Increase/Decrease as on 30.06.2019	+25500	0.05	225900	0.47
	Increase/Decrease as on 30.09.2019	+33328	0.07	259228	-
	Increase/Decrease as on 31.03.2020	-16779	0.03	296000	0.62
10	LIC OF INDIA P & GS FUND				
	At the beginning of the year	143186	0.30	-	-
	Increase/Decrease as on 30.06.2019	-	-	-	-
	Increase/Decrease as on 30.09.2019	-	-	-	-
	Increase/Decrease as on 31.03.2020	-	-	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	Dr. Rama Nagappa Shetty				
	At the beginning of the year	26808	0.06	-	-
	Allotment	-	-	-	-
	At the end of the year	26808	0.06	26808	0.06
2	Shri Satish Rama Shetty				
	At the beginning of the year	1110402	2.33	-	-
	Allotment	-	-	-	-
	At the end of the year	1110402	2.33	1110402	2.33
3	Shri Sunil Rama Shetty				
	At the beginning of the year	1111102	2.33	-	-
	Allotment	-	-	-	-
	At the end of the year	1111102	2.33	1111102	2.33
4	Shri Naveen Rama Shetty				
	At the beginning of the year	1110502	2.33	-	-
	Allotment	-	-	-	-
	At the end of the year	1110502	2.33	1110502	2.33
5	Dr. Shivabasayya Siddaramayya Hiremath				
	At the beginning of the year	2300	0.01	-	-
	Allotment	-	-	-	-
	At the end of the year	2300	0.01	2300	0.01
6	Shri Annappayya				
	At the beginning of the year	-	-	-	-
	Allotment	-	-	-	-
	At the end of the year	-	-	-	-
7	Shri Sankappa Keremane Shetty				
	At the beginning of the year	-	-	-	-
	Allotment	-	-	-	-
	At the end of the year	-	-	-	-
8	Smt Sarvani Alva				
	At the beginning of the year	-	-	-	-
	Allotment	-	-	-	-
	At the end of the year	-	-	-	-
9	Shri Sathya Murthy Padaki				
	At the beginning of the year	-	-	-	-
	Allotment	-	-	-	-
	At the end of the year	-	-	-	-
10	Shri Karan Satish Shetty				
	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.)
Shareholding of Key Managerial Personnel :

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	Shri Satish Rama Shetty				
	At the beginning of the year	11,10,402	2.33	-	-
	Allotment	-	-	-	-
	At the end of the year	11,10,402	2.33	11,10,402	2.33
2	Shri Narayan Manjunath Hegde				
	At the beginning of the year	700	-	-	-
	Allotment	-	-	-	-
	At the end of the year	700	-	700	-
3	Shri Karan Satish Shetty				
	At the beginning of the year	9,800	0.02	-	-
	Allotment	-	-	-	-
	At the end of the year	9,800	0.02	9,800	0.02
4	Shri Ashok Kumar				
	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
Indebtedness at the beginning of the financial year				
i) Principal Amount	8,879.77	679.30	-	9,559.07
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	8,879.77	679.30	-	9,559.07
Change in Indebtedness during the financial year				
* Addition	-	-	-	-
* Reduction	1,371.47	452.04	-	-
Net Change	1,371.47	452.04	-	1,823.51
Indebtedness at the end of the financial year	7,508.30	227.26	-	7,735.56
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	7,508.30	227.26	-	7,735.56

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 Satish 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	24.00	84.00
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	12.00	1.00	13.00
	(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	-	-	-
	Total (A)	72.00	21.26	93.26

B. Remuneration to other Directors

In Lakhs

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount
		Shri Annappayya	Dr. Shivabasayya Siddaramayya Hiremath	Shri Sankappa Keremane Shetty	Smt. Sarvani Alva	Shri Sathya Murthy Padaki	
1	Independent Directors						
	Fee for attending board committee meetings	1.60	1.14	1.60	1.05	1.05	6.44
	Commission	-	-	-	-	-	-
	Local Conveyance	0.05	0.05	0.05	0.04	0.04	0.23
	Total (1)	1.65	1.19	1.65	1.09	1.09	6.67
2	Other Non-Executive Directors						
	Fee for attending board committee meetings	-	-	-	-	-	-
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (2)	-	-	-	-	-	-
	Total (B)=(1+2)	1.65	1.19	1.65	1.09	1.09	6.67
	Total Managerial Remuneration	1.65	1.19	1.65	1.09	1.09	6.67

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	18.68	8.38	27.06
	(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	-	-	-
	Total	18.68	8.38	27.06

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)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

ANNEXURE - 6

Form No. MR - 3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st March 2020

[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 - 580030

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 **31st March, 2020** ("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 and made available to me pertaining to the financial year ended on 31st March, 2020, wherever applicable and in accordance 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;
 - 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 10th September, 2018 and SEBI Buyback of Securities Regulations, 2018 w.e.f. 11th September, 2018;

(to the extent applicable and as may be necessary for the Company during the said Financial Year)

ANNEXURE - 6 (Contd.)

vi. And other general laws as may be applicable to a Company. Further, it has been represented by the Company also understood that there are no other sector specific laws that are specifically applicable to the Company on the nature of its business or industry (other than the general laws applicable to a manufacturing company).

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 necessary provisions of the Act, Rules, Regulations, Standards, etc mentioned above wherever and as applicable to the Company barring the instances of filling of e-forms with MCA along with additional fees as permitted under law.

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 composition of the Board of Directors during the period under review were in compliance with the provisions of the Act.

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 with requisite majority.

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 and that the Company has responded to the clarification sought/ notices/ queries received by the Company from statutory/regulatory authorities, wherever required and found necessary.

Further, the company had received an inquiry letter from the Investor Education and Protection Fund (IEPF) Authority under the Companies Act, 2013, directing the Company to submit certain information in respect of the IEPF compliance, inter alia including the details on transfer of unpaid dividend amount and also the shares in respect of unpaid dividend. The company has provided necessary information and details of the compliance in this respect that is considered appropriate by the Board. The company has not yet received any further communication from IEPF authority in this matter.

During the said Audit Period, M/s. K.G. Rao & Co. was appointed as the Statutory Auditor of the Company at the Annual General Meeting of the Company for a period of five years. The previous Statutory Auditor M/s. K.A. Raghupathy & Co. had resigned after completion of the Statutory Audit for the respective year, due to downsizing of their firm.

I further report that, based on the information provided and representation by the Management of the Company, there were no specific events/actions that occurred/ arose during the said audit period of the F.Y. 2019-20, having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards.

Date : 5th August, 2020

Place : Bengaluru

UDIN : A038013B000553594

For Swati Hegde & Associates

Swati Ramachandra Hegde

Proprietor

Practicing Company Secretary

ACS No. : 38013 & COP 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 31ST MARCH, 2020

To,

The Members

MURUDESHWAR CERAMICS LIMITED

604/B, GOKUL ROAD, INDUSTRIAL ESTATE,
HUBLI, KARNATAKA - 580030.

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.

Date : 5th August, 2020

Place : Bengaluru

UDIN : A038013B000553594

For Swati Hegde & Associates
Swati Ramachandra Hegde
Proprietor
Practicing Company Secretary
ACS No. : 38013 & COP No. 19286

ANNEXURE - 7

CERTIFICATE

[(Pursuant to clause 10 of Schedule V of SEBI (LODR), Regulations, 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, 2020, 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.

Date : 6th August, 2020

Place : Bengaluru

UDIN : A038013B000553594

For Swati Hegde & Associates
Swati Ramachandra Hegde
Proprietor
Practicing Company Secretary
ACS No. : 38013 & COP No. 19286

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

The global ceramic tiles market was worth around US\$ 76 Billion (₹57,413.82 Crore) in 2019 and expected to witness a revenue-based Compound Annual Growth Rate of 6.00 % from 2020 to 2027. Growth in the construction of office spaces, shopping malls, lodging spaces, and other utility spaces across the globe are likely to ascend the demand for the product across the globe over the forecast period. Asia Pacific dominated the market in 2019, and this trend is likely to continue over the projected period. High product demand from residential and non-residential construction segments in emerging economies of Asia Pacific including China and India expected to provide growth opportunities for the market. Fuelled by the growing construction sector in the country and a rise in exports to the advanced nations, the Indian tiles 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 6 to 7 per cent. However, due to Covid-19 outbreak industry may face challenge in coming years.

India has one of the fastest growing ceramic tiles markets in the world. Government on housing and sanitation, implementation of proposed goods and service tax, favorable demographic profile and increasing urbanization drives the India ceramic tile market. Increasing disposable income of nuclear families and untapped rural market, along with increase in personal disposable income, rising household disposable income and lower dependency ratio, the demand for additional housing units is expected to further propel market. Volatility in fuel prices and high transportation cost and Influx of regional players coupled with cheap imports from China are major constrain to market.

Further, Domestic demand is expected to remain weak at least during the first quarter of FY21 considering the continued lockdown conditions across the country. Non-availability of migrant labour on construction sites is a concern and may impact project deliveries. Supply chains too have been impacted post Covid-19 restricting availability of materials needed for production of tiles in the short term.

ABOUT CERAMIC MARKET AND COMPETITION:

The global ceramic tiles market is a highly fragmented one with a large number of local and regional players in attendance. There are a range of small-scale producers operating on the ceramic tiles market at global and regional level. The ceramic tiles market consists of both organized and unorganized players in the 40:60 ratio. Tier-1 players in the ceramic tiles market have a market share of over 15% with revenues of over US\$ 50 million. High spending on construction is the main factor driving the global demand for ceramic tiles. Real estate businesses in China, Japan and India are experiencing robust growth within the market due to competitive ceramic tiles pricing. The construction sector, which in turn is driving the ceramic tiles market, is positively influenced by high demand growth.

The global demand for ceramic tiles is currently on a decline, taking on significance at a time when people around the world resort to social isolation, while trying to minimize discretionary spending in the midst of the 2020 due to Covid-19 outbreak. The Covid-19 impact does not however make it completely impossible to complete construction projects related to ceramic tiles. Yet it has slowed the rate, causing delays mainly because of supply chains being severely affected. Ceramic tiles market has become more competitive and the changes in ceramic technology bringing new varieties, designs, sizes to the market. 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. 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. mtr. domestic and 228 Million Sq. mtr. export market.

OPPORTUNITIES AND THREATS

Opportunities : Increased spending on infrastructure by the Government of India, coupled with rapid urbanization is promoting the demand for residential and commercial buildings. Growing space requirements from various sectors like healthcare, education and IT is making real estate a profitable industry for the ceramic tiles manufacturers of India.

Apart from new projects, the demand for ceramic tiles has increased from projects related to the replacement of tiles in residential and commercial construction. The replacement market is expected to witness a strong growth in the coming year, thus driving the growth of the ceramic tiles market of India.

Threats : Domestic ceramic tiles manufacturers face challenges due to the rise in the cost of production, which, in turn, hampers the profit margin of the manufacturers. An appreciation of the dollar against the rupee has increased the price of compressed natural gas (CNG) which constitutes 30% of the input cost for manufacturing ceramic tiles, hence increasing the total cost of production.

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

The continuation of lockdown to curtail the spread of COVID-19 in the country is likely to exacerbate the weakness in the tiles industry following low global demand and a prevailing weak domestic demand scenario. The COVID-19 outbreak is expected to further exacerbate the weakness in the domestic demand, following significant negative impact on its end consumer industry, real estate sector, given the expected slowdown in project execution and new launches. Industry is also going to face heavy shortage of labour due to return of daily wages labour to their home town due to havoc of Covid-19 pandemic.

SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

The financial performance and operational performance has been more fully described in the Director's Report. Shareholders may refer to the same in the Director's report and financial statements for further reference.

OUTLOOK

The Indian Tile Industry 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 sector has seen minor fluctuations but is slated to remain steady overall. Increased financial Institution support, Industrial and infrastructure development, growing IT, and associated industry in the urban cities drives the commercial segment market. Construction of multi-storeyed shopping malls across all major cities, estimated at approximately 25 Mn sq ft of organised retail space lead to boom of commercial segment in Vitrified & ceramic tiles industry. While growing disposable income, government initiative towards "Home for all" drives the residential segment market residential segment experiences growth at faster pace. Residential segment will grow at higher rate as housing finance industry booming at 44% in India. New residential segment will grow at a significant rate.

However, because of global economy slowdown, production in the ceramic industry worldwide is going down and the construction industry was witnessed from 3rd week of January, 2020 due to outbreak of Novel Covid-19 pandemic across the world. Tiles market in India witnessed slowdown since January, 2020 and complete collapsed from last week of February, 2020 since the Corona Virus started slowly spreading across India from that period. The productions in manufacturing units due to shortage of labour's attendance who started moving to their native places. Demand from builders have also reduced with the fear of stopping of construction activities by them. Supplier also restricted supplies to the builders with the fear of not getting the payments on time. The business activities of companies comes to stand still quite before imposition of lockdown from 24th March, 2020.

RISKS AND CONCERNS

Global recession is going on, production in the industry worldwide is going down and with the effect due to outbreak of Covid-19 around the world, the ceramic tiles market is conscious of this crisis and is taking necessary steps to respond to the situation. The ceramic tiles market is also encouraging the adjustment of business procedures and operating protocols to align production, shipping and logistics activities within this crisis period. In 2020, the market demand is expected to fall by almost 1/3rd during the first two quarters, owing to the halted construction projects. Under the optimistic scenario, the market is expected to recover soon from the third quarter owing to a sudden growth in the real estate industry post lockdown. However, under probabilistic scenario, the sluggishness in growth is expected to remain till the fourth quarter. Under pessimistic market situation, the market will be affected throughout all four quarters.

Further, your company is also facing tough competition due to dumping of products from unorganised sectors. The foreign brands are found to have managed to cross the barriers and gained entry into the domestic market at cheaper rates. Even though Vitrified tiles produced by the Company is of higher quality, still such low cost foreign tiles will impair the balance of pricing on consideration of price factor at least for the section of society for which cost is the criteria. Apart from these risks and concerns, now due to Covid -19 some additional risk arises like shortage in demand from construction industry; shortage of labour etc. Covid-19 has emerged as the biggest risk to humanity and also to economic growth for FY21 – a vaccine or a cure to the virus holds the key in restoring normalcy.

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 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.

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

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The financial performance and operational performance has been more fully described in the Director's Report. Shareholders may refer to the same in the Director's report for further reference.

MATERIAL DEVELOPMENT IN HUMAN RESOURCES / INDUSTRIAL RELATIONS

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. Over the last year Human Resource Department has also taken various initiatives for employee benefit and retention. The understanding between the Management and workers continues to be cordial. As at the end of the year the Company had 293 employees on the rolls.

DETAILS OF SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS

During the year under review, the followings are significant changes (i.e. changes of 25% or more as compared to the immediate previous financial year) in key financial ratios have been occurred.

Sl. No.	Ratio	FY 2019-20	FY 2018-19	Variance (%)
1	Current Ratio	1.46	1.64	-10.98
2	Total Outside Liability/Tangible Net Worth	0.23	0.35	-34.29
3	Fixed Assets Coverage Ratio	1.10	1.22	-9.84
4	Interest Coverage Ratio	1.83	1.88	-2.66
5	Debt Equity Ratio	0.23	0.25	-8.00
6	Fixed Assets Ratio	0.36	0.42	-14.29
7	Debt Service Coverage Ratio	1.64	1.66	-1.20
8	Debtors Turnover	2.51	2.74	-8.39
9	Inventory Turnover	1.03	1.25	-17.60
10	Operating Profit Margin (%)	26.17	23.85	9.73
11	Net Profit Margin (%)	2.96	4.12	-28.16

DETAILS OF ANY CHANGE IN RETURN ON NET WORTH AS COMPARED TO THE IMMEDIATELY PREVIOUS FINANCIAL YEAR ALONG WITH A DETAILED EXPLANATION THEREOF

There are no major changes in return on Net Worth as compared to the immediately previous year financial year except carry forward profit or losses. However, Return on net worth was impacted due to lower profitability.

DISCLOSURE OF ACCOUNTING TREATMENT:

There is no changes in accounting treatment for the financial year ended March 31, 2020. 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 "IndAS" since April 01, 2017.

CAUTION

Opportunities, threats, outlook, forecasts etc. in any form and manner, made in this section or any other sections of this Annual Report are purely based on certain assumptions and expectation of future event, actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting domestic demand supply conditions, finished goods prices, changes in Government Regulations and Tax regime, etc. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements on the basis of subsequent developments, information or events.

Place : Bengaluru
Date : August 12, 2020

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

Corporate Governance is a system by which corporate entities are directed and controlled, encompassing the entire mechanics of the functioning of a Company. Good Corporate Governance practices are a sine qua non for sustainable business that aims at generating long term value to all its shareholders and other stakeholders. The Company believes that strong governance standards, focusing on fairness, transparency, accountability and responsibility are vital, not only for the healthy and vibrant corporate sector growth, but also for inclusive growth of the economy.

As a good corporate citizen, the Company is committed to sound corporate practices based on conscience, openness, fairness, professionalism and accountability in building confidence of its various stakeholders in it thereby paving the way for its long term success. Further, 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 Rama Nagappa Shetty | : | Chairman & related to Promoter |
| 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 related to promoters. The said composition is in conformity with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Managing Director and the Whole Time Director have been appointed for a term of five years effective from their respective date of their appointment. All the directors are resident Indian.

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 / reappointed are furnished hereunder:

- 2.3(a). **Mr. Satish Rama Shetty**, aged 58 years is a Mechanical Engineer from Karnataka University, Dharwar. He is the Managing Director of Murudeshwar Ceramics Limited. He joined the group after obtaining his Engineering Degree and worked for over 31 years in various group companies overseeing construction activities and ceramic business.

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

CORPORATE GOVERNANCE REPORT (Contd.)

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.

Mr. 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 Mr. 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. Mr. 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. Mr. Satish R Shetty is also director on the Board of Directors of other Companies of the group.

- 2.3(b) **Shri Naveen Rama Shetty** aged about 52 years is graduate in Mechanical Engineering from Bangalore University, Bangalore. He has been inducted as a director on the Board of Directors of Murudeshwar Ceramics Limited (MCL) in the year 1995. Under the able guidance of his father Dr. R N Shetty, a renowned industrialist and Philanthropist of Northern Karnataka, Shri Naveen R Shetty has ably involved himself in various developmental activities of the Company. Under guidance the Company has successfully implemented a series of expansion and diversification projects.

Apart from his valuable contribution in the success of MCL, Shri Naveen R Shetty has also actively involved in successful completion of major Civil Engineering projects viz. Gerusoppa Dam, Major irrigation canal projects, Major Highway projects undertaken by R N Shetty & Company Pvt. Ltd., Shri Naveen R Shetty is the Joint Managing Director of both R N Shetty & Company Pvt. Ltd., and Naveen Mechanised Construction Company Pvt. Ltd., both of which are reputed Civil Engineering and construction Companies.

Shri Naveen R Shetty is instrumental and a guiding force in establishment, construction, running and in day to day administration of business and affairs of another successful Company of the group namely Murudeshwar Power Corporation Ltd., a Hydal Power Generating Company with installed capacity of 11.6 M.W. per annum.

Apart from the above, Shri Naveen R Shetty is also instrumental in lending his support and guidance to other profitable ventures of the group which include Hotel and hospitality having two units one each in Hubli and Murudeshwar and also RNS Motors a reputed Maruti Dealer having four show rooms in Karnataka.

Shri Naveen R Shetty is also director on the Board of Directors of other Companies of the group.

- 2.3 (c) **Shri Annappayya**. As per the latest amendment made in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for the continuation of Office of Non-Executive Independent Directors on attaining the age of 75 years, consent of members of the Company is required by way of passing a Special Resolution. Shri Annappayya will attain the age of 75 years on 26.02.2021. Since his appointment as Non-Executive Independent Director is considered now, considering his professional qualifications, vast experience in the field of Corporate Finance and other financial matters, the Board deems it fit for his continuation in the position of Non-Executive Independent Director even after his attaining the age of 75 years on 26.02.2021 and recommends the same to the members for their approval.

Shri Annappayya (DIN: 03558522) aged around 74 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 and Remuneration Committee and Shareholder Grievance Committee of the Company. He is also a member of Audit Committee of the Company. Presently he is the Non-executive Independent Director of this Company and RNS Motors Limited. He is not holding any Share of the Company.

Shri Annappayya (DIN: 03558522) is interested in the resolution set forth in Item No.4 of the Notice. None of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

CORPORATE GOVERNANCE REPORT (Contd.)

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	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.

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 Sankapa Keremane Shetty, Independent Director	-	✓	✓	✓	✓	-	-

CORPORATE GOVERNANCE REPORT (Contd.)

Name of Directors	Leadership	Finance	Sales and marketing	Technology	Diversity	Mergers and acquisitions	Global Business
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 29, 2019, August 13, 2019, September 28, 2019, November 13, 2019, February 12, 2020 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 2019-20.

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	4	No	1	-	1
6	Shri Satish Rama Shetty	5	5	Yes	-	-	13
7	Shri Sunil Rama Shetty	5	4	No	1	-	15
8	Shri Naveen Rama Shetty	5	5	Yes	-	-	11
9	Shri Karan Satish Shetty	5	5	Yes	-	-	-
10	Shri Sathya Murthy Padaki	5	4	No	-	-	-

Note: membership & Chairman includes all other companies

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**.

2.6 WEB LINK WHERE DETAILS OF FAMILIARISATION PROGRAMMES IMPARTED TO INDEPENDENT DIRECTORS IS DISCLOSED

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 programme details of which is available on the website of the Company at www.cosec@naveentile.com.

2.7 DETAILED REASONS FOR THE RESIGNATION OF AN INDEPENDENT DIRECTOR WHO RESIGNS BEFORE THE EXPIRY OF HIS TENURE ALONG WITH A CONFIRMATION BY SUCH DIRECTOR THAT THERE ARE NO OTHER MATERIAL REASONS OTHER THAN THOSE PROVIDED.

During the year under review no Independent Director has tendered their resignation.

2.8 CONFIRMATION THAT IN THE OPINION OF THE BOARD, THE INDEPENDENT DIRECTORS FULFILL THE CONDITIONS SPECIFIED IN THESE REGULATIONS AND ARE INDEPENDENT OF THE MANAGEMENT.

As per declarations submitted by the Independent Directors as prescribed by laws and as per the parameters of the skills and knowledges, in the opinion of the Board of the Company, all the Independent Directors fulfill the conditions specified in the Regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the criteria set under the Companies Act, 2013 and rules made their under.

2.9 DISCLOSURE OF RELATIONSHIPS BETWEEN DIRECTORS INTER-SE

No directors are related to each other except Dr. Rama Nagappa Shetty is the father of Shri Satish Rama Shetty, Shri Sunil Rama Shetty and Shri Naveen Rama Shetty and Shri Karan Satish Shetty is a son of Shri Satish Rama Shetty.

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 31.03.2020 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 29, 2019, August 13, 2019, November 13, 2019, and February 12, 2020. The Meeting held on May 29, 2019 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 2019-20 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 1 time on 29.05.2019 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 31.03.2020**

Name of Executive Director	Salary (₹)	Perquisites & Amenities (₹)	TOTAL (₹)
Shri Satish R Shetty, Managing Director	60,00,000.00	12,00,000.00	72,00,000.00
Shri Karan Satish Shetty	24,00,000.00	99,996.00	24,99,996.00
Total	84,00,000.00	12,99,996.00	96,99,996.00

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 are five years for both the Managing Director and for the Whole Time Director 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 sitting fees for attending any Board and / or Committees' 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

The remuneration package of Non-Executive Directors have been furnished in paragraph 5.3(b) as above. No Non-Executive Directors are getting any remuneration except Independent Directors who are getting only sitting fees for attending Board Meetings and Committee's meetings.

5.3(d) Share holding of Directors as on March 31, 2020.

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	2.33
Shri Sunil Rama Shetty	Non-Executive	11,11,102	2.34
Shri Naveen Rama Shetty	Non-Executive	11,10,502	2.33
Shri Annappayya	Non-Executive (ID)	Nil	0.00
Shri Sankappa Keremane Shetty	Non-Executive (ID)	Nil	0.00
Dr. Shivabasayya Siddaramayya Hiremath	Non-Executive (ID)	2,300	0.00
Smt.Sarvani Alva	Non-Executive (ID)	Nil	0.00
Shri Karan Satish Shetty	Executive	9,800	0.02
Shri Sathya Murthy Padaki	Non-Executive (ID)	Nil	0.00

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 29.05.2019.

6.2 STATUS OF STAKEHOLDERS COMPLAINTS

During the year under review 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 31.03.2020 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 have been holding one meeting in a year, without the attendance of non-Independent Directors and members of management. Independent 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 12, 2020. All the Five independent Directors attended the meeting.

7.1 TERMS OF THE MEET

To 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.

CORPORATE GOVERNANCE REPORT (Contd.)

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 and during the year under review the committee has conducted a meeting on February 12, 2020.

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

Shri Satish Rama Shetty	- Chairman
Shri Naveen Rama Shetty	- Members
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. Policy for determining 'material' subsidiaries and policy on dealing with related party transactions have already placed on the website of the company at www.naveentile.com.

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 2019-20 :

(Rs. In Lakhs)

Name of Party	Sales	Purchase	Dividend Receipts	Service Receipts	Closing Balance
Murudeshwar Power Corporation Ltd.	-	-	52.13	-	3.49
RNS Infrastructure Ltd.	2498.39	7.38	-	2118.18	2099.40

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. 2019-20.

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 **TOTAL FEES FOR ALL SERVICES PAID BY THE LISTED ENTITY TO THE STATUTORY AUDITOR:**

During the year under review the company has paid the following amounts to the Statutory Auditors of the Company: Statutory Audit Fees: Rs. 3.00 Lakhs; For Taxation Matter: 0.50 Lakhs; for management services: 0.50 Lakhs and reimbursement of expenses: Rs. 2.00 Lakhs.

10.7 **ACCEPTANCE OF RECOMMENDATION OF COMMITTEES**

The Board of Directors of the Company has always accepted the recommendation from the all committees of the Board which are mandatorily required during the financial year 2019-20.

10.8 **DETAILS OF COMPLIANCE WITH MANDATORY REQUIREMENTS AND ADOPTION OF THE NON-MANDATORY REQUIREMENTS**

Your company always try to comply with all laws, rules, regulations, notifications, circulars, recommendation and advisory as issued by the various statutory departments. During the year under review your company has complied with all the applicable laws from time to time.

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, Hubballi on the following dates:

Year ended	Date of Meeting	Time	Special Resolutions was passed
2018-19	28.09.2019	3.00 p.m.	Yes 1. Approval for setting a threshold limit and to provide Power to the Board of Directors under Section 180(1) of The Companies Act, 2013; 2. 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; 3. Approval for setting a threshold limit under section 185 and provide power to the Board of Directors; 4. Approval for enter into Related Party Transactions as prescribed under section 188 and provide power to the Board of Directors; 5. Approval for re-appointment of Smt. Sarvani Alva (DIN: 06896403), as an Independent Director with effect from 31 st July, 2019 for the period of next consecutive five years;

CORPORATE GOVERNANCE REPORT (Contd.)

			<p>6. 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;</p> <p>7. Approval for re-appointment Shri Annappayya (DIN 03558522) as an Independent Director with effect from 31st July, 2019 for the period of next consecutive five years.</p> <p>8. Approval for re-appointment Dr. Shivabasayya Siddaramayya Hiremath (DIN 02272897) as an Independent Director with effect from 31st July, 2019 for the period of next consecutive five years.</p>
2017-18	28.09.2018	4.00 p.m.	<p>Yes</p> <p>1. To Regularisation of Additional Director, Mr. Karan Satish Shetty, by appointing him as Director (Executive Director) of the Company;</p> <p>2. To appoint and fix remuneration of Mr. Karan Satish Shetty (DIN: 0008168200) as the Whole Time Director of the Company.</p>
2016-17	22.09.2017	4.00 p.m.	<p>Yes</p> <p>To re-appointment of Shri Satish Rama Shetty as Managing Director of the Company.</p>

11.1 **EXTRA ORDINARY GENERAL BODY MEETINGS** : None

11.2 **DETAILS OF SPECIAL RESOLUTION PASSED LAST YEAR THROUGH POSTAL BALLOT** : None

Your Company has not passed any resolutions through Postal Ballot during the year under review.

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 and also made available on the website of the company at www.naveentile.com and the website of exchanges at www.bseindia.com and at www.nseindia.com respectively.

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.naveentile.com contained a separate dedicated section "**Investor Relations**" where all shareholders' information are 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 through NSE 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.

CORPORATE GOVERNANCE REPORT (Contd.)

13.4 Annual General Meeting

- (a) Date and time : Saturday, 26th day of September, 2020 at 3.00 p.m. IST
- (b) Venue : Shri R N Shetty Kalyana Mantap, Opp. Indira Glass House, Hubballi - 580 029.

13.5 Financial Year : 1st day of April to 31st day of March of succeeding year.

13.6 Books Closure : From Saturday, September 19, 2020 to Saturday, September 26,2020(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)

13.8 Murudeshwar Ceramics Limited Vs BSE Sensex in the financial Year 2019-20:



13.9 Murudeshwar Ceramics Limited Vs. NIFTY 50 in the financial Year 2019-20:



CORPORATE GOVERNANCE REPORT (Contd.)
13.10 Market Price Data

Month	BSE		NSE	
	Highest ₹	Lowest ₹	Highest ₹	Lowest ₹
April 2019	20.30	19.05	20.15	18.95
May 2019	20.80	20.00	21.50	19.90
June 2019	19.05	18.55	19.40	18.25
July 2019	14.00	11.25	14.40	12.05
August 2019	13.80	13.78	14.45	13.60
September 2019	16.57	16.11	17.00	16.00
October 2019	16.00	15.60	16.00	15.45
November 2019	17.35	16.15	17.80	16.20
December 2019	16.90	15.65	16.65	15.55
January 2020	20.60	19.75	20.80	19.60
February 2020	14.75	14.20	15.05	14.10
March 2020	09.35	09.10	09.80	09.00

13.11 Share Transfer System and Dematerialization

As at the end of March 31, 2020 the Company had 17,210 shareholders holding 4,75,73,922 equity shares of the Company. Out of the above 15,784 members (91.71%) hold 4,72,17,166 (99.25%) shares in dematerialized form. The Balance of 1,426 members (8.29%) hold 3,56,756 equity shares (0.75%) in physical form.

From the records it is clear that 1,426 (8.29%) of the total number of members holding in all 3,56,756 (0.75%) 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 of this Report.

13.12(a) Distribution of Shareholding as on 31.03.2020

Nominal Value of Shares	No. of Holders	Share Amount	
		in ₹	% to Paid-up Capital
Upto 5,000	13160	2,23,29,290	4.694
5,001 - 10,000	1937	1,65,30,270	3.475
10,001 - 20,000	1046	1,63,72,890	3.442
20,001 - 30,000	361	92,78,220	1.950
30,001 - 40,000	163	59,53,750	1.251
40,001 - 50,000	166	79,25,970	1.666
50,001 - 1,00,000	218	1,62,88,200	3.424
1,00,001 & Above	159	38,10,60,630	80.098
T O T A L	17,210	47,57,39,220	100.00

CORPORATE GOVERNANCE REPORT (Contd.)

13.12(b) Shareholding Pattern as on 31.03.2020

Sl. No.	Category of Shareholder	Shares as on 31-03-2020	% of Holding
1	Financial Institutions Govt. Sponsored (Insurance Companies)	2,11,087	0.44
2	Mutual Funds	700	-
3	Banks/Financial Institutions	8,829	0.02
4	NRI's	10,30,163	2.17
5	Hindu Undivided Family	4,52,302	0.95
6	Foreign Institutional Investors	900	-
7	Promoter Directors & their Relatives	3,17,93,286	66.83
8	Other Bodies Corporates	7,68,239	1.61
9	Clearing Members	88,275	0.19
10	Resident Individuals	1,32,20,141	27.79
	TOTAL	4,75,73,922	100.00

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:

- a) The Chairman is Non-Executive Director and is entitled to reimbursement of expenses incurred for the Business purposes of the Company. However, the Chairman has waived his entitlement to remuneration for attending Board / Committee Meetings.
- b) **Audit qualification:** The Company is in the regime of unqualified financial statements.
- c) **Reporting of Internal Auditor:** The Internal Auditor of the Company reports directly to the Audit Committee.
- d) **Nomination and Remuneration Committee:** The Company has constituted a "Nomination and Remuneration Committee" meeting the requirements of SEBI (Listing Obligations Disclosure Requirements) 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.

CORPORATE GOVERNANCE REPORT (Contd.)

- 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 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 request 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 7th 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, 2nd Main, Sampige Road, Near 14th 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 12, 2020

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, 2020.

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 G RAO & CO.,
Chartered Accountants
ICAI FIRM REG No : 010463S
KRISHNARAJ K
Partner
Membership No : 217422

Place : Bengaluru
Date : 26-06-2020

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 website at www.naveentile.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 31.03.2020.

SATISH R SHETTY
Managing Director
(DIN 00037526)

Place : Bengaluru
Date : August 12, 2020

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 31st March 2020 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 12, 2020

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 Standalone Ind AS Financial Statement

Opinion:

We have audited the standalone Ind AS financial statements of **Murudeshwar Ceramics Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2020, 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 notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone Ind AS 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 Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion:

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Ind AS 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 together with the ethical requirements that are relevant to our audit of the standalone Ind AS financial statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 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 Matters	Auditor's Response
<p>1. Inventory :</p> <p>The Value of inventory as at 31.03.2020 is 9972.38 lakhs which is 21.1% 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. As disclosed in the notes forming part of statement of accounts inventories are held at the lower of cost or net realisable value determined using weighted average cost. 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 the inventory and assessment of procedures of physical verification of inventory during the period to ensure accuracy of inventory reporting 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 lending bank to ensure that there are no inconsistencies in reporting. At the year end the valuation of inventory is reviewed by management and cost of inventory is revalued where inventory is forecast to be sold below cost.</p> <p>In the view of the management, basic raw material used is clay for manufacturing of tiles and the same being a natural resources, does not have any depletion in value over the passage of time.</p>
<p>2. Property, Plant and Equipment :</p> <p>Additions to Fixed assets during the year were 1763.66 lakhs (including CWIP of the previous year).</p>	<p>Our audit procedures included testing the design implantation and operating effectiveness of controls in</p>

INDEPENDENT AUDITORS' REPORT (Contd.)

inappropriate timing of capitalization of project/ inappropriate classification of categories of the items of PPE could result in material misstatement of CWIP/ PPE with consequent impact on depreciation charge and results for the year

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. 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.

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 the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon. Our opinion on the standalone 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. If, based on the work we have performed, we conclude that there is a 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 Ind AS financial statements:

The Company's management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs, profit / loss, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including Indian Accounting Standard (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 Ind AS 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 Ind AS financial statements, management and Board of Directors are 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. The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Ind AS financial statements:

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS 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 Ind AS 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 standalone Ind AS 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 control.

INDEPENDENT AUDITORS' REPORT (Contd.)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to standalone Ind AS financial statements 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 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 standalone Ind AS 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 auditors' 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 Ind AS financial statements, including the disclosures, and whether the standalone Ind AS 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 standalone 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.

Report on Other Legal and Regulatory Requirements:

1. As required by Section 143(3) of the Act, based on our audit 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 relating to preparation of the aforesaid Ind AS financial statements 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 cash flows dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the Ind AS financial statements;

INDEPENDENT AUDITORS' REPORT (Contd.)

- (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rule issued there under.
- (e) On the basis of the written representations received from the Directors of the Company as on 31 March 2020 taken on record by the Board of Directors of the Company, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate report in "Annexure A", which is based on the auditors' report of the company.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended: In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- (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:
- The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
 - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the **Annexure B**, a statement on the matters specified in the paragraph 3 and 4 of the order.

For **K G RAO & CO.**,
Chartered Accountants
ICAI FIRM REGN. No. : 010463S
KRISHNARAJ K
Partner
(Membership No : 217422)
UDIN : 20217422AAAAAP6517

Place : Bengaluru

Date : 26-06-2020

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal & Regulatory Requirement' of our report to the members of Murudeshwar Ceramics Limited of even date)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act") of Murudeshwar Ceramics Limited.

We have audited the internal financial controls over financial reporting of **Murudeshwar Ceramics Limited** ("the Company") as of 31 March 2020 in conjunction with our audit of the 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 ('ICAI'). 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, including adherence to company's policies, 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 Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note 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. The Guidance Note and those Standards 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 the 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 authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 31 March 2020, 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 ICAI.

Place : Bengaluru

Date : 26-06-2020

For K G RAO & CO.,
Chartered Accountants
ICAI FIRM REGN. No. : 010463S
KRISHNARAJ K
Partner
(Membership No : 217422)
UDIN : 20217422AAAAAP6517

ANNEXURE “B” TO THE INDEPENDENT AUDITORS’ REPORT

(Referred to in paragraph 2 under ‘Report on Other Legal & Regulatory Requirement’ of our report to the members of Murudeshwar Ceramics Limited 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 property, plant and equipment were physically verified by the management in accordance with a regular program of verification which, in our opinion, provides for physical verification of fixed assets at regular intervals. According to the information and explanations given to us, no material discrepancies between the books records and the physical fixed assets have been noticed.
 - (c) According to the information and explanations given to us and the records examined by us and based on the examination of the conveyance deed 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 as at the balance sheet date. In respect of immovable properties of land and building that have been taken on lease and disclosed as fixed assets in the standalone financial statements, the lease agreements are in the name of the Company
- ii. As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification of the inventory.
- iii. According to the information and explanations given to us. the company has not granted the loans/advances, secured or unsecured to the Companies, or other parties 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 the company and hence not commented there upon.
- iv. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and securities, as applicable.
- v. The Company has not accepted any deposits from the public during the year and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- 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, Goods & Service Tax, Duty of Customs, 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, Goods & Service Tax, Duty of Customs, Cess and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.

ANNEXURE “B” TO THE INDEPENDENT AUDITORS’ REPORT (Contd.)

- c) Details of dues of income tax, excise duty and custom duty which have not been deposited as at 31.03.2020 on account of dispute are as under:

Nature of the statute	Nature of dues	Forum where Dispute is Pending	Period to which Relates	Remarks
The Income Tax Act, 1961	Income Tax	Appellate Tribunal	AY 2007-2008 to 2015-16	Disallowances of some expenses however Company having Carry forward loss hence no tax demand arises
The Income Tax Act, 1961	Income Tax	CIT Appeals	AY 2006-2007	Disallowances of some expenses resulted to additions to income, Tax is paid under MAT, no additional demand

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks or financial institutions. The Company has not issued any debentures.
- ix. Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments except term Loans which is applied for the purpose for which the same is raised.
- x. Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- xi. Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies 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, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Ind AS Financial Statements as required by the applicable accounting standards.
- xiv. Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence reporting under the provisions of clause 3 (xiv) of the Order is not applicable to the Company.
- xv. Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him and hence reporting under the provisions of clause 3 (xv) of the Order 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 and hence reporting under the provisions of clause 3 (xvi) of the Order are not applicable to the Company.

Place : Bengaluru
Date : 26-06-2020

For K G RAO & CO.,
Chartered Accountants
ICAI FIRM REGN. No. : 010463S
KRISHNARAJ K
Partner
(Membership No : 217422)
UDIN : 20217422AAAAAP6517

BALANCE SHEET AS AT 31ST MARCH 2020

Particulars		Notes	March 31, 2020	March 31, 2019
A	ASSETS		₹ in lakhs	₹ in lakhs
	Non Current Assets			
	Property, plant and equipment	3	30,601.82	29,830.66
	Capital work-in-progress		204.90	67.54
	Financial Assets :			
	Other Financial Assets	4	390.29	390.29
	Non-Financial Assets (Net)	5	197.58	197.58
	Other Non-Current Assets		66.60	68.33
	Total Non-Current Assets (A)		31,461.19	30,554.40
B	CURRENT ASSETS			
	Inventories	6	9,972.38	10,101.57
	Financial Assets :			
	Trade Receivables	7	4,106.72	4,597.51
	Cash and cash equivalents	8	327.09	303.33
	Other current assets	9	1,384.17	1,794.38
	Total Current Assets (B)		15,790.36	16,796.79
	Total Assets (A+B)		47,251.55	47,351.19
C	EQUITY AND LIABILITIES			
	EQUITY			
	Equity share capital	10	4,758.17	4,758.17
	Reserves and Surplus		28,671.41	28,548.88
	Other equity-(Money Received against Share Warrant)		-	-
	Total Equity		33,429.58	33,307.05
D	LIABILITIES			
	Non-Current liabilities			
	Financial liabilities :			
	Borrowings	11	785.14	2,302.54
	Deferred Tax Liability	12	1,794.52	1,693.90
	Trade Payables	13	214.62	-
	Lease Liabilities	13	197.62	-
	Total Non-Current liabilities		2,991.90	3,996.44
	Current liabilities			
	Financial liabilities :			
	Trade Payables	14	2,352.52	1,484.75
	Other financial liabilities	15	6,950.42	6,959.63
	Other current liabilities	16	1,424.77	1,458.79
	Provisions	17	102.36	144.53
	Total Equity and Liabilities		47,251.55	47,351.19

In terms of our report attached
For K. G RAO & CO.,
Chartered Accountants
ICAI FIRM REG No : 010463S
KRISHNARAJ K
Partner
Membership No:217422
Place : Bengaluru
Date : 26-06-2020

For and on behalf of the Board of Directors
MURUDESHWAR CERAMICS LIMITED
R.N.SHETTY
Chairman
(DIN 00038810)
S.S. HIREMATH
Director
(DIN 02272897)
SATHYA MURTHY PADAKI
Director
(DIN 08276537)

SATISH R. SHETTY
Managing Director & CEO
(DIN 00037526)
ANNAPPAYYA
Director
(DIN 03558522)
SARVANI ALVA
Director
(DIN 06896403)

SUNIL R. SHETTY
Director
(DIN 00037572)
SANKAPPA K. SHETTY
Director
(DIN 00894366)
ASHOK KUMAR
Company Secretary

NAVEEN R. SHETTY
Director
(DIN 00058779)
KARAN SATISH SHETTY
Whole Time Director
(DIN 0008168200)
N.M. HEGDE
Vice President (Finance) & CFO

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2020

Particulars		Notes	March 31, 2020	March 31, 2019
I	REVENUES :		₹ in lakhs	₹ in lakhs
	Revenue from operations	18	10,317.22	12,577.95
	Other Income	19	850.93	166.13
	Total Revenue		11,168.15	12,744.08
II	EXPENSES			
	Cost of materials consumed	20	3,291.76	4,066.71
	Changes in inventory of finished goods and work-in-progress	21	1,377.97	790.13
	Employee benefits expense	22	1,236.30	1,340.72
	Finance costs	23	1,599.60	1,618.05
	Depreciation and amortisation expenses	3	992.50	896.01
	Other expenses	24	2,339.02	3,507.16
	Total Expenses		10,837.15	12,218.78
III	Profit / (Loss) before tax (I - II)		331.00	525.30
IV	Tax Expense			
	Current Tax		56.79	102.01
	Prior period tax		(1.01)	(17.92)
	Deferred tax		157.41	54.46
	Less : MAT Credit Entitlement		(56.79)	(92.59)
	Total tax expenses		156.40	45.96
V	Profit / (Loss) for the year (III - IV)		174.60	479.34
VI	Other comprehensive income			
(a)	(i) Items that will not be reclassified to profit or loss			
	- Remeasurement of defined benefit plans		(35.69)	13.45
	(ii) Income tax relating to items that will not be reclassified to profit & loss			
	- Remeasurement of defined benefit plans		5.96	(3.46)
(b)	(i) Items that may be reclassified to profit or loss		-	-
	(ii) Income tax on items that may be reclassified to profit or loss		-	-
	Total other comprehensive income		(29.73)	9.99
VII	Total comprehensive income for the period (V + VI)		144.87	489.33
	Earnings per equity share (for continuing operation) :			
	Basic in Rs.		0.25	0.81
	Diluted in Rs.		0.25	0.81

In terms of our report attached
For K. G RAO & CO.,
Chartered Accountants
ICAI FIRM REG No : 010463S
KRISHNARAJ K
Partner
Membership No:217422
Place : Bengaluru
Date : 26-06-2020

For and on behalf of the Board of Directors
MURUDESHWAR CERAMICS LIMITED
R.N.SHETTY
Chairman
(DIN 00038810)
S.S. HIREMATH
Director
(DIN 02272897)
SATHYA MURTHY PADAKI
Director
(DIN 08276537)

SATISH R. SHETTY
Managing Director & CEO
(DIN 00037526)
ANNAPPAYYA
Director
(DIN 03558522)
SARVANI ALVA
Director
(DIN 06896403)

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Company Secretary

NAVEEN R. SHETTY
Director
(DIN 00058779)
KARAN SATISH SHETTY
Whole Time Director
(DIN 0008168200)
N.M. HEGDE
Vice President (Finance) & CFO

**CASH FLOW STATEMENT ANNEXED TO BALANCE SHEET
FOR THE PERIOD FROM APRIL 2019 to MARCH 2020**

(₹ in lakhs)

	2019 - 2020		2018 - 2019	
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Net profit before tax and extra-ordinary items	174.60		479.34	
Adjustments for :				
Depreciation	992.50		896.01	
Interest paid	1,358.29		1,280.02	
Rent Received	(15.30)		(2.80)	
Loss on Sale of Fixed Assets	-		-	
Profit on sale of Assets	(12.50)		(7.87)	
Interest Income on Investments	(20.61)		(36.45)	
Dividend received	(52.13)		(29.79)	
Remeasurement of defined benefit plans	(29.73)		9.99	
Operating profit before working capital changes	2,395.12		2,588.45	
Adjustments for :				
Increase / (Decrease) in Other Long Term Liabilities	298.24		(38.13)	
Decrease / (Increase) in Inventories	129.19		1,078.45	
Decrease / (Increase) in Trade receivables	490.79		(1,341.77)	
Increase / (Decrease) in Trade Payables	1,082.40		(473.30)	
Decrease / (Increase) in Short term loans & advances	-		-	
Decrease / (Increase) in Other Current Assets	369.17		(462.53)	
Decrease / (Increase) in Long term Loans & Advances	1.73		23.20	
Increase / (Decrease) in Other Current Liabilities	(61.52)		63.99	
Increase / (Decrease) in Short Term Provisions	-		(17.80)	
Cash generated from operations	4,705.12		1,420.56	
Taxes paid	41.04		40.13	
Net cash from Operating Activities (before extra-ordinary item)		4,746.16		1,460.69
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of Fixed Assets	(1,901.02)		(172.67)	
Sale of Fixed Assets	12.50		7.87	
Interest received	20.61		36.45	
Dividend received	52.13		29.79	
Rent received	15.30		2.80	
Net cash flow from investing activities		(1,800.48)		(95.76)

**CASH FLOW STATEMENT ANNEXED TO BALANCE SHEET
FOR THE PERIOD FROM APRIL 2019 to MARCH 2020 (Contd.)**
(₹ in lakhs)

	2019 - 2020	2018 - 2019
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Long term Borrowings repaid	(1,532.07)	(623.52)
Short term Borrowings repaid	(9.21)	(181.78)
Proceeds from issue of Share Capital	-	586.57
Issue of Share Warrants	-	-
IND AS Transition Reserve	(22.35)	-
Interest paid	(1,358.29)	(1,280.02)
Net Cash used in Financial activities	(2,921.92)	(1,498.75)
Net Increase/(Decrease) in cash and cash Equivalents	23.76	(133.82)
Cash and Cash Equivalents as at 01.04.2019	303.33	437.15
Cash and Cash Equivalents as at 31.03.2020	327.09	303.33

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>2019 - 2020</u>	<u>2018 - 2019</u>
Cash on hand and balances with Banks	327.09	303.33
Short Term investments	-	-
Cash and cash equivalents effect of changes in Exchange rates	-	-
Cash and cash equivalents as restated	<u>327.09</u>	<u>303.33</u>

For and on behalf of the Board of Directors
MURUDESHWAR CERAMICS LIMITED

R.N.SHETTY

Chairman
(DIN 00038810)

S.S. HIREMATH

Director
(DIN 02272897)

SATHYA MURTHY PADAKI

Director
(DIN 08276537)

SATISH R. SHETTY

Managing Director & CEO
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Company Secretary

NAVEEN R. SHETTY

Director
(DIN 00058779)

KARAN SATISH SHETTY

Whole Time Director
(DIN 0008168200)

N.M. HEGDE

Vice President (Finance) & CFO

Place : Bengaluru

Date : 26-06-2020

CERTIFICATE

We have examined the above Cash Flow Statement of Murudeshwar Ceramics Ltd., for the year ended 31.03.2020 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 Profit & Loss Account and Balance Sheet of the Company for the year ended on 31.03.2020.

Place : Bengaluru

Date : 26-06-2020

For K.G.RAO & CO.,
Chartered Accountants
ICAI FIRM REGN. No : 010463S
KRISHNARAJ K
Partner
Membership No : 217422

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

Murudeshwar Ceramics Limited (the Company) was established in the year 1983. The Company is manufacturing and trading Ceramic and Vitrified floor & wall 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 required to be measured at fair value as per Ind AS.

2. Use of estimates and judgements

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.

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

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.

Assets	Estimated Life	Life as per Schedule-II
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) :Amendment to Ind AS 23 "Borrowing Costs"

The amendment clarifies that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company has applied the amendments prospectively for annual reporting periods beginning on or after April 1, 2019. There is no material impact on the Company due to the application of the above amendment. There is no new standard or amendment to the existing standards which would have been applicable from April 1, 2020.

Amendment to Ind AS 12 "Income Tax" - Insertion of Appendix C, "Uncertainty over Income tax treatments"

The amendment intends to bring clarity to the accounting for uncertainties on income tax treatments that have yet to be accepted by tax authorities, and to reflect it in the measurement of current and deferred taxes. The Company has applied the amendments prospectively for annual reporting periods beginning on or after April 1, 2019. There is no material impact on the Company due to the application of the above amendment.

21. Government Grants/Subsidy :

The Company has not received subsidy of any kind from the government during the year.

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

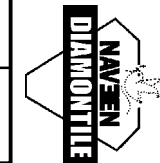
The liquidity risk is the risk that the company will encounter difficulty in raising funds to meet the commitments associated with financial instruments that are settled by delivering cash or another financial asset. The company has established liquidity risk management framework for managing its short 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, 2020

(₹ in lakhs)



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Particulars	Property, Plant and Equipment								Total
	Land	Building	Plant and Equip-ment	Computers	Office Equip-ment	Furniture & Fixtures	Vehicles	Right to use Assets	
Gross carrying value as of April 1, 2019	8,070.69	8,895.47	15,114.61	16.59	12.67	112.44	163.84	-	32,386.31
Additions	-	211.52	1,285.75	22.59	10.70	2.29	0.60	230.21	1,763.66
Deletions	-	-	-	-	-	-	-	-	-
Gross carrying value as of March 31, 2020	8,070.69	9,106.99	16,400.36	39.18	23.37	114.73	164.44	230.21	34,149.97
Accumulated depreciation as of April 1, 2019	-	556.39	1,911.73	10.14	4.77	26.73	45.89	-	2,555.65
Depreciation	-	191.58	704.28	5.44	3.01	9.39	18.38	60.42	992.50
Accumulated depreciation on deletions	-	-	-	-	-	-	-	-	-
Accumulated depreciation as of March 31, 2020	-	747.97	2,616.01	15.58	7.78	36.12	64.27	60.42	3,548.15
Carrying value as of March 31, 2020	8,070.69	8,359.02	13,784.35	23.60	15.59	78.61	100.17	169.79	30,601.82
Carrying value as of March 31, 2019	8,070.69	8,339.08	13,202.88	6.45	7.90	85.71	117.95	-	29,830.66

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

Particulars	As at 31-03-2020				As at 31-03-2019			
	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
Total	376.80	0.49	13.00	390.29	376.80	0.49	13.00	390.29
Quoted Investments Market Value								
Unquoted Investments	376.80	0.49	13.00	390.29	376.80	0.49	13.00	390.29
Impairment								

NOTE : 5 NON - FINANCIAL ASSETS (₹ in Lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
(i) Capital Advances / Prepaid Rent	11.21	3.67
(ii) Prepaid Interest - IND AS	4.30	10.04
(iii) Advances Other than Capital Advances Security Deposits	51.09	54.62
	66.60	68.33
Non-Financial Assets :		
(i) PLA and Cenvat Credit	6.70	2.80
(ii) VAT Credit receivable	19.66	19.66
(iii) Service Tax Credit receivable	-	3.90
(iv) Income Tax Refund Receivable	171.22	171.22
Total	197.58	197.58

NOTE : 6 INVENTORIES (₹ in Lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Raw Materials	3,546.81	2,362.49
Work in Progress	2,126.41	2,389.77
Finished Goods	2,731.75	3,867.98
Stock in Trade	195.89	174.27
Stores and Spares	1,371.52	1,307.06
Total	9,972.38	10,101.57

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

(₹ in Lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Secured, considered good	-	-
Unsecured, considered good	262.47	228.64
Doubtful	-	-
	262.47	228.64
Other Trade receivables :		
Secured, considered good	-	-
Unsecured, considered good	3,844.25	4,368.87
Doubtful	-	-
	3,844.25	4,368.87
Less : Provision for doubtful trade receivables	-	-
	3,844.25	4,368.87
	4,106.72	4,597.51
Note: Trade receivables include debts due from :		
Companies in which directors are interested		
RNS Infrastructure Limited	2,088.34	1,775.09
Naveen Hotels Ltd.,	-	6.19
	2,088.34	1,781.28

NOTE : 8 CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Balances with bank (of nature Cash and Cash Equivalents)		
Earmarked Funds	17.84	94.32
Margin Money	261.47	150.44
Cash on hand	11.52	15.50
Others - (Current Account)	36.26	43.07
Total	327.09	303.33

NOTE : 9 OTHER CURRENT ASSETS

(₹ in Lakhs)

(i) Capital Advances	-	63.01
(ii) Advances other than Capital Advances		
Security Deposits	524.77	520.04
Interest Accrued on Deposits	65.81	80.51
Total	590.58	600.55
(iii) Loans and advances to employees		
Secured, considered good	-	-
Unsecured, considered good	232.66	168.37
Doubtful	-	-
Total	232.66	168.37
(iv) Balances with government authorities		
Unsecured, considered good		
(i) GST Credit	57.94	17.63
	57.94	17.63
(v) Prepaid expenses - Unsecured, considered good	19.72	43.39
(vi) Others - Advances		
Secured, considered good	-	-
For supply of goods and rendering services	442.70	861.17
Advance Payment of Income Tax (Net of provision Income Tax)	40.57	40.26
	483.27	901.43
Less : Provision for other doubtful loans	-	-
	483.27	901.43
Total	1,384.17	1,794.38

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

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		
Balance as of April 1, 2018	4,521.17	12,194.23	854.89	12,795.85	1,615.03	54.46	32,035.63
Changes in equity share capital	237.00	545.10	-	-	-	-	782.10
Additional provision	-	-	-	-	-	-	-
Remeasurement of Deferred tax liability for the year	-	-	-	-	-	-	-
Profit for the year	-	-	479.34	-	-	-	479.34
Remeasurement of the net defined benefit liability / asset, net of tax effect	-	-	9.99	-	-	-	9.99
Dividends (including Corporate Dividend Tax)	-	-	-	-	-	-	-
Balance as of March 31, 2019	4,758.17	12,739.33	1,344.22	12,795.85	1,615.03	54.46	33,307.06
Changes in equity share capital	-	-	-	-	-	-	-
Profit for the year	-	-	174.60	-	-	(22.35)	152.25
Remeasurement of the net defined benefit liability / asset, net of tax effect	-	-	(29.73)	-	-	-	(29.73)
Interim Dividend (Including Corporate Dividend Tax)	-	-	-	-	-	-	-
Final Dividends (including Corporate Dividend Tax)	-	-	-	-	-	-	-
Balance as of March 31, 2020	4,758.17	12,739.33	1,489.09	12,795.85	1,615.03	32.11	33,429.58

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)
NOTE : 11 BORROWINGS

(₹ in Lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Bonds and Debentures		
Term Loans		
From Banks		
Secured	557.88	1,623.24
From Others	227.26	679.30
Total	785.14	2,302.54

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 31.03.2020	As at 31.03.2019
DEFERRED TAX LIABILITY		
Opening balance as on 01.04.2018	2,476.20	2,412.37
Add : Provision for the year	-	9.37
Restated opening Balance at the beginning of year	2,476.20	2,421.74
Add : Provision for the year	157.41	54.46
Deferred Payment Liabilities	2,633.61	2,476.20
Less : Deferred Tax Asset - MAT Credit		
Others MAT Credit		
Opening balance	782.30	689.71
Add : Provided for the year	56.79	92.59
Closing Balance	839.09	782.30
Deferred tax Liability (Net)	1,794.52	1,693.90

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 OTHER LONG-TERM LIABILITIES (₹ in Lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
(a) Trade Payables		
(i) Acceptances	214.62	-
(ii) Other than Acceptances	-	-
(b) Lease Liabilities	197.62	-
Total	412.24	-

NOTE : 14 TRADE PAYABLES (₹ in Lakhs)

Trade payables :		
Acceptances	202.49	421.63
Other than Acceptances	2,150.03	1,063.12
Total	2,352.52	1,484.75

NOTE : 15 OTHER FINANCIAL LIABILITIES (₹ in Lakhs)

Bonds and Debentures	-	-
Loans repayable on demand from Banks :		
From Banks		
Secured	6,950.42	6,959.63
Total	6,950.42	6,959.63

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 31.03.2020	As at 31.03.2019
Advances from Customers	173.76	418.22
Deposits	68.52	69.22
Term Loan instalments payable within one year	282.23	296.90
Statutory remittances (Contributions to PF and ESIC, withholding Taxes, GST etc.)	89.67	157.32
Contractually reimburseable expenses	3.40	2.11
Salary & Wages Payable	498.80	276.68
Outstanding Liabilities for Expenses	213.12	238.34
Bank Current Account	95.27	-
Total	1,424.77	1,458.79

NOTE : 17 PROVISIONS (₹ in Lakhs)

Employee Benefits	51.53	56.98
Current Tax Provision	50.83	87.55
Total	102.36	144.53

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

	Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
(a)	Sale of products	8,362.84	8,286.77
(b)	Sale of services	1,925.61	4,268.61
(c)	Other operating revenues	28.77	22.57
		10,317.22	12,577.95
	Less:		
(d)	Excise duty	-	-
	Total	10,317.22	12,577.95
Note			
(i)	Sale of products comprises :		
	Sale of produced goods	6,315.04	7,256.45
	Sale of traded goods	2,047.80	1,030.32
	Total - Sale of products	8,362.84	8,286.77
(ii)	Sale of services comprises :		
	Service - Earth Work	1,925.61	2,969.79
	Service - Road Work	-	1,298.82
	Total - Sale of services	1,925.61	4,268.61
(iii)	Other operating revenues comprises :		
	Sale of Scraps	28.77	22.57
	Total - Other operating revenues	28.77	22.57

NOTE : 19 OTHER INCOME (₹ in Lakhs)

Note	Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
(a)	Interest income	20.61	36.45
(b)	Dividend income :		
	Associates	52.13	29.79
(c)	Other non-operating income (net of expenses directly attributable to such income)	778.19	27.03
(d)	Subsidy Received	-	72.86
	Total	850.93	166.13
(i)	Interest income comprises :		
	Interest from banks on :		
	Deposits	20.61	36.45
	Total - Interest income	20.61	36.45
(ii)	Other non-operating income comprises :		
	Keyman Insurance Policy matured	748.79	-
	Insurance Claim received	1.32	14.71
	Profit on sale of fixed assets (net of expenses directly attributable prior period items (net)	12.50	7.87
	Miscellaneous income (net of expenses directly attributable)	0.28	1.65
	Rent Received	15.30	2.80
	Total - Other non-operating income	778.19	27.03

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

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Opening Stock	2,362.49	2,740.31
Add : Purchases	2,652.21	1,639.29
	5,014.70	4,379.60
Less : Closing Stock	3,546.81	2,362.48
Cost of material consumed	1,467.89	2,017.12
Material consumed comprises :		
Clay	1,244.54	1,752.77
Glaze & Pigments	153.30	106.01
Packing Material	65.11	155.65
Other items	4.94	2.69
Total	1,467.89	2,017.12

PURCHASE OF TRADED GOODS

Traded goods	1,823.87	2,049.59
Grand Total	3,291.76	4,066.71

NOTE : 21 CHANGES IN INVENTORY OF FINISHED GOODS & WORK-IN-PROGRESS (₹ in Lakhs)

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
INVENTORIES AT THE END OF THE YEAR :		
Finished goods	2,731.75	3,867.98
Work-in-progress	2,126.41	2,389.77
Stock-in-trade	195.89	174.27
	5,054.05	6,432.02
INVENTORIES AT THE BEGINNING OF THE YEAR		
Finished Goods	3,867.98	4,558.66
Work-in-progress	2,389.77	2,507.06
Stock-in-trade	174.27	156.43
	6,432.02	7,222.15
Net (Increase) / decrease	1,377.97	790.13

NOTE : 22 EMPLOYEE BENEFITS EXPENSE (₹ in Lakhs)

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Salaries and Wages	653.85	776.69
Contributions to provident and other funds	65.00	63.71
Staff welfare expenses	471.32	453.92
Defined Benefit Obligation - Gratuity	14.84	14.11
Defined Benefit Obligation - Leave Encashment	15.94	11.16
Other Employee Benefit Expenses	15.35	21.13
Total	1,236.30	1,340.72

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)
NOTE : 23 FINANCE COSTS
(₹ in Lakhs)

	Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
a)	Interest expenses on :		
	(i) Borrowings	1,358.29	1,280.02
	(ii) Trade payables	90.24	156.88
	(iii) Others		
	Interest on Lease Liabilities	24.47	-
	- Security deposits	4.05	4.09
(b)	Other borrowing costs	122.55	177.06
	Total	1,599.60	1,618.05

NOTE : 24 OTHER EXPENSES
(₹ in Lakhs)

	Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
	Consumption of stores and spare parts	148.72	184.01
	Increase / (decrease) of excise duty on Inventory	-	-
	Subcontracting	15.90	498.87
	Power and Fuel	1,059.85	1,590.65
	Rent	34.92	122.79
	Repairs and maintenance - Buildings	23.84	18.67
	Repairs and maintenance - Machinery	9.58	10.03
	Repairs and maintenance - Others	73.62	72.89
	Insurance	96.18	131.71
	Rates and taxes	116.20	122.63
	Communication	16.00	22.57
	Travelling and conveyance	279.01	253.88
	Printing and stationery	13.80	14.37
	Freight and forwarding	290.63	329.36
	Sales commission	21.72	15.29
	Sales discount	21.59	12.59
	Business promotion	1.55	1.26
	Donations and contributions	0.25	0.18
	Legal and professional	16.11	21.84
	Payments to auditors	6.00	6.00
	Directors Sitting Fees	6.50	3.70
	Advertisement & Publicity	0.94	6.47
	Sales Promotion Expenses	15.59	4.37
	Selling & Distribution expenses-Others	29.43	27.15
	Security charges	18.58	16.70
	CSR payments	8.55	6.17
	Loss on fixed assets sold / scrapped	-	-
	Miscellaneous expenses	13.96	13.01
	Total	2,339.02	3,507.16
	Notes		
(i)	Payments to the Auditors comprises		
	As auditors - statutory audit	3.00	3.00
	For taxation matters	0.50	0.50
	For management services	0.50	0.50
	Reimbursement of expenses	2.00	2.00
	Total	6.00	6.00

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

Note			
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 ₹38.13 lakhs (Year ended 31st March, 2019 ₹35.02 lakhs) for Provident Fund contributions and ₹17.25 lakhs (Year ended 31st March, 2019 ₹15.26 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 31st March 2020	Year ended 31st March 2019
		Gratuity	Gratuity
A	Change in Defined Benefit Obligations (DBO) during the year		
	Defined Benefit Obligation at the beginning of the year	251.09	249.72
	Current service cost	17.07	13.64
	Interest Expense	17.58	18.33
	Benefit Payment from Plan Assets	-	(23.38)
	Remeasurement - Due to Financial Assumptions	10.00	0.86
	Remeasurement - Due to Experience Adjustments	14.27	(8.07)
	Present value of DBO at the end of the year	310.01	251.09
B	Change in fair Value of Plan Assets during the year		
	Fair Value of Plan Assets at the beginning of the year	282.89	231.92
	Interest Income	19.80	17.86
	Actual company contributions	26.50	58.00
	Employers Contribution	0.47	(1.51)
	Benefit Payments from Plan Assets	-	(23.38)
	Plan assets at the end of the year	329.66	282.89
	Actual return on plan assets	17.07	13.64
C	Components of Defined Cost		
	Current service cost	17.07	13.64
	Interest Expenses on DBO	17.58	18.33
	Interest (income) on Plan Assets	(19.80)	(17.86)
	Total Net Interest Cost	(2.23)	0.47
	Defined Benefit Cost included in P & L	14.84	14.11
	Remeasurement - Due to Financial Assumptions	10.00	0.86
	Remeasurement - Due to Experience Adjustments	14.27	(8.07)
	(Return) on Plan Assets (Excluding Interest income)	(0.47)	1.51
	Total Remeasurements in OCI	23.81	(5.70)
	Total Defined Benefit Cost recognised in P & L and OCI	38.65	8.41

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

	Particulars	Year ended 31st March 2020	Year ended 31st March 2019
		Gratuity	Gratuity
D	Amount Recognised in the Statement of Financial Position		
	Defined Benefit Obligation	310.01	251.09
	Fair Value of Plan Assets	329.65	282.89
	Fund Status	(19.64)	(31.79)
	Net Defined Benefit Liability/(Assets)	(19.64)	(31.79)
E	Net Defined Benefit Liability/(Assets) Reconciliation		
	Net Defined Benefit Liability/(Assets) at beginning of the year	(31.79)	17.80
	Defined Benefit Cost included in P & L	14.84	14.11
	Total Remeasurements included in OCI	23.81	(5.70)
	Employers Contributions	(26.50)	(58.00)
	Net Defined Benefit Liability/(Assets) at end of the year	(19.64)	(31.79)
	Weightage Average Asset Allocation at the year end		
	Insurance Policies	100%	100%
	Actuarial assumptions		
	Discount rate	7.00%	7.70%
	Salary escalation	6.00%	6.00%

NOTE : 26 ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS

(₹ in Lakhs)

Note	Particulars	As at 31st March 2020	As at 31st March 2019
26.1	Contingent liabilities and commitments (to the extent not provided for)		
(i)	Contingent liabilities		
	(a) Claims against the Company not acknowledged as debt (give details)	-	-
	(b) Guarantees	521.67	522.81
	(c) Letters of Credit established with Banks	2,101.78	1,868.11
(ii)	Commitments		
	(a) Estimated amount of contracts remaining to be executed on capital account and not provided for Tangible assets	7.80	786.25
		7.80	786.25
26.2	Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006		
	(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	75.54	19.31
	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.		

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

26.3	Disclosure as per Clause 32 of the Listing Agreements with the Stock Exchanges			
	Loans and advances in the nature of loans given to subsidiaries, associates and others and investment in shares of the Company by such parties:			
	Name of the Party	Relationship	Amount outstanding as at 31.03.2020	Maximum Balance Outstanding during the year
			(₹ in Lakhs)	(₹ in Lakhs)
	Murudeshwar Power Corporation Ltd.	Group Companies	297.88	297.88
	RNS Power Ltd.,	Group Companies	76.92	76.92
	The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below :			
	As at 31st March 2020		As at 31st March 2019	
	Payable	Payable in Foreign Currency	Payable	Payable in Foreign Currency
	(₹ in Lakhs)	(indicate amount with Currency)	(₹ in Lakhs)	(indicate amount with Currency)
	906.52	US\$ 12,03,475	260.14	US\$ 3,74,769
Note	Particulars		For the year ended 31st March 2020	For the year ended 31st March 2019
			(₹ in Lakhs)	(₹ in Lakhs)
26.4	Value of imports calculated on CIF basis :			
	Raw Materials		-	55.68
	Components		57.03	89.65
	Spare parts		52.62	58.84
	Total Components and spare parts		109.65	148.49
	Capital goods		915.00	217.72
26.5	Expenditure in Foreign Currency : Travel		2.45	-
Note	Particulars		For the year ended 31st March 2020	
			(₹ in Lakhs)	%
26.6	Details of consumption of imported & indigenous items			
	IMPORTED			
	Raw materials		134.53	63.50
			(429.03)	(84.72)
	Components		30.06	14.19
			(43.34)	(8.56)
	Spare parts		47.27	22.31
			(34.03)	(6.72)
	TOTAL		211.86	100.00
			(506.40)	(100.00)
	INDIGENOUS			
	Raw materials		1,327.53	94.90
			(1,588.07)	(93.71)
	Components		9.30	0.66
			(48.31)	(2.85)
	Spare parts		62.09	4.44
			(58.34)	(3.44)
	TOTAL		1,398.92	100.00
			(1,694.72)	(100.00)
	Note : Figures / percentages in brackets relates to the previous year.			

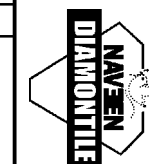
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

NOTE : 27 DISCLOSURES UNDER ACCOUNTING STANDARDS (Contd.)

Note	For the year ended 31st March, 2020
27.1	<p>Segment information</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>The Company operates in a business segment, i.e., Manufacture and Trading of Tiles, Services</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>

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Particulars	For the Year ended 31st March, 2020		
	Business Segments		Total
	Sale of Products	Sale of Services	
	(₹ in Lakhs)	(₹ in Lakhs)	(₹ in Lakhs)
Revenue	8,391.61	1,925.61	10,317.22
Inter-segment revenue	-	-	-
Net Revenue	8,391.61	1,925.61	10,317.22
Segment result	(572.47)	85.94	(486.53)
Unallocable expenses (net)	-	-	-
Operating income	-	-	-
Other income (net)	-	-	817.53
Profit before taxes	-	-	331.00
Tax expense	-	-	156.40
Net profit for the year	-	-	174.60
Segment assets	45,147.83	2,315.11	47,462.94
Unallocable assets	-	-	-
Total assets	45,147.83	2,315.11	47,462.94
Segment liabilities	11,817.06	961.94	12,779.00
Unallocable liabilities	-	-	-
Total liabilities	11,817.06	961.94	12,779.00
OTHER INFORMATION			
Capital expenditure (allocable)	33,330.77	1,353.17	34,683.94
Capital expenditure (unallocable)	-	-	-
Depreciation and amortisation (allocable)	782.51	210.00	992.51



NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

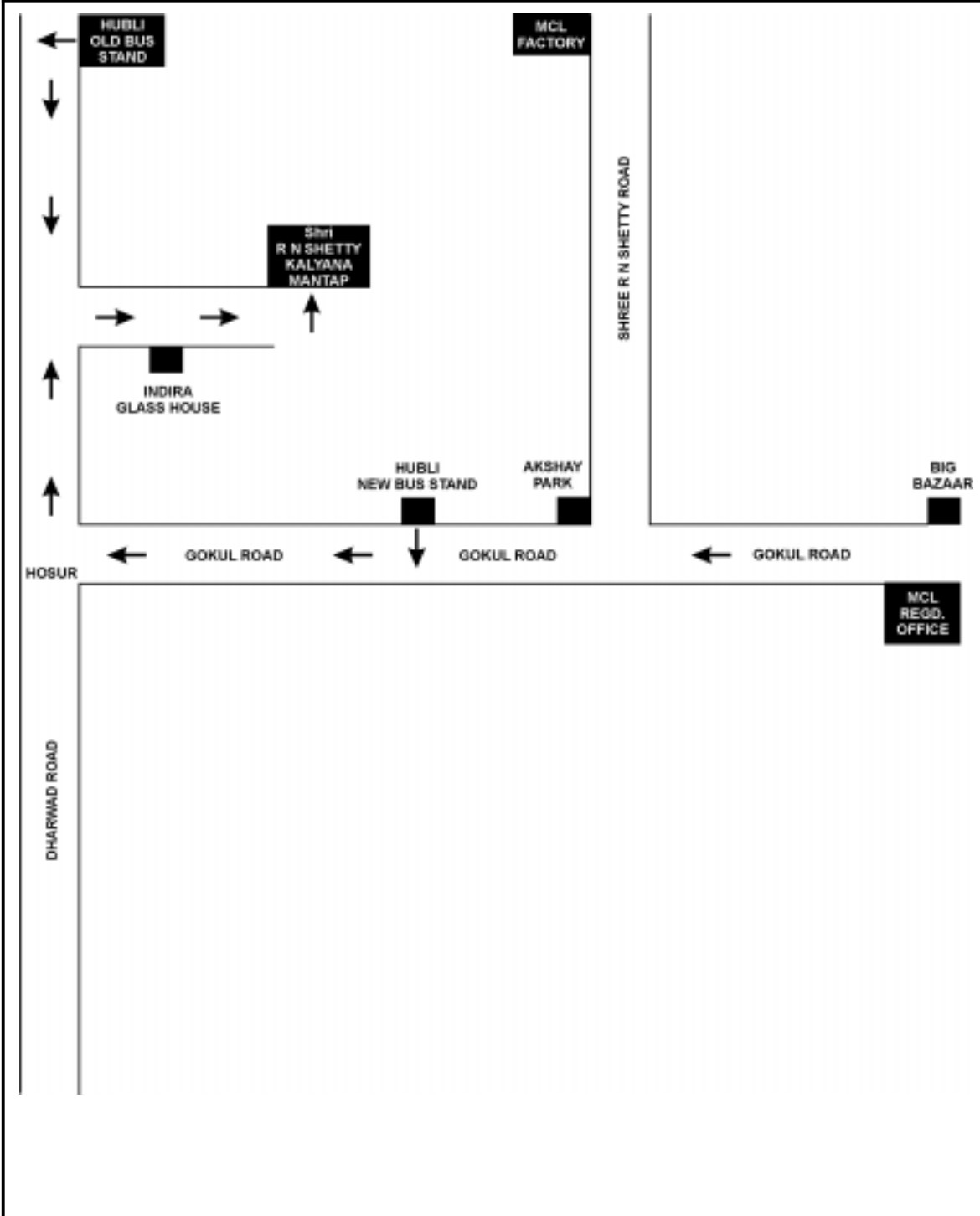
NOTE : 27 DISCLOSURES UNDER ACCOUNTING STANDARDS (Contd.)

Note	Particulars		
27.2	Related party transactions		
	Details of related parties:		
	Description of Relationship		
	Satish R Shetty Companies Under Common Control	Managing Director 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.		
	Details of related party transactions during the year ended 31st March, 2020 and balances outstanding as at 31st March, 2020	Group Companies	Relatives of Key Management Personnel
	Purchase of goods	7.38 (205.43)	7.38 (205.43)
	Sale of goods	2,541.43 (1,642.19)	2,541.43 (1,642.19)
	Purchase of Fixed Assets	-	-
	Rendering of services :		
	- RNS Infrastructure Limited	2,118.18 (3,266.77)	2,118.18 (3,266.77)
	Receiving of services	2.23 (2.60)	2.23 (2.60)
	Dividend Received	52.13 (29.79)	52.13 (29.79)
	Balances outstanding at the end of the year		
	Trade receivables	2,088.34 (2,381.53)	2,088.34 (2,381.53)
	Trade payables	10.93 (37.41)	10.93 (37.41)
	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 2020	Year ended 31st March 2019
		(₹)	(₹)
27.3	Earnings per share		
	Basic		
27.4	Continuing operations		
	Net profit / (loss) for the year from continuing operations	1,17,81,000	3,86,73,757
	Less : Preference dividend and tax thereon	-	-
	Net profit / (loss) for the year from continuing operations attributable to the equity shareholders	1,17,81,000	3,86,73,757
	Weighted average number of equity shares	4,75,73,922	4,75,73,922
	Per value per share	10	10
	Earnings per share from continuing operations - Basic	0.25	0.81
27.5	Income tax expense in profit and loss account consist of following	(₹ in Lakhs)	(₹ in Lakhs)
	Current Tax	56.79	102.01
	Prior Period Tax	(1.01)	(17.92)
	Deferred Tax	157.41	54.46
	MAT Credit Entitlement	(56.79)	(92.59)
	Total Tax expenses	156.40	45.96
	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	331.00	525.30
	Applicable rate	27.82%	27.82%
	Computed Tax Charge	92.08	146.14
	Less : Tax effect due to difference in tax rates	35.29	44.13
	Less : Reversal of excess provision for previous year	1.01	17.92
	Add : (Increase) Decrease in Deferred Tax Liability	197.50	114.04
	Less : Increase (Decrease) in Deferred Tax Asset	96.88	152.17
	Total Tax Expense	156.40	45.96
	Less : Total Expense as per P & L	156.40	45.96
	Balance	Nil	Nil

SHRI R N SHETTY KALYANA MANTAP - AGM LOCATION



MURUDESHWAR CERAMICS LIMITED

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

CIN:L26914KA1983PLC005401

37th 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 26th, 2020 at 3 P.M at Shri R N Shetty Kalyana Mantap, Opp. Indira Glass House, Hubballi - 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

37th 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	L26914KA1983PLC005401
Name of the Company	MURUDESHWAR CERAMICS LIMITED
Registered Office	Murudeshwar Bhavan, Gokul Road, Hubli - 580 030
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 37th Annual General Meeting of the Company to be held on Saturday, September 26, 2020 at 3 P.M at Shri R N Shetty Kalyana Mantap, Opp. Indira Glass House, Hubballi - 580 029 and at any adjournment thereof in respect of such resolutions as are indicated below :

Sl.No.	RESOLUTIONS	Optional*	
		For	Against
	Ordinary Business		
1	Adoption of Financial Statements for the year ended 31st March, 2020		
2	Appointment of Shri Naveen Rama Shetty (DIN : 00058779) as a Director liable to retire by Rotation		
	Special Business		
3	To Re-appoint Shri Satish Rama Shetty (DIN : 00037526), as the Managing Director for the further period of 5 years w.e.f. 26-06-2020 and also designate him as the Vice-Chairman of the Company.		
4.	Continuation of Directorship of Shri Annappayya (DIN : 03558522) as an Independent Director.		

Signed this day of2020

Affix Re. 1/-
Revenue
Stamp

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

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.