





**FORM A**

**FORMAT OF COVERING LETTER OF THE ANNUAL AUDIT REPORT TO BE FILED WITH THE STOCK EXCHANGES**

1	Name of the Company	Murudeshwar Ceramics Limited
2	Annual Financial Statements for the year ended	31 <sup>st</sup> March 2015
3	Type of Audit observation	Unqualified Report
4	Frequency of observation	Nil
5	To be signed by:-	
	CEO/Managing Director	 (Satish R Shetty)
	CFO	 (N M Hegde)
	Auditor of the Company	<b>For M.A. NARASIMHAN &amp; Co., Chartered Accountants</b>  M.A. PARTHANARAYAN Partner M. No: 028994 CAI Reg No: 0023475 M A Narasimhan Reg No: 0023475 (Firm Reg. No.0023475) M.A.ParthaNarayan-Partner (MembershipNo.028994)
Audit Committee Chairman	 (K Sunder Naik)	

**BOARD OF DIRECTORS**

**Dr. R N SHETTY**  
Chairman

**Shri K. SUNDER NAIK**

**Dr. S.S. HIREMATH**

**Shri ANNAPPAYYA K**

**Shri SANKAPPA K SHETTY**

**Smt. SARVANI ALVA**

**Shri SUNIL R SHETTY**

**Shri NAVEEN R SHETTY**

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

Company Secretary & Compliance Officer

**Shri LAKSHMISHA BABU S**

Vice President (Finance) & C.F.O.

**Shri N M HEGDE**

**Auditors**

**M/s. M A NARASIMHAN & 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

**I N D E X**

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**Registered Office**

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

**Plant**

Krishnapur Village  
HUBLI - 580 024  
Ph : 0836-2206741  
Fax : 0836-2206773

Kallabalu Village & Post  
Via Bannerghatta  
Jigani Industrial Area II Phase  
Bengaluru - 560 083  
Ph : 080-27826946  
Fax : 080-27826956

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

**NOTICE**

To,

**The Members, Murudeshwar Ceramics Limited**

NOTICE is hereby given that the Thirty Second Annual General Meeting of the Members of the Company will be held at Shri R N Shetty Kalyana Mantap, Opp. Indira Glass House, Hubli - 580 029 on Saturday 26th day of September, 2015 at 4.00 p.m. to transact the following business:

**ORDINARY BUSINESS**

1. To consider, approve and adopt the Audited Balance Sheet of the Company as at 31st day of March, 2015 and the Profit and Loss Account for the year ended on the said date together with Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Shri Sunil Rama Shetty (DIN 00037572), who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint M/s. M A Narasimhan & Co., Chartered Accountants (ICAI Registration No.002347S) as statutory auditors of the Company from conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company and fix their remuneration.

**SPECIAL BUSINESS**

4. **To authorise Board of Directors to enter into related party transactions, to consider, and if thought fit, to pass the following resolution as a Special Resolution:**

**“RESOLVED THAT** pursuant to the provisions of Section 188 and all other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and Clause 49 of Listing Agreement and subject to such approvals, consents, sanctions and permissions as may be necessary, consent of the members of the Company be accorded to approve all contracts / agreements / arrangements with following related parties and authorize the Board of Directors of the Company to enter into contracts and/or agreements, arrangements with Related Parties with respect to sale, purchase of supply of any goods including capital goods or materials, selling or otherwise disposing of, or buying leasing of property any kind, availing or rendering of any services, appointment for purchase or sale of goods, materials, services or property or any other transaction of whatever nature with related parties given below and also given in the Explanatory Statement annexed hereto :

Description of contract	Name of Related Party	Period of Contract	Total Cumulative Value of transactions during contract period with related party
sale, purchase of supply of any goods including capital goods or materials, selling or otherwise disposing of, or buying leasing of property any kind, availing or rendering of any services, appointment for purchase or sale of goods, materials, services or property or any other transaction	RNS Infrastructure Limited	April 01, 2015 to March 31, 2016	₹5,000 Lakhs

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto and to sign and execute all deeds, applications, documents, writings, that may be required, on behalf of the Company and generally to do all acts, deeds, matters and things that may be necessary, proper, expedient or incidental thereto for the purpose of giving effect to this resolution.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to approve transactions and the terms & conditions with any related party defined under the Act, and generally to do all acts, deeds, matters and things that may be necessary, proper, expedient or incidental thereto as the Board may its absolute discretion deem fit, without being required to seek any further consent or approvals of the Members or otherwise to the end and intent that they shall be deemed has given their approval thereto expressly by the authority of this resolution for the purpose of giving effect to this Resolution.”

Place : Bengaluru  
Date : July 31, 2015

By Order of the Board  
**For Murudeshwar Ceramics Limited**  
**LAKSHMISHA BABU S**  
Company Secretary

**NOTICE (Contd.)**

**NOTE:**

- (1) Any Member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend the meeting and vote on behalf of such member at such meeting and such a proxy need not be a member. Proxy in order to be effective must be received at the Company's Regd. Office not less than 48 hours before the meeting.
- (2) Any document / Proxy Form in connection with the Annual General Meeting of the Company signed by any person for and on behalf of any Institution, Bank, Body Corporate etc., will be valid, only if such document/proxy form is supported by a duly authenticated copy of the Resolution of the Board of Directors authorising such person to sign such document and/or to represent such Institution, Bank, Body Corporate etc., as the case may be.
- (3) Documents pertaining to items referred to in the Notice are available for inspection by any member/s at the Registered Office of the Company on any working day from 2 p.m. to 6 p.m. upto the date of Annual General Meeting.
- (4) Brief resume of directors proposed to be appointed/reappointed is furnished in the Corporate Governance Report forming part of this Annual Report.
- (5) Register of Members/Transfer books of the Company will be closed from September 16, 2015 to September 26, 2015 (both days inclusive).
- (6) Members seeking any information/clarification concerning the Accounts for the year 2014-15 are requested to send their specific request addressed to the Company Secretary at the Registered Office of the Company atleast seven days before the Annual General Meeting.
- (7) Members are requested to bring their copies of Annual Reports to the meeting and also to handover their attendance slips signed by the members/valid proxies at the entrance of the meeting hall.
- (8) Please also refer "General Information to Shareholders" in the annexure to Corporate Governance Report forming part of this Annual Report.
- (9) In compliance with the provisions of section 108 of the Act and the Rules framed thereunder, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by NSDL, on all resolutions set forth in this Notice.

**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 "MCL 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.nsd.com>.
- (c) Click on Shareholder – Login.
- (d) If you are already registered with NSDL for e-voting then you can use your existing user ID and password.
- (e) If you are logging in for the first time, please enter the user ID and password provided in the PDF file attached with the e-mail as initial password.
- (f) The Password Change Menu will appear on your screen. Change to a new password of your choice, making sure that it contains a minimum of 8 digits or characters or a combination of both. Please take utmost care to keep your password confidential.
- (g) Once the e-voting home page opens, click on e-voting> Active Voting Cycles.
- (h) Select "EVEN" (E-Voting Event Number) of Murudeshwar Ceramics Limited. Now you are ready for E-voting as Cast Vote page opens.
- (i) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- (j) Upon confirmation, the message "Vote cast successfully" will be displayed.
- (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](mailto:sunil_j_shah@yahoo.com) and [investor@naveentile.com](mailto:investor@naveentile.com) with a copy marked to [evoting@nsdl.co.in](mailto: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.nsd.com](http://www.evoting.nsd.com).

**NOTICE (Contd.)**

**B. In case a Member receives physical copy of the Notice of AGM (for Members whose email 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. (b) to Sl. No. (m) above, to cast vote.

**C. Other Instructions:**

- (a) The e-voting period commences on September 23, 2015 (9.00 a.m. IST) and ends on September 25, 2015 (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 19, 2015 (Cutoff date {record date}) may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, he shall not be allowed to change it subsequently.
- (b) A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again in the AGM.
- (c) The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on September 19, 2015 (Cutoff date {record date}).
- (d) Mr. Sunil J. Shah, Practicing Company Secretary (Membership No. ACS:8717), has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- (e) The Scrutiniser 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 atleast two witness not in employment of the company and shall make not later than three days of the conclusion of AGM, a consolidated scrutinizer report of the total votes cast in favour or against if any to the Chairman or a person authorised by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- (f) The results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.naveentiles.co.in](http://www.naveentiles.co.in) and on the website of NSDL Immediately after the declaration of the results by the Chairman or a person authorised by him in writing. The results shall also be immediately forwarded to Stockexchanges.

**STATEMENT UNDER SECTION 102 (1) OF THE COMPANIES ACT, 2013.**

**Item No. 4**

Pursuant to Section 188 of the Companies Act, 2013, the Company can enter into transactions mentioned in aforesaid resolution, which are not in the ordinary course of business and / or are not arm's length basis, only with prior approval of the Shareholders accorded by way of special resolution. Though, your Company always seeks to enter into transactions with related parties in the ordinary course of business and at arm's length basis, as per amended Listing Agreement Clause 49 pursuant to SEBI vide Circular No. CIR/ CFD/POLICY CELL/2/2014 dated April 17, 2014 and amendments thereof, all related party transactions though they are exempted under Section 188(1) of the Companies Act, 2013, have to be approved /ratified by the members.

Nature of related interest of related parties given below:

Name of the related party	Name of the Director or Key Managerial Personnel who is related if any	Nature of relationship	Nature, material terms, monetary value and particulars of contract or arrangement	Any other information
RNS Infrastructure Limited	Dr. Rama Nagappa Shetty, Shri Satish Rama Shetty, Shri Sunil Rama Shetty and Shri Naveen Rama Shetty	Group Company	Please refer Resolution No.4	There are common Directors in Both the Companies

The Board commends the Special Resolution set out at Item No. 4 of the Notice for approval by the members.

None of Director or Key Managerial Personnel or their relatives other than mentioned above, is concerned or interested in the said resolution.

Place : Bengaluru  
Date : July 31, 2015

By Order of the Board  
**For Murudeshwar Ceramics Limited**  
**LAKSHMISHA BABU S**  
Company Secretary

## DIRECTORS' REPORT

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

Your Directors have pleasure in presenting their 32nd Annual Report on the business and operations of the Company and the accounts for the financial year ended March 31, 2015.

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

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

Particulars	₹ In Lacs)	
	2015	2014
Sales Income	13,807.12	14,504.23
Other Income	151.00	101.22
Total income	13,958.12	14,605.45
Operational Expenditure	9,761.91	10,344.99
Increase/(Decrease) in stock	946.61	1,106.14
Interest	2,122.20	2,099.70
Depreciation	925.80	904.55
Total Expenditure	13,756.52	14,455.38
<b>Profit / (Loss) for the year</b>	<b>201.60</b>	<b>150.07</b>
Less Provision for tax	40.34	21.39
Less MAT Credit	(40.34)	(21.39)
Less Excess Provision written back	-	-
Add Deferred Tax Assets	29.70	33.27
<b>Profit / (Loss) after tax</b>	<b>171.90</b>	<b>116.80</b>
<b>Profit available for appropriation</b>	<b>171.90</b>	<b>116.80</b>

### OPERATIONAL PERFORMANCE

During the year under report the Company has produced 24,79,752 Sq.mtrs., of Vitrified tiles and 75 Sq.mtrs. of Ceramic tiles. Whereas compared to previous year production of Vitrified tiles is reduced by 0.58% and production of Ceramic tile is reduced by 99.42%. The sales income from Vitrified tiles has reduced by 1.22% at ₹10,568.89 lakhs compared to ₹10,699.65 lakhs of the previous year. Sales income from Ceramic tile segment has reduced by 17.61% at ₹780.00 lakhs compared to ₹941.60 lakhs of the previous year. The Granite division did not produce any slabs during the year due to non-availability of quality blocks.

In spite of the above hurdles the Company has managed to earn a profit of ₹171.90 lakhs (Previous year ₹116.80 lakhs) which leads to an increase of 47.17% as compare to previous year 2013-14.

### DIVIDEND

Since the Profits of the Company has started increasing slightly and the Directors intent to reduce the finance cost as early as possible. Hence your Directors have decided to skip the dividend for the year 2014-15. Your directors are working towards achieving higher results during the forth coming years.

### BRIEF DESCRIPTION OF THE COMPANY'S WORKING DURING THE YEAR/STATE OF COMPANY'S AFFAIR

#### PROSPECTS

The new and aesthetic products introduced by the Company are better accepted in the market. Various cost cutting measures undertaken by the Company both by reducing the operating cost on one hand and improving the working efficiency on the other are producing encouraging results. The new Digital tiles Technology which gives a very rich look is slowly capturing the market. Now a days tiles are used as a decorating items in kitchen, bathroom or any other part

**DIRECTORS' REPORT (Contd.)**

of our home or for any exterior cladding of villas, bungalows, hotels, restaurants, hospitals etc. The Vitrified tiles double and multi charge tiles are also moving fast in the market. The Karaikal unit is functioned with improved gas allocation. Gas allocation for Hubli Unit is expected to arrive at the earliest. The Company is expecting a better growth in the mere future.

**MARKETING STRATEGY**

With a view to reduce transportation and other operating costs to reach distant markets within in shortest possible time, the Company has started outsourcing production of select varieties of Vitrified tiles under our regular brand name to other distant manufacturing units and doing its trading activity. This will provide some cushion to price the product a little more competitively. Company's representatives are on door to door leg work to enhance sales. Hoarding, Table Calendars, Newspapers advertisements are in place in order to increase sales. This Company continues with strategy of both project and retail market. Show room sales is yielding satisfactory return in major urban centers. Your Directors are hopeful of achieving better results in the year 2015-16.

**RESEARCH AND DEVELOPMENT**

The R & D wing of the Company 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.

**DETAILS OF SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES**

The Company does not have any Subsidiary Joint ventures and associates Companies.

**RESERVES**

The net movement in the major reserves of the Company for FY15 and the previous year are as follows :

Particulars	₹ In Lacs)	
	FY15	FY14
Capital Reserve	15.02	15.02
Capital Redemption reserve	1,600.00	1,600.00
Securities premium account	11,184.53	11,184.53
General Reserve	12,795.85	12,795.85
Profit and Loss Account	1,279.03	1,107.13

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

No Change in the nature of the business of the Company done during the year.

**RISK MANAGEMENT**

A statement indicating development and implementation of a risk management policy for the Company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the company.

**DIRECTORS AND KEY MANAGERIAL PERSONNEL**

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

- Shri Sunder Naik,
- Dr. S S Hiremath,
- Shri Annappayya K
- Shri Sankappa Keremane Shetty
- Smt Sarvani Alva

**DIRECTORS' REPORT (Contd.)**

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

- Shri Satish Rama Shetty, CEO and Managing Director
- Shri N M Hegde, Chief Financial Officer
- Shri Lakshmisha Babu S, Company Secretary

The Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under the Act and Clause 49 of the Listing Agreement with the Stock Exchanges.

In accordance with the requirements of the Act and the Articles of Association of the Company, Shri Sunil Rama Shetty retires by rotation and is eligible for re-appointment.

**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. In terms of the first proviso to Section 136 of the Act, the Report and Accounts are being sent to the members excluding the aforesaid Annexure. Any member interested in obtaining the same may write to the Company Secretary at the Registered Office of the Company. None of the employees listed in the said Annexure is related to any Director of the Company.

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

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

**COMMITTEES OF THE BOARD**

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

- Audit Committee of Directors
- Nomination and Remuneration Committee
- Stakeholders Grievance 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 familiarization programs for Independent Directors were conducted by the Company's professional during the year.

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

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

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

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

In terms of the provisions of Section 178(3) of the Act and Clause 49(IV)(B)(1) of the Listing Agreement, the Nomination and Remuneration Committee (NRC) is responsible for formulating the criteria for determining qualification, positive attributes and independence of a Director. The NRC is also responsible for recommending to the Board a policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees.



**DIRECTORS' REPORT (Contd.)**

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 policy's are available on the company website [www.naveentiles.co.in](http://www.naveentiles.co.in)

**RELATED PARTY TRANSACTIONS**

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. The Company present a statement of all related party transactions before the Audit Committee. Prior approval of the Audit Committee is obtained for the transactions which are of foreseen and repetitive nature. Further there are no significant related party transactions during the year under review made by the Company with promoters, Directors, Key Managerial Personnel or designated persons which may have a potential conflict with the interest of the Company at a large.

**DEPOSITS**

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

**EXTRACT OF THE ANNUAL RETURN**

Pursuant to Section 92 of the Act and Rule 12 of The Companies (Management and Administration) Rules, 2014, the extract of Annual Return in Form MGT-9, is appended hereto and forms part of this Report as Annexure-3.

**STATUTORY AUDITORS**

The present auditors M/s. M A Narasimhan & Co., Chartered Accountants (ICAI Registration No.0023457S), Bengaluru, will be holding office as Auditors of the Company until conclusion of the ensuing Annual General Meeting. The said Auditors being eligible have consented to be reappointed. Necessary resolution will be placed before members for approval.

**SECRETARIAL AUDIT REPORT**

Pursuant to the Provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed HBP & Co., Practicing Company Secretaries (formerly known as Hemanth, Biswajit & Co) to undertake the secretarial audit of the Company. The Secretarial Audit Report is appended hereto and forms part of this Report as Annexure-4.

**CORPORATE GOVERNANCE**

Pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges and relevant sections of the Act, a Management Discussion and Analysis Statement, Report on Corporate Governance and Auditors' Certificate, are included in the Annual Report. The Compliance certificate from the auditors regarding compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing agreement shall be annexed with the report.

**VIGIL MECHANISM / WHISTLE BLOWER 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. Pursuant to Section 177(9) of the Act, 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 Vigil Mechanism provides a mechanism for employees of the Company to approach the Chairman of the Audit Committee of the Company.

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

### **SHARE CAPITAL**

During the year the Company had not allotted any Equity Shares, hence the Paid up Equity Share Capital of the Company remained at the existing level of ₹4,082.17 lakhs.

### **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

Your Company does not have net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during any financial year. Henceforth the disclosures as per Rule 9 of Companies (Corporate Social Responsibility Policy) Rules, 2014 shall be made as and when the Company meets the criteria specified above.

### **PREVENTION OF INSIDER TRADING**

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Board is responsible for implementation of the Code. All Board Directors and the designated employees have confirmed compliance with the Code.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

Based on the 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 2014-15.

Accordingly, pursuant to 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 therefrom;
- b. They have, in the selection of the accounting policies, consulted the Statutory Auditors and have applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- c. They have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. They have prepared the annual accounts on a going concern basis;
- e. They have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- f. They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **ACKNOWLEDGEMENTS**

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

for and on behalf of the Board of Directors

**Dr. R. N. SHETTY**  
Chairman  
(DIN 00038810)

Place : Bengaluru

Date : July 31, 2015

**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	16.57

**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 the Director	Percentage increase in remuneration in the financial year
Shri Satish Rama Shetty	-
Shri N.M. Hegde	-
Shri Lakshmisha Babu S.	24.26%

- c) The percentage increase in the median remuneration of employees in the financial year : 14.88%  
d) The number of permanent employees on the rolls of the company : 424  
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 : 14.88%	Increase in remuneration has been made to retain talented employees. The remuneration was paid to employees on par with other similar Industry.
2.	Company performance has improved from a PAT of ₹116.80 Lakhs to ₹171.90 lakhs	

- 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	12.5%
2.	Shri N.M. Hegde	3.85%
3.	Shri Lakshmisha Babu S.	5.23%

- g) Market and financial performance related information:

Particulars	March 31, 2015	March 31, 2014	% Change
Market Capitalization (₹ lakhs)	9,040.28	5,664.97	59.58%
P/E Ratio	52.73	47.86	10.17%

- 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) Energy conservation measures taken:** Processed Feldspar and new type Indian Ball Clay raw materials are used to reduce the Ball Mill grinding time and increase the output.

**(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:** Machinery for Glazed Vitrified tiles is proposed for production of value added Vitrified tiles production.

**(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, better sales realization of sale values of Vitrified tiles.

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

**B. TECHNOLOGY ABSORPTION :**

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

**FORM B**

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

- a. New Ball Clay raw material sourced from supplier close to factory to reduce transportation cost.
- b. Reduction in Imported Ball Clay consumption.

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

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

**3. Future plan of action**

- a. New type Double charge Vitrified tile production in new plant
- b. GVT production line is proposed for production of value added Vitrified tile production in Karaikal plant.

**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

**1. Efforts in brief made towards technology absorption, adaptation and innovation:** Successful trial production of Vitrified tile production casing new type Indian Ball Clay material.

**2. Benefits derived as a result of above efforts :** Reduction in raw material cost, transport cost and 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 : ₹0.20 lakhs

**ANNEXURE - 3**
**FORM NO. MGT 9  
EXTRACT OF ANNUAL RETURN**

As on financial year ended on 31.03.2015

 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, LISTED
5.	Address of the Registered office & contact details	NO.604/B, MURUDESHWAR BHAVAN, GOKUL ROAD, HUBLI 580 030
6.	Whether listed company	YES
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	MR. K. RAVI CANBANK COMPUTER SERVICES LIMITED J P ROYALE,1ST FLOOR, NO.218, 2ND MAIN, SAMPIGE ROAD (NEAR 14TH CROSS), MALLESWARAM, BENGALURU - 560 003 TEL NOS. 080-23469661/62 , 23469664/65 FAX NOS. 080-23469667/68

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

Sr. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1.	Vitrified Tiles	69079010	71.98%
2.	Services	00440410	22.56%

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

Sr. 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. 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-2014]				No. of Shares held at the end of the year [As on 31-March-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoter's</b>									
(1) Indian	-	-	-	-	-	-	-	-	-
a) Individual/ HUF	6594734	-	6594734	16.158	6594734	-	6594734	16.158	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	18438552	-	18438552	45.177	18438552	-	18438552	45.177	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (1)</b>	<b>25033286</b>	<b>-</b>	<b>25033286</b>	<b>61.335</b>	<b>25033286</b>	<b>-</b>	<b>25033286</b>	<b>61.335</b>	<b>-</b>

**ANNEXURE - 3 (Contd.)**

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2014]				No. of Shares held at the end of the year [As on 31-March-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(2) Foreign</b>									
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/ FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (2)</b>	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	25033286	-	25033286	61.335	25033286	-	25033286	61.335	-
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	700	700	0.002	-	700	700	0.002	-
b) Banks / FI	-	2600	2600	0.006	-	2600	2600	0.006	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	211087	-	211087	0.517	211087	-	211087	0.517	-
g) FIs	-	900	900	0.002	-	900	900	0.002	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1)</b>	211087	4200	215287	0.527	211087	4200	215287	0.527	-
<b>2. Non-Institutions</b>									
a) Bodies Corp. (Indian and Overseas)	4314516	5651	4320167	10.585	3424417	5651	3430068	8.404	-2.181
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹1 lakh	4014002	397909	4411911	10.81	4272393	392669	4665062	11.430	+0.62
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	1693476	476718	2170194	5.371	2174088	476418	2650806	6.495	+1.124

**ANNEXURE - 3 (Contd.)**

<b>c) Others (specify)</b>									
Non Resident									
Indians	4119879	9772	4129651	10.118	4243359	9772	4253131	10.421	+0.303
Overseas									
Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	12775	-	12775	0.031	30322	-	30322	0.074	+0.043
HUF	520651	-	520651	1.276	535960	-	535960	1.313	+0.037
Foreign Bodies - D R									
<b>Sub-total (B)(2)</b>	<b>14675299</b>	<b>890050</b>	<b>15565349</b>	<b>38.191</b>	<b>14680539</b>	<b>884510</b>	<b>15565349</b>	<b>38.137</b>	
<b>Total Public Shareholding (B)= (B)(1)+ (B)(2)</b>	<b>14886386</b>	<b>894250</b>	<b>15780636</b>	<b>38.718</b>	<b>14891626</b>	<b>888710</b>	<b>15780636</b>	<b>38.664</b>	<b>-</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>39919672</b>	<b>894250</b>	<b>40813922</b>	<b>100</b>	<b>39924912</b>	<b>888710</b>	<b>40813922</b>	<b>100</b>	<b>-</b>

**B) Shareholding of Promoter**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Sharmila S Shetty	9200	0.023	-	9200	0.023	-	-
2	R N Shetty	26808	0.066	-	26808	0.066	-	-
3	Naveen R Shetty	560502	1.373	-	560502	1.373	-	-
4	Sunil R Shetty	561102	1.375	-	561102	1.375	-	-
5	Satish R Shetty	560402	1.373	-	560402	1.373	-	-
6	Satish R Shetty	1650000	4.043	-	1650000	4.043	-	-
7	Samata A Shetty	544102	1.333	-	544102	1.333	-	-
8	Mamata S Hegde	547300	1.341	-	547300	1.341	-	-
9	Geeta S Malli	544602	1.334	-	544602	1.334	-	-
10	Shobha Jeevan Shetty	544902	1.335	-	544902	1.335	-	-
11	Sudha R Shetty	540102	1.323	-	540102	1.323	-	-
12	Shilpa Shetty	7400	0.018	-	7400	0.018	-	-
13	Naveen Mechanised Construction Co. Pvt Ltd	488086	1.196	-	488086	1.196	-	-
14	RNS Infrastructure Limited	12140466	29.746	-	12140466	29.746	-	-
15	Anvita Satish Shetty	9800	0.024	-	9800	0.024	-	-
16	Murdeswar Power Corporation Limited	5810000	14.235	-	5810000	14.235	-	-
17	Ramika Sudesh Hegde	12300	0.03	-	12300	0.03	-	-
18	Karan Satish Shetty	9800	0.024	-	9800	0.024	-	-
19	Rohan Abhay Shetty	9800	0.024	-	9800	0.024	-	-
20	Kolkebail Jeevan Shetty	38402	0.094	-	38402	0.094	-	-
21	Mythri Naveen Shetty	7550	0.018	-	7550	0.018	-	-

**ANNEXURE - 3 (Contd.)**

22	Aanchal Sunil Shetty	9800	0.024	-	9800	0.024	-	-
23	Sandip Malli Kaidale	36202	0.089	-	36202	0.089	-	-
24	Nikita Abhayanand Shetty	9800	0.024	-	9800	0.024	-	-
25	Anmol Sunil Shetty	9800	0.024	-	9800	0.024	-	-
26	Yukta Naveen Shetty	10000	0.025	-	10000	0.025	-	-
27	Rishabh Naveen Shetty	9800	0.024	-	9800	0.024	-	-
28	Mookambika Hiriyanna Shetty	20068	0.049	-	20068	0.049	-	-
29	Billadi Sudesh Hegde	36400	0.089	-	36400	0.089	-	-
30	Shachi Jeevan Shetty	12900	0.032	-	12900	0.032	-	-
31	Abhayanand Raghu Shetty	32200	0.079	-	32200	0.079	-	-
32	Adithi Jeevan Shetty	12900	0.032	-	12900	0.032	-	-
33	Rathul Sandip Malli	12300	0.03	-	12300	0.03	-	-
34	Rithika Sudesh Hegde	11600	0.028	-	11600	0.028	-	-
35	Rama Nagappa Shetty (on behalf of R N Shetty Family Trust)	174590	0.428	-	174590	0.428	-	-
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
<b>THERE IS NO CHANGE</b>					

**D) Shareholding Pattern of top ten Shareholders:**

(Other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For Each of the Top 10 Shareholders	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.	IL and FS Trust Co Ltd*	2728053	6.684	1904408	4.666
2.	Keshwani Hareesh*	1719857	4.214	1719857	4.214
3.	Ricky Ishwardas Kirpalani*	1692631	4.147	1692631	4.147
4.	JM Financial Services Limited*	347265	0.851	-	-
5.	Dilipkumar Lakhi*	259556	0.636	259556	0.636
6.	Dr. Sanjeev Arora*	247935	0.607	247935	0.607
7.	Nitish Sanjeev Shetty*	232859	0.571	232859	0.571
8.	Prashanta Sanjeev Shetty*	232859	0.571	232859	0.571
9.	Brijmohan Ketan Kumar Manadhaniya (HUF)*	224000	0.549	224000	0.549
10.	Tara Chand Jain*	145246	0.356	-	-
11.	Sangeeta S#	-	-	480940	1.178
12.	Shanthi General Finance P Limited#	-	-	171987	0.421

1. The Shares of the Company are substantially held in dematerialised form, and are traded on a daily basis and hence the date wise increase/decrease in shareholding is not indicated.

2. \* Common Top 10 shareholders as on April 1, 2014 and March 31, 2015

\* Top 10 Shareholders as on April 1, 2014

# Top 10 shareholders as on March 31, 2015



**ANNEXURE - 3 (Contd.)**

**E) Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	Name of the Director	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	<b>Dr. Rama Nagappa Shetty</b>				
	At the beginning of the year	26808	0.06	-	-
	Allotment	-	-	-	-
	At the end of the year	26808	0.06	26808	0.06
2	<b>Shri Satish Rama Shetty</b>				
	At the beginning of the year	1110402	2.72	-	-
	Allotment	-	-	-	-
	At the end of the year	1110402	2.72	1110402	2.72
3	<b>Shri Sunil Rama Shetty</b>				
	At the beginning of the year	1111102	2.72	-	-
	Allotment	-	-	-	-
	At the end of the year	1111102	2.72	1111102	2.72
4	<b>Shri Naveen Rama Shetty</b>				
	At the beginning of the year	1110502	2.72	-	-
	Allotment	-	-	-	-
	At the end of the year	1110502	2.72	1110502	2.72
5	<b>Dr. Shivabasayya Siddaramayya Hiremath</b>				
	At the beginning of the year	2300	0.01	-	-
	Allotment	-	-	-	-
	At the end of the year	2300	0.01	2300	0.01
6	<b>Shri Kudlu Sunder Naik</b>				
	At the beginning of the year	-	-	-	-
	Allotment	-	-	-	-
	At the end of the year	-	-	-	-
7	<b>Shri Annappayya Kundapur</b>				
	At the beginning of the year	-	-	-	-
	Allotment	-	-	-	-
	At the end of the year	-	-	-	-
8	<b>Shri Sankappa Keremane Shetty</b>				
	At the beginning of the year	-	-	-	-
	Allotment	-	-	-	-
	At the end of the year	-	-	-	-
9	<b>Smt Sarvani Alva</b>				
	At the beginning of the year	-	-	-	-
	Allotment	-	-	-	-
	At the end of the year	-	-	-	-

**ANNEXURE - 3 (Contd.)**

Sl. No.	Name of the Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	<b>Shri Satish Rama Shetty</b>				
	At the beginning of the year	11,10,402	2.72	-	-
	Allotment	-	-	-	-
	At the end of the year	11,10,402	2.72	11,10,402	2.72
2	<b>Shri Narayan Manjunath Hegde</b>				
	At the beginning of the year	700	0.00	-	-
	Allotment	-	-	-	-
	At the end of the year	700	0.00	700	0.00
3	<b>Shri Lakshmisha Babu S</b>				
	At the beginning of the year	-	-	-	-
	Allotment	-	-	-	-
	At the end of the year	-	-	-	-

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	310.89	-	13.22	324.11
ii) Interest due but not paid	0.26	-	-	0.26
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>311.15</b>	<b>-</b>	<b>13.22</b>	<b>324.37</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	1.86	-	3.86	5.72
* Reduction	-	-	-	-
<b>Net Change</b>	<b>1.86</b>	<b>-</b>	<b>3.86</b>	<b>5.72</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	310.86	-	17.08	327.94
ii) Interest due but not paid	0.64	-	-	0.64
iii) Interest accrued but not due	1.51	-	-	1.51
<b>Total (i+ii+iii)</b>	<b>313.01</b>	<b>-</b>	<b>17.08</b>	<b>330.09</b>

**ANNEXURE - 3 (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					Total Amount
1	Gross salary	-	-	-	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	28.89	-	-	-	28.89
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-	-
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission	-	-	-	-	-
	- as % of profit	-	-	-	-	-
	- others, specify...	-	-	-	-	-
5	Others, please specify	-	-	-	-	-
	<b>Total (A)</b>	28.89	-	-	-	28.89

Ceiling as per the Companies Act is ₹28.89 lakhs including perks allowed

**B. Remuneration to other Directors**

In Lakhs

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount
		Kudlu Sunder Naik	Annappayya Kundapur	Dr. Shivabasayya Siddaramayya Hiremath	Sankappa Keremene Shetty	Sarvani Alva	
1	Independent Directors						
	Fee for attending board committee meetings	0.65	0.75	0.45	0.50	0.20	2.55
	Commission	-	-	-	-	-	-
	Local conveyance	0.04	0.05	0.04	0.05	0.02	0.20
	<b>Total (1)</b>	<b>0.69</b>	<b>0.80</b>	<b>0.49</b>	<b>0.55</b>	<b>0.22</b>	<b>2.75</b>
2	Other Non-Executive Directors						
	Fee for attending board committee meetings	-	-	-	-	-	-
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	<b>Total (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total (B)=(1+2)</b>	<b>0.69</b>	<b>0.80</b>	<b>0.49</b>	<b>0.55</b>	<b>0.22</b>	<b>2.75</b>
	Total Managerial Remuneration	0.69	0.80	0.49	0.55	0.22	2.75

Overall Ceiling as per the Act is ₹1 lakh per Director per meeting i.e. ₹25 lakhs

**ANNEXURE - 3 (Contd.)**

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

In Lakhs

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		CEO Satish R Shetty	CFO N M Hegde	CS Lakshmisha Babu .S	
1	Gross salary				
	(a) Salary and allowances	28.89	7.77	10.55	47.21
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Bonus paid in fiscal 2015	-	-	-	-
	(d) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	others, specify...	-	-	-	-
5	Incentive	-	-	-	-
	<b>Total</b>	<b>28.89</b>	<b>7.77</b>	<b>10.55</b>	<b>47.21</b>

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

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

**ANNEXURE - 4**

**SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31st March 2015**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,  
Murudeshwar Ceramics Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Murudeshwar Ceramics Limited, (hereinafter called the 'Company'). Secretarial Audit was conducted in a manner that provided a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2015 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2015 according to 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 Borrowings;
- 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, 1992;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999(Not applicable to the Company during the Audit period);
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008(Not applicable to the Company during the Audit period);
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

**ANNEXURE - 4 (Contd.)**

- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the Audit period); and
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the Audit period);

We have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India. – Not Applicable as the same is not notified during the year under review.
- ii. The Listing Agreements entered into by the Company with Stock Exchange(s), where applicable;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that the Compliance by the Company of applicable financial laws like Direct & Indirect tax laws has not been reviewed in this audit since the same has been subject to review by the statutory financial audit and other designated professionals.

We further report that :

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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 Board duly recorded and signed by Chairman the decisions of the Board were unanimous and no dissenting views have been recorded.

We further report that 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.

We further report that during the audit period the operations at the factory of the company at Hubli has been hampered with certain plant, machinery and buildings not being in operation. There is no other specific events/actions in pursuance of the above referred laws, rules, regulations guidelines etc., having a major bearing on the Companies Affairs.

**Place : Bengaluru**  
**Date : July 31, 2015**

**For HBP & Co**  
Company Secretaries  
**Hemanth B**  
Partner  
FCS 6374 / CP No. 6519

This report to be read with our letter of even date which is annexed as Annexure and forms an integral part of this report.

**ANNEXURE - 4 (Contd.)**

**'Annexure A'**

To,  
The Members,  
Murudeshwar Ceramics Limited

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express as opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained and relied on the 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. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place : Bengaluru  
Date : July 31, 2015

**For HBP & Co**  
Company Secretaries  
**Hemanth B**  
Partner  
FCS 6374 / CP No. 6519

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

**INDUSTRY STRUCTURE AND DEVELOPMENT**

The Ceramic and Vitrified industry is largely dependent on Indian Real estate Development. Ceramic and Vitrified being the major input only in building and construction, we can conclude that once the building and development increase there is a huge demand for Ceramic and Vitrified tiles. The Current scenarios in India of real estate is booming because of the Central Government new plans of establishing smart cities in India and also the relaxed interest rates for real estate development. Simultaneously a situation of cut throat competition, margin squeezing to capture market caused serious setback to the business of tiles manufacturers in the organized section. Added to this many small and unorganized sector have taken up production of tiles and the number of such small units are increasing day by day.

Murudeshwar Ceramics Limited started commercial production on 01.05.1988 with an installed capacity of 12,500 tons per annum (TPA) of Ceramic tiles at Hubli in Northern Karnataka. The Company undertook a major product diversification into manufacture of Vitrified tiles in the year 1993. The Vitrified tiles project was completed in a very short time and the production commenced on 01.03.1994. On considerations of quality, value addition, aesthetic looks and endurance, the said Vitrified tiles under the Brand Name of “NAVEEN DIAMONTILE” became very popular in domestic markets in a very short time. Encouraged by the response for Vitrified tiles in the Indian market, the company has established one more Vitrified tile manufacturing unit in Karaikal with an initial capacity of 6,000 Sq.mtrs. per day which commenced its commercial production on 1st day of October 2003. Simultaneously the capacity expansion also was carried on side by side. On cost considerations the Company stopped production of Ceramic tiles in August 2002. But later on, as a support product, manufacturing of Ceramic tiles was once again started with an initial capacity of 8,000 sq.mtrs per day at Hubli unit. The new Ceramic tile manufacturing unit became operational from January 2006 and the expansion project was undertaken simultaneously. New varieties of tiles in aesthetic colours, shades, body matrix and in different dimensions are being constantly added on in the product mix. On cost considerations, the Kilns in Hubli unit were modified to be fueled by Coal Gas. The Coal gasification was completed in the year 2009. As on 2012-13 the Hubli Plant is under conversion process from Coal Gas to Natural Gas. As at the end of the financial year the installed capacity of Ceramic and Vitrified tiles are as follows:

Annual Capacity	VITRIFIED TILES		CERAMIC TILES
	Hubli	Karaikal	Hubli
Installed Capacity (in Sq. Mtrs.) per annum	6,00,000	42,00,000	12,00,000

**OPPORTUNITIES**

The Company is at present producing only Vitrified tiles. The multiple advantages of Vitrified tiles lies in its strength, endurance, elegance and variety in shades and designs. These qualities have made Vitrified tiles increase its popularity and customer base year after year. The Central Government has announced the implementation guidelines for the Smart Cities in India. We being in tiles industry can encash this opportunity by producing latest design tiles. Vitrified industry has lot of opportunities to grow because of the new housing policy introduced by financial Institution and Banks with lower interest rates in order to boom the housing loans. All this opportunities increase the tile market in India. Taking advantage of the situation, we endeavour our best to achieve optimum production in our Karaikal plant, mainly concentrating on high value items and tiles of bigger size.

**THREATS**

Cheaper imported Vitrified tiles is flooding the Indian markets. The demand for tiles has resulted in large number of smaller to medium size new industries mushrooming in various parts of the Country. Frequent increase in cost of power and fuel not only accounts for increase in direct cost but also result in increase of indirect costs like transportation and cost of other inputs. Ceramic tiles industry in India is suffering from low margin and profitability. Non availability of skilled labour and increased rate of interest on borrowing is also major threat to the industries.



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

**SEGMENT-WISE PERFORMANCE AND DISCUSSION ON FINANCIAL/OPERATIONAL PERFORMANCE :**

The Segment-wise performance for the year ended on 31.03.2015 is furnished hereunder:

SEGMENT	PRODUCTION (in Sq. Mtrs.)	SALES	
		Volume (Sq.Mtrs.)	Value (₹ in lacs)
Vitrified Tiles	24,79,752 (24,94,237)	27,47,899 (28,59,823)	10,568.89 (10,699.65)
Ceramic Tiles	75 (12,999)	2,43,856 (3,19,906)	780.00 (941.60)
Earth Work (Sales receipts)	- (-)	- (-)	3,306.97 (3,673.06)

(Figures in brackets indicate corresponding values for the previous year)

As may be seen from the above statement, production of Ceramic tiles has been reduced by 99.42% and Vitrified tiles production by 0.58% and Granite Division has not produced any slabs during the year. Overall sales revenue has reduced by 4.30% which is ₹14,655.86 lakhs for the year under report. With the result the Company has incurred a profit of ₹171.90 lakhs for the year under report compared to profit of ₹116.80 lakhs for the previous year.

**OUT-LOOK**

The Company has also outsources manufacturing of tiles in the Company's brand name. These new varieties are well accepted by the market. The R & D team is work hard to invent new product range, designs and sophisticated colors. The bigger size tiles such as 800mm X 800mm and Nano series Vitrified tiles of 600mm X 600mm has captured the market. The Company has also has good sales of Glazed Vitrified Tiles and Digital Vitrified Tiles of 600mm X 600mm.

**RISKS AND CONCERNS**

During the year under report the Company has stopped producing Ceramic Tiles and concentrating more on business in Vitrified tiles for time being. Every raise in cost of LPG or Diesel will have its both direct and indirect influence on the costing. Further the cost of borrowing is also increasing day by day, this in turn will increase the cost of borrowing. The major concern of the Company is delay by the Government in installation of Natural Gas at Hubli Unit. 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 atleast for the section of society for which cost is the criteria.

**INTERNAL CONTROL SYSTEMS AND ADEQUACY**

Day to day administration is looked after by the Managing Director under supervision, control and guidance of the Executive Committee of Directors headed by Dr. R N Shetty as Chairman. The Company has a separate internal audit department with experienced staff, placed under the supervision and control of the Vice President (Finance) and CFO. The 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.

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

As at the end of the year the Company had 424 employees on the rolls. The Company continued to engage services of senior level personnel even at branches level to ensure better control and coordination. Management also continues to give due importance for Manpower training and motivation. Customer care and Customer satisfaction are being ensured with meticulous care. The understanding between the Management and workers continues to be cordial.

**CAUTION**

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

for and on behalf of the Board of Directors

**Dr. R.N. SHETTY**  
Chairman  
(DIN 00038810)

Place : Bengaluru  
Date : July 31, 2015

## CORPORATE GOVERNANCE REPORT

### 1. PHILOSOPHY AND CORPORATE GOVERNANCE

The Management believes that all applicable laws, rules and regulations in force are to be abided as a basic discipline. In the process the Company has complied with requirements of Corporate Governance provisions prescribed under Cl.49 of the Listing Agreement. Investors/Customer satisfaction are being constantly monitored and maintained at satisfactory levels. Inter-department co-ordination is satisfactory. Accountability and responsibility fixed at each level of hierarchy. On the operations side, the Management relies upon quality maintenance, effective presentation and customer satisfaction as basic requirements. Accordingly Manpower training and motivation are being pursued to attain desired results. The Management aims at commitment to high standards of administrative and financial discipline, transparent administration and enhancement of investor value.

### 2. BOARD OF DIRECTORS

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

#### 2.1 Non-Executive Directors

- |   |                         |
|---|-------------------------|
| 1) Dr R.N. Shetty                         | : Promoter and Chairman |
| 2) Shri Kudlu Sunder Naik                 | : Independent Director  |
| 3) Dr. Shivabasayya Siddaramayya Hiremath | : Independent Director  |
| 4) Shri Annappayya Kundapur               | : Independent Director  |
| 5) Shri Sankappa Keremane Shetty          | : Independent Director  |
| 6) Smt. Sarvani Alva                      | : Independent Director  |
| 7) Shri Sunil Rama Shetty                 | : Director              |
| 8) Shri Naveen Rama Shetty                | : Director              |

#### 2.2 Executive Director

- 9) Shri Satish Rama Shetty : Managing Director

The Board has eight Non-Executive directors of whom five are independent directors. Dr R N Shetty is the Non-Executive Chairman. The said composition is in conformity with the requirements of Clause 49 of the Listing Agreement. Executive Director has been appointed for a term of five years effective from respective date of his appointment.

None of the above said Non-Executive Directors has any pecuniary relationship or transaction with the Company excepting eligibility for Sitting Fees and reimbursement of expenses incurred for attending Board Meetings. Promoters Dr. Rama Nagappa Shetty, Shri Sunil Rama Shetty, Shri Naveen Rama Shetty and the Executive Director, Shri Satish 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 provisions of Clause 49 of the Listing Agreement, brief particulars of Directors appointed/reappointed are furnished hereunder :

- 2.3(a). **Shri Sunil R Shetty** aged about 50 years, is a Civil Engineer. Shri Sunil R Shetty has been on the Board of Murudeshwar Ceramics Ltd., since November 1993. He has taken active part in many expansion projects of the Company. Apart from Murudeshwar Ceramics Limited, he is also actively involved in successful functioning of other industrial units of the group named in succeeding paragraph. He has also involved himself in expansion projects of Naveen Hotels Limited, which has units, one at Hubli, one at Bengaluru and two at Murudeshwar. He has also been a part of expansion of business of RNS Motors Limited, dealers for Maruti Udyog Limited and the said business has units in Karnataka. Shri Sunil R Shetty holds 11,11,102 equity shares of ₹10/- each (2.72%) in the Company.

Shri Sunil R Shetty is a Member of the Executive Committee of Directors which is a sub-committee of Board of Directors of Murudeshwar Ceramics Limited. Other Companies on the Boards of which Shri Sunil R Shetty is associated as a Director are (1) RNS Infrastructure Limited (2) RNS Motors Limited (Managing Director) (3) RNS Earthmovers Private Limited (Managing Director), (4) Naveen Hotels Limited, (5) Naveen Mechanised Construction Co. Pvt. Ltd., (6) Naveen Structurals & Engineering Co. Pvt. Ltd., (7) Shri Murudeshwar Tiles Pvt. Ltd. (8) Murudeshwar Developers Limited, (9) Firebricks & Potteries Pvt. Ltd., (10) Murudeshwar Power Corporation Limited, (11) Murudeshwar Infosystems Limited,

**CORPORATE GOVERNANCE REPORT (Contd.)**
**2.4 Meetings, Attendance and Membership of Committees**

During the year under report five (5) Board Meetings were held on May 29, 2014, July 31, 2014, September 27, 2014, October 31, 2014 and January 31, 2015 the gap between any two consecutive Board Meetings has not exceeded four months.

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 2014-15.

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	3	No	4	-	13
2	Shri.Kudlu Sunder Naik	5	4	No	6	2	1
3	Dr Shivabasayya Siddaramayya Hiremath	5	4	Yes	4	-	2
4	Shri Annappayya Kundapur	5	5	Yes	1	5	1
5	Shri Sankappa Keremane Shetty	5	5	Yes	-	5	3
6	Smt. Sarvani Alva	5	2	No	2	-	1
7	Shri Satish Rama Shetty	5	5	Yes	-	-	13
8	Shri Sunil Rama Shetty	5	2	No	1	-	13
9	Shri. Naveen Rama Shetty	5	5	No	-	-	11

**3. CODE OF CONDUCT**

The Board of Directors has laid down Code of Conduct for all 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 31.03.2015 and necessary declaration from CEO is annexed forming part of this report.

**4. AUDIT COMMITTEE**

During the year under report four (4) Audit Committee Meetings were held on May 29, 2014, July 31, 2014, October 31, 2014 and January 31, 2015. The Meeting held on May 29, 2014 was for the purpose of considering audited accounts for the year ended on 31.03.2014 and the members were

1. Dr. Rama Nagappa Shetty - Member
2. Shri Kudlu Sunder Naik - Chairman
3. Shri Annappayya Kundapur - 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 Sunder Naik was 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 (CFO) to be present at its meetings. The CEO & Managing Director also attends the meeting. The Statutory Auditors are also invited to the meetings. Shri Lakshmisha Babu S, Company Secretary is the Secretary of the Committee.

For the financial year 2014-15 the Audit Committee functions with reference to matters contained in the provisions of The Companies Act, 2013 read with Clause 49 of the Listing Agreement. The role and responsibilities of the Audit Committee include the following:

- Oversight of the Company's Financial Reporting Processes and Financial Statements.
- Recommend to the Board, the appointment, reappointment and if required, the placement or removal of the statutory auditor and the fixation of audit fees and terms of appointment
- Review the adequacy of internal audit function.
- If required appointment of Cost Auditor/other Auditors
- Evaluation of regular basis the adequacy of risk management systems.
- Review with the management, external and internal auditors and outsourced internal audit firms, the quality, adequacy and effectiveness of internal control systems and any significant deficiencies or material weakness in the internal controls.
- Review the effectiveness of the system for monitoring compliance with applicable laws and regulations
- To review the functioning of the whistle Blower mechanism.
- To approve all related party transactions in accordance with the Act.

**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 Kundapur              | - | Chairman |
| 2. Dr Shivabasayya Siddaramayya Hiremath | - | Member   |
| 3. Shri Kudlu Sunder Naik                | - | Member   |

During the year the Remuneration Committee met once on 30.05.2014 and all three Directors attended the meeting. All the three members including the Chairman of the Committee are non-executive and independent directors, Shri Lakshmisha Babu S, Company Secretary is the Secretary. The terms of the provisions of Section 178(3) of the Act and Clause 49 (IV)(B)(1) of the Equity Listing Agreement, the NRC is responsible for formulating the criteria for determining qualification, positive attributes and independence of a Director. The NRC is also responsible for recommending to the Board a policy relating to the remuneration of the directors, key managerial personnel and other employees. In line with this requirement, the Board has adopted the Policy on Board Diversity and Director Attributes and Remuneration Policy for Directors, Key Managerial Personnel and other employees of the Company.

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. 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 31.03.2015**

Name of Executive Director	Salary (₹)	Perquisites & Amenities (₹)	TOTAL (₹)
Shri Satish R Shetty, Managing Director	24,00,000	4,89,360	28,89,360
<b>Total</b>	<b>24,00,000</b>	<b>4,89,360</b>	<b>28,89,360</b>

**NOTE :**

- None of the above said remuneration/benefits is performance linked.
- The Executive Directors shall discharge their duties under the supervision, control and directions of the Board of Directors from time to time. There is no service contract or agreement.
- The Term of office of the above said Directors was for five years effective from their respective dates of re-appointment.
- Directors are entitled to sitting fee of ₹10,000/- per meeting attended and reimbursement of travel and other incidental expenses. However the said Executive Directors continue to not receive any kind of remuneration for attending any Board and/or Committee meetings as they have waived their entitlement for such remuneration.

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

Non-Executive 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 ₹10,000/- 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 continue to not receive any kind of remuneration for attending any Board and/or Committee meetings as they have waived their entitlement for such remuneration.

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

During the year under report. The remuneration package to Non-Executive Directors of the Company is within the limits prescribed under Sections 196, 197 and other applicable provisions of the Companies Act, 2013

**CORPORATE GOVERNANCE REPORT (Contd.)**

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

**5.3(d). Share holding of Directors as on March 31, 2015.**

<b>Name of Director</b>	<b>Nature of office of Director</b>	<b>Shares held</b>	<b>Percentage to Eq. Cap.</b>
Dr Rama Nagappa Shetty	Non-Executive	26,808	0.06
Shri Satish Rama Shetty	Executive	11,10,402	2.72
Shri Sunil Rama Shetty	Non-Executive	11,11,102	2.72
Shri Naveen Rama Shetty	Non-Executive	11,10,502	2.72
Shri Annappayya Kundapur	Non-Executive	Nil	0.00
Shri Kudlu Sunder Naik	Non-Executive	Nil	0.00
Dr Shivabasayya Siddaramayya Hiremath	Non-Executive	2,300	0.01

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 Kundapur - Chairman
3. Shri. Kudlu Sunder Naik - Member

Shri. Annappayya Kundapur, the Non-executive Director was the Chairman of the Committee. Shri. Lakshmisha Babu S, Company Secretary is the Secretary of the Committee.

**6.2 STATUS OF STAKEHOLDERS COMPLAINTS**

During the year under report the Company has not received any valid Investor complaints. Investor grievances were attended on top priority. Share transfers were attended within the prescribed time limits. As on 31.03.2015 there were no Stakeholders complaints pending redressal.

**6.3 THE RESPONSIBILITY OF STAKEHOLDERS GRIEVANCE COMMITTEE INTERALIA INCLUDE**

- Review of statutory compliance relating to all security holders
- Resolving the grievance of all security holders of the Company
- Overseeing and reviewing of all the matters related to transfer of securities and movement in shareholding and ownership of the Company

**7. INDEPENDENT DIRECTORS MEET**

The Independent Directors of the Company shall hold at least one meeting in a year, without the attendance of non-Independent Directors and members of management. Directors on the Board to abide by the provision specified in Schedule IV of the Companies Act, which defines Code for Independent Directors. Accordingly a meeting of independent Directors was held by the independent directors on October 2014. All the five independent Directors attended the meeting.

**7.1 TERMS OF THE MEET**

Review the performance of the Non-Independent Directors and Board as a whole and also the Chairman of the Company to assess the quality, Quantity and timely flow of information between the Company and management. 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. 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 Kudlu Sunder Naik

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.

**9. DISCLOSURES**

9.1. **Materially significant related party transactions:** Related party transactions has been furnished in the Note 28.3 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.

9.2. **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.

9.3. The Company has been regular in making timely disclosures prescribed under the Listing Agreement and by SEBI. The Company has not been subjected to any penalties or strictures either by SEBI or by Stock Exchanges in the last three years.

**10. GENERAL BODY MEETINGS**

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

Year Ended	Date of Meeting	Time
2013 - 2014	27.09.2014	4 p.m.
2012 - 2013	28.09.2013	4 p.m.
2011 - 2012	22.09.2012	4 p.m.

**11. MEANS OF COMMUNICATION**

11.1 Financial Results prescribed under Cl.41 of the Listing Agreement were published in Financial Express in English Version and Udayavani in Vernacular text.

11.2 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.

11.3 The Company's website [www.naveentiles.co.in](http://www.naveentiles.co.in) contained a separate dedicated section "Investor Relations" where shareholders information is available. The Company's Annual Report is also uploaded on the website in a user friendly and downloadable form.

11.4 All periodical compliances filings like shareholding pattern, corporate governance report, media releases, among others are filed electronically on NEAPS and BSE Listing Centre maintained by National Stock Exchange of India Limited and Bombay Stock Exchange Limited respectively.

11.5 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.

11.6 The Management Discussion and Analysis report is separately annexed forming part of the Directors' Report.

**CORPORATE GOVERNANCE REPORT (Contd.)**

**12. GENERAL INFORMATION TO SHAREHOLDERS**

**12.1 Annual General Meeting**

- (a) Date and time : September 26, 2015 at 4 p.m.  
 (b) Venue : Shri R N Shetty Kalyana Mantap, Opp. Indira Glass House, Hubli - 580 029.

**12.2 Financial Year** : 1<sup>st</sup> day of April to 31<sup>st</sup> day of March of succeeding year.

**12.3 Books Closure** : September 19, 2015 to September 26, 2015 (both days inclusive)

**12.4 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)

**12.5 Market Price Data**

Month	BSE		NSE	
	Highest ₹	Lowest ₹	Highest ₹	Lowest ₹
April 2014	17.00	13.01	17.75	13.45
May 2014	23.00	15.10	23.50	15.00
June 2014	27.00	17.60	27.00	18.10
July 2014	24.75	19.15	24.45	19.45
August 2014	24.25	19.10	24.05	19.05
September 2014	24.20	20.00	24.10	20.00
October 2014	24.60	20.50	24.50	20.60
November 2014	25.30	21.10	25.50	21.50
December 2014	25.70	19.10	24.00	19.10
January 2015	22.95	20.25	22.65	20.15
February 2015	22.90	18.70	23.40	18.50
March 2015	29.15	20.20	29.45	20.25

**12.6 Share Transfer System and Dematerialisation**

As at the end of March 31, 2015 the Company had 11,090 shareholders holding 4,08,13,922 equity shares of the Company. Out of the above 9,488 members (85.55%) held 3,99,24,912 shares (97.82%) in dematerialized form. The Balance of 1,602 members (14.45%) held 8,89,010 equity shares (2.18%) in physical form.

From the records it is clear that 1,602 (14.45%) of the total number of members holding in all 8,89,010 (2.18%) in physical form have still not taken action to dematerialize their shares, in spite of appeal 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 share holding is dematerialized. Such members are requested to dematerialize their shares in their own interest. Members may please contact their Depository Participants or may contact the Company Secretary for guidance.

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

**CORPORATE GOVERNANCE REPORT (Contd.)**
**12.7(a) Distribution of Shareholding as on 31.03.2015**

Nominal Value of Shares	No. of Holders	Share Amount	
		in ₹	% to Paid-up Capital
Upto 5,000	8,835	1,37,36,210	3.37
5,001 - 10,000	991	81,55,420	2.00
10,001 - 20,000	585	90,13,260	2.21
20,001 - 30,000	205	52,83,500	1.29
30,001 - 40,000	106	37,97,850	0.93
40,001 - 50,000	87	41,84,200	1.03
50,001 - 1,00,000	140	1,04,55,040	2.56
1,00,001 & Above	141	35,35,13,740	86.61
<b>T O T A L</b>	<b>11,090</b>	<b>40,81,39,220</b>	<b>100.00</b>

**12.7(b) Shareholding Pattern as on 31.03.2015**

Sl. No.	Category of Shareholder	Shares as on 31-03-2015	%
1	Financial Institutions Govt. Sponsored	2,11,087	0.52
2	Mutual Funds	700	0.00
3	Nationalised Banks	400	0.00
4	Other Bodies Corporate	34,60,390	8.48
5	Non - resident Indians	42,53,131	10.42
6	Foreign Institutional Investors	900	0.00
7	SFC's	2200	0.01
8	Promoter Directors & their Relatives	64,20,144	15.73
9	Associated Companies / Trusts	1,86,13,142	45.61
10	Resident Individuals	73,15,868	17.92
11	Hindu Undivided Family	5,35,960	1.31
	<b>T O T A L</b>	<b>4,08,13,922</b>	<b>100.00</b>

**12.8 Compliance with non-mandatory requirements under Corporate Governance Provisions**

The Company has taken action to comply with Non-mandatory requirements mentioned in the Annexure to Clause 49 of the Listing Agreement, to the following extent:

- The Chairman is Non-Executive Director and is entitled to reimbursement of expenses incurred for the Business purposes of the Company. But the Chairman has waived his entitlement to remuneration for attending Board/ Committee Meetings.
- Audit qualification** : The Company is in the regime of unqualified financial statements.
- Reporting of Internal Auditor** : The Internal Auditor of the Company reports directly to the Audit Committee.
- Nomination and Remuneration Committee** : The Company has Constituted a "Nomination and Remuneration Committee" meeting the requirements of Clause 49 of the Listing Agreement and the Companies Act, 2013.



## **CORPORATE GOVERNANCE REPORT (Contd.)**

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

### **12.9 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 in prescribed 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, email, 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.

### **12.10 Address for Communication :**

- a) Members may contact Company Secretary at the Registered Office of the Company at Murudeshwar Bhavan, 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) In pursuance of the provisions of Cl.49 of the Listing Agreement the Company has designated a separate E-mail Id – [investor@naveentile.com](mailto:investor@naveentile.com) for the benefit of members to report their grievances, if any, regarding their shareholding, transfers/transmissions and dividends.

### **13. Other Provisions:**

**Certificate from Auditors:** Statutory Auditors have certified that the Company has complied with Corporate Governance Provisions prescribed under Clause 49 of the Listing Agreement. A copy of the said certificate is annexed forming part of this Report.

for and on behalf of the Board of Directors

**Dr. R. N.SHETTY**

Chairman

(DIN 00038810)

Place : Bengaluru

Date : July 31, 2015

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

To,

**The Members,  
Murudeshwar Ceramics Limited**

We have reviewed the compliance of conditions of Corporate Governance by **Murudeshwar Ceramics Limited** for the year ended 31st March 2015 as stipulated in Clause 49 of the Listing Agreement with Stock Exchanges, with the relevant records and documents maintained by the Company and furnished to us.

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 compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We further state that such compliance 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.

No Investor Grievances are pending for a period exceeding prescribed limit against the Company as per records maintained by the Company.

On the basis of our review and according to the information and explanations given to us, the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with Stock Exchanges have been complied with in all material respects by the Company.

**For M.A.NARASIMHAN & CO.,**  
Chartered Accountants  
ICAI FIRM REG No : 002347S  
**(M.A. PARTHANARAYAN)**  
Partner  
Membership No : 028994

Place : Bengaluru

Date : July 31, 2015

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

To

The Members of Murudeshwar Ceramics Ltd.

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

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 31.03.2015.

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

Place : Bengaluru

Date : July 31, 2015

## AUDITORS' REPORT

To,

**The Members  
MURUDESHWAR CERAMICS LIMITED**

### Report on the Financial Statements

We have audited the accompanying financial statements of **Murudeshwar Ceramics Limited** which comprise The Balance Sheet as at **31st March, 2015**, the Statement of Profit and Loss for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and performance. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2015 and its profit and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order, 2015, issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Companies Act 2013, we give in the Annexure, a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable. As required by Section 143(3) of the Act, we report that:
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit ;
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books ;
  - c. The balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account ;
  - d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 ;
  - e. On the basis of written representations received from the directors as on 31 March, 2015, and taken on record by the Board of Directors, none of the directors are disqualified as on 31 March, 2015, from being appointed as a director in terms of section 164(2) of the Companies Act, 2013.

**For M.A.NARASIMHAN & CO.,**  
Chartered Accountants  
ICAI FIRM REG NO : 002347S  
**(M.A. PARTHA NARAYAN)**  
Partner  
Membership No:028994

Place : Bengaluru

Date : 29-05-2015

## ANNEXURE TO THE AUDITORS REPORT

### Referred in paragraph (3) of our report of even date

- i. a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
b) Based on the explanation given to us physical verification fixed assets has been conducted by the Management at reasonable intervals with regard to the size of the operations of the company.
- ii. a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.  
b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.  
c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and book records were not material.
- iii. The company has not given loans to parties covered in the register maintained under section 189 of the Companies Act, 2013.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures that commensurate with the size of the company and the nature of its business, with regard to the purchase of inventory fixed assets and for the sale of goods and services. During the course of audit, we have not observed any continuing failure to correct major weakness in internal controls.
- v. The company has not accepted any deposits from the public.
- vi. Based on the explanation received and certificate provided by the cost auditor to us, the company is not required to maintain cost records as specified by the central government under sub-section(1) of Section 148, of the Companies Act, 2013.
- vii. The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employee's state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
- viii. The company has no accumulated losses.
- ix. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institution and bank.
- x. The company has not granted any loans and advances on the basis of the security by way of pledge of shares, debentures and other securities. Further based on the explanation received the company has not given any guarantees for loans taken by others from banks or financial institutions.
- xi. The term loans were applied for the purpose for which the term loans were obtained.
- xii. According to the information and explanations received, no fraud on or the company has been noticed or reported during the financial year.

**For M.A.NARASIMHAN & CO.,**  
Chartered Accountants,  
ICAI FIRM REG NO:002347S  
**(M.A.PARTHA NARAYAN)**  
Partner  
Membership No. 028994

Place : Bengaluru  
Date : 29-05-2015

**BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2015**

Particulars		Note No.	As at 31-03-2015	As at 31-03-2014
<b>A</b>	<b>EQUITY AND LIABILITIES</b>		<b>₹ in lacs</b>	<b>₹ in lacs</b>
<b>1</b>	<b>Shareholders' funds</b>			
	(a) Share capital	3	4,082.17	4,082.17
	(b) Reserves and surplus	4	26,874.43	26,702.53
			<b>30,956.60</b>	<b>30,784.70</b>
<b>2</b>	<b>Non-current liabilities</b>			
	(a) Long-term borrowings	5	3,158.51	4,612.42
	(b) Deferred tax liabilities (net)		658.20	628.50
			<b>3,816.71</b>	<b>5,240.92</b>
<b>3</b>	<b>Current liabilities</b>			
	(a) Short-term borrowings	6	7,708.01	7,825.97
	(b) Trade payables	7	2,305.01	1,568.35
	(c) Other current liabilities	8	831.18	872.43
	(d) Short-term provisions	9	11.24	12.18
			<b>10,855.44</b>	<b>10,278.93</b>
	<b>TOTAL</b>		<b>45,628.75</b>	<b>46,304.55</b>
<b>B</b>	<b>ASSETS</b>			
<b>1</b>	<b>Non-current assets</b>			
	(a) Fixed assets			
	(i) Tangible assets	13	27,764.90	27,980.07
	(ii) Capital work-in-progress		39.52	198.67
			<b>27,804.42</b>	<b>28,178.74</b>
	(b) Non-current investments	10	377.29	365.73
	(c) Long-term loans and advances	11	128.96	88.62
			<b>506.25</b>	<b>454.35</b>
<b>2</b>	<b>Current assets</b>			
	(a) Inventories	12	10,211.17	11,784.75
	(b) Trade receivables	15	4,953.29	3,699.84
	(c) Cash and cash equivalents	16	539.47	597.73
	(d) Short-term loans and advances	17	1,564.32	1,526.98
	(e) Other current assets	18	49.83	62.16
			<b>17,318.08</b>	<b>17,671.46</b>
	<b>TOTAL</b>		<b>45,628.75</b>	<b>46,304.55</b>
	<b>See accompanying notes forming part of the financial statements</b>			

In terms of our report attached  
For **M.A.NARASIMHAN & CO.,**  
Chartered Accountants  
ICAI FIRM REG NO:002347S  
**M.A. PARTHANARAYAN**  
Partner  
Membership No:028994  
Place : Bengaluru  
Date : 29-05-2015

For and on behalf of the Board of Directors  
**MURUDESHWAR CERAMICS LIMITED**  
**R.N.SHETTY**  
Chairman  
(DIN 00038810)  
**K.SUNDER NAIK**  
Director  
(DIN 00042986)  
**SARVANI ALVA**  
Director  
(DIN 06896403)

**SATISH R. SHETTY**  
Managing Director & CEO  
(DIN 00037526)  
**S.S. HIREMATH**  
Director  
(DIN 02272897)

**SUNIL R. SHETTY**  
Director  
(DIN 00037572)  
**ANNAPPAYYA K.**  
Director  
(DIN 03558522)

**NAVEEN R. SHETTY**  
Director  
(DIN 00058779)  
**SANKAPPA K. SHETTY**  
Director  
(DIN 00894366)

**LAKSHMISHA BABU S.**  
Company Secretary

**N.M. HEGDE**  
Vice President (Finance) & CFO

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2015**

Particulars		Note No.	For the year ended 31st March 2015	For the year ended 31st March 2014		
<b>A</b>	<b>CONTINUING OPERATIONS</b>		<b>₹ in lacs</b>	<b>₹ in lacs</b>		
1	Revenue from operations (gross)	19	14,655.86	15,314.31		
	Less : Excise duty		848.74	810.08		
	Revenue from operations (net)		13,807.12	14,504.23		
2	<b>Expenses</b>					
	(a) Cost of materials consumed	20	2,334.28	2,288.83		
	(b) Purchases of stock-in-trade	21	1,340.52	1,685.77		
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	22	946.61	1,106.14		
	(d) Employee benefits expense	23	1,302.08	1,325.03		
	(e) Other expenses	24	4,785.03	5,045.36		
	<b>TOTAL</b>		<b>10,708.52</b>	<b>11,451.13</b>		
3	<b>Earnings before exceptional items, extraordinary items, interest, tax, depreciation and amortisation (EBITDA) (1-2)</b>		<b>3,098.60</b>	<b>3,053.10</b>		
4	Finance cost	25	2,122.20	2,099.70		
5	Depreciation and amortisation expense	14	925.80	904.55		
6	<b>Other Income</b>	26	<b>151.00</b>	<b>101.22</b>		
7	<b>Profit / (Loss) before exceptional and extra-ordinary items and tax (3-4-5+6)</b>		<b>201.60</b>	<b>150.07</b>		
8	Exceptional items		-	-		
9	Profit / (Loss) before extraordinary items and tax (7-8)		201.60	150.07		
10	Extraordinary items		-	-		
11	Profit / (Loss) before tax (9-10)		201.60	150.07		
12	<b>Tax expense :</b>					
	(a) Current tax expense for current year		40.34	21.39		
	(b) (Less) : MAT credit entitlement		(40.34)	(21.39)		
	(c) Current tax expense relating to prior years		-	-		
	(d) Net current tax expense		-	-		
	(e) Deferred tax Liability		29.70	33.27		
	<b>TOTAL</b>		<b>29.70</b>	<b>33.27</b>		
13	<b>Profit/(Loss) from continuing operations (11-12)</b>		<b>171.90</b>	<b>116.80</b>		
14	<b>Profit/(Loss) for the year</b>		<b>171.90</b>	<b>116.80</b>		
15	<b>Earnings per share (of ₹10/- each) :</b>		<b>₹ in lacs</b>	<b>₹ in lacs</b>		
	(a) <b>Basic</b>					
	(i) Continuing operations	28.4 a	0.42	0.29		
	(ii) Total operations		0.42	0.29		
	<b>See accompanying notes forming part of the financial statements</b>					
In terms of our report attached <b>For M.A.NARASIMHAN &amp; CO.,</b> Chartered Accountants ICAI FIRM REG NO:002347S <b>M.A. PARTHANARAYAN</b> Partner Membership No:028994 Place : Bengaluru Date : 29-05-2015		For and on behalf of the Board of Directors <b>MURUDESHWAR CERAMICS LIMITED</b> <b>R.N.SHETTY</b> Chairman (DIN 00038810) <b>K.SUNDER NAIK</b> Director (DIN 00042986) <b>SARVANI ALVA</b> Director (DIN 06896403)		<b>SATISH R. SHETTY</b> Managing Director & CEO (DIN 00037526) <b>S.S. HIREMATH</b> Director (DIN 02272897)	<b>SUNIL R. SHETTY</b> Director (DIN 00037572) <b>ANNAPPAYYA K.</b> Director (DIN 03558522)	<b>NAVEEN R. SHETTY</b> Director (DIN 00058779) <b>SANKAPPA K. SHETTY</b> Director (DIN 00894366) <b>N.M. HEGDE</b> Vice President (Finance) & CFO
		<b>LAKSHMISHA BABU S.</b> Company Secretary				

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

**Note : 1 Corporate Information :**

Murudeshwar Ceramics Limited (the Company) was established during the year 1983. The Company is manufacturing Ceramic and Vitrified Tiles. The registered office of the Company is at 604/B, Murudeshwar Bhavan, Gokul Road, Hubli – 580 030 and the Corporate Office is at Naveen Complex, 7th Floor, 14, M.G.Road, Bengaluru – 560 001. The Company is having 2 manufacturing plants at Krishnapur Village, Hubli 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 :**

The Company adopts generally accepted Accounting policies excepting those which have been specifically stated herein. The Financial statements have been drawn up according to the accounting standards prescribed under Section 133 of The Companies Act, 2013.

Finished stock lying at the factory has been valued inclusive of excise duty which has no impact on the profits of the company. This accounting policy is in conformity with the Accounting Standard issued by the Institute of Chartered Accountants of India.

**2. Income :**

- i) Sales are net of returns and inclusive of excise duty. Sales are accounted for on despatch basis.
- ii) Other Income is accounted on accrual basis.

**3. Expenses :**

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

**4. Fixed Assets :**

Fixed Assets are stated at the historical cost which is inclusive of freight, installation cost and duties and other incidental expenses up to the date of commencement of commercial production.

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
<b>Plant &amp; Machinery</b>	<b>25 Years</b>	<b>20 Years</b>

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

**5. Inventories :**

Finished goods are valued at lower of cost or market value. Cost is inclusive of all overheads (including interest) incurred by the Company in bringing the goods to the finished stage. Raw materials, components and spare parts are valued at average cost. Average cost is calculated at weighted cost per unit after taking into account receipts at actual cost. Consumption and / or other stock diminution is accounted for at the aforesaid weighted cost.

**6. Investments :**

Investments are valued at cost and income thereon is accounted for when received.

**7. 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.

**8. Bonus :**

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

**9. 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.

**10. Deferred Income 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.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)**
**Note 3 Share Capital**

Particulars	As at 31-03-2015		As at 31-03-2014	
	No. of Shares	₹ in lacs	No. of Shares	₹ in lacs
<b>(a) Authorised :</b>				
Equity Shares of ₹ 10/- each with voting rights	<b>5,56,20,000</b>	<b>5,562.00</b>	5,56,20,000	5,562.00
Redeemable Preference Shares of ₹100/- each	<b>16,00,000</b>	<b>1,600.00</b>	16,00,000	1,600.00
	<b>5,72,20,000</b>	<b>7,162.00</b>	5,72,20,000	7,162.00
<b>(b) Issued :</b>				
Equity Shares of ₹ 10/- each with voting rights	<b>4,08,38,779</b>	<b>4,083.88</b>	4,08,38,779	4,083.88
	<b>4,08,38,779</b>	<b>4,083.88</b>	4,08,38,779	4,083.88
<b>(c) Subscribed and fully paid up :</b>				
Equity Shares of ₹ 10/- each with voting rights	<b>4,08,38,779</b>	<b>4,083.88</b>	4,08,38,779	4,083.88
	<b>4,08,38,779</b>	<b>4,083.88</b>	4,08,38,779	4,083.88
<b>(d) Subscribed but not fully paid up :</b>				
Less : Equity Shares of ₹ 10/- each with voting rights not paid up forfeited	<b>24,857</b>	<b>2.49</b>	24,857	2.49
Add : Amount received against forfeited shares	<b>24,857</b>	<b>0.78</b>	24,857	0.78
	<b>24,857</b>	<b>1.71</b>	24,857	1.71
<b>TOTAL</b>	<b>4,08,13,922</b>	<b>4,082.17</b>	4,08,13,922	4,082.17

**Notes :** (i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Fresh Issue	Bonus	ESOP	Conversion	Buy Back	Other Changes (give details)	Closing Balance
Equity shares with voting rights								
<b>Year ended 31-03-2015</b>								
- Number of Shares	<b>4,08,13,922</b>	-	-	-	-	-	-	<b>4,08,13,922</b>
- Amount (₹ in Lacs)	<b>4,082.17</b>	-	-	-	-	-	-	<b>4,082.17</b>
<b>Year ended 31-03-2014</b>								
- Number of Shares	3,87,78,922	-	-	-	20,35,000	-	-	4,08,13,922
- Amount (₹ in Lacs)	3,878.67	-	-	-	203.50	-	-	4,082.17



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)**
**Note 3 Share Capital (Contd.)**

**Note :** (ii) Details of Shares held by each Shareholder holding more than 5% Shares :

Class of Shares	As at 31-03-2015		As at 31-03-2014	
	No. of Shares held	% holding in that Class	No. of Shares held	% holding in that Class
Equity Shares with voting rights				
RNS Infrastructure Limited	1,21,40,466	29.75	1,21,40,466	29.75
Murdeswar Power Corporation Ltd.	58,10,000	14.24	58,10,000	14.24
IL & FS Trust Co.Ltd.,	-	-	27,28,053	6.68

Details of calls unpaid

Particulars	No. of Shares	(₹ in Lacs)	No. of Shares	(₹ in Lacs)
<b>Equity Shares with voting rights</b>				
Aggregate of calls unpaid				
- by others	24,857	2.49	24,857	2.49

Details of forfeited shares

Class of Shares	No. of Shares	Amount Originally (₹ in Lacs)	No. of Shares	Amount Originally (₹ in Lacs)
Equity Shares with voting rights	24,857	2.49	24,857	2.49
Amount received partly against forfeited shares	24,857	0.78	24,857	0.78

**Note 4 Reserves and Surplus**

Particulars	31st March 2015	31st March 2014
	(₹ in Lacs)	(₹ in Lacs)
(a) Capital reserve		
Opening balance	15.02	15.02
Add : Additions during the year (give details)	-	-
Less : Utilised / transferred during the year (give details)	-	-
Closing balance	15.02	15.02
(b) Capital redemption reserve		
Opening balance	1,600.00	1,600.00
Add : Additions during the year	-	-
Less : Utilised during the year (give details)	-	-
Closing balance	1,600.00	1,600.00
(c) Securities premium account		
Opening balance	11,184.53	11,042.08
Add : Premium on shares issued during the year	-	142.45
Less : Utilised during the year	-	-
Closing balance	11,184.53	11,184.53
(d) General reserve		
Opening balance	12,795.85	12,795.85
Add : Transferred from surplus in Statement of Profit & Loss	-	-
Less : Utilised / transferred during the year for :		
Issuing bonus shares	-	-
Others (give details)	-	-
Closing balance	12,795.85	12,795.85
(e) Profit & Loss Account		
Opening balance	1,107.13	990.33
Add : Profit / (Loss) for the year	171.90	116.80
Closing balance	1,279.03	1,107.13
<b>TOTAL</b>	<b>26,874.43</b>	<b>26,702.53</b>

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

**Note 5 Long-term borrowings**

Particulars	31st March 2015	31st March 2014
	(₹ in Lacs)	(₹ in Lacs)
(a) Term loans		
From banks		
Secured	2,650.09	4,134.03
	2,650.09	4,134.03
From other parties		
Secured	-	1.22
Unsecured	508.42	477.17
	508.42	478.39
<b>TOTAL</b>	<b>3,158.51</b>	<b>4,612.42</b>

(iii) Details of terms of repayment for the other long-term borrowings and security provided in respect of the secured other long-term borrowings :

Particulars	Terms of repayment and Security	As at 31-03-2015		As at 31-03-2014	
		Secured	Unsecured	Secured	Unsecured
<b>Term loans from Banks:</b>					
Canara Bank	The Term Loans from Banks are repayable in quarterly instalments. Interest is payable on monthly basis. The Term Loans from Banks, namely Canara Bank, State Bank of India, Bank of Baroda & Indian Bank are secured by first charge 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, Sundaram Finance Ltd, HDFC Bank Ltd 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 of two Promoter Directors of the Company to the extent applicable.	1,351.79	-	1,940.02	-
State Bank of India		609.69	-	1,118.01	-
Bank of Baroda		65.21	-	369.61	-
Indian Bank		241.63	-	306.89	-
Dhanlaxmi Bank Ltd		381.77	-	399.50	-
<b>TOTAL-Term loans from Banks</b>		<b>2,650.09</b>	-	<b>4,134.03</b>	-

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)**
**Note 5 Long-term borrowings (Contd.)**

Particulars	Terms of repayment and Security	As at 31-03-2015		As at 31-03-2014	
		Secured	Unsecured	Secured	Unsecured
<b>Term loans from other parties:</b>					
ICICI Bank Ltd	Against Keyman Policy	-	95.97	-	100.72
Sundaram Finance Ltd.		-	-	1.07	-
H D F C Bank Ltd.,		-	-	0.15	-
L I C of India		-	412.45	-	376.45
Total-Term loans from other parties		-	508.42	1.22	477.17
<b>TOTAL</b>		<b>2,650.09</b>	<b>508.42</b>	<b>4,135.25</b>	<b>477.17</b>

**Note 6 Short-term borrowings**

Particulars	31st March 2015	31st March 2014
(a) Loans repayable on demand	(₹ in Lacs)	(₹ in Lacs)
From Banks		
Secured	7,708.01	7,825.97
	<b>7,708.01</b>	<b>7,825.97</b>

Note : (i) Details of security for the secured short-term borrowings :

Particulars	Nature of Security	As at 31-03-2015	As at 31-03-2014
		(₹ in Lacs)	(₹ in Lacs)
<b>Loans repayable on demand from Banks:</b>			
Canara Bank	The Cash Credit and other working capital facilities from the consortium of Bankers namely, Canara Bank, State Bank of India, Bank of Baroda, Axis Bank Ltd., Oriental Bank of Commerce & The Lakshmi Vilas Bank Ltd, 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 of two Promoter Directors of the Company to the extent applicable.	2,183.16	2,032.45
State Bank of India		1,364.60	1,426.16
Bank of Baroda		1,054.49	1,061.40
Axis Bank Ltd.,		2,282.86	2,475.57
Oriental Bank of Commerce		599.79	606.98
The Lakshmi Vilas Bank Ltd		223.11	223.41
TOTAL - from Banks		7,708.01	7,825.97

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)**
**Note 7 Trade Payables**

Particulars	As at 31-03-2015	As at 31-03-2014
	(₹ in Lacs)	(₹ in Lacs)
Trade Payables :		
Acceptances	1,055.35	530.58
Non - Acceptances	1,249.66	1,037.77
<b>TOTAL</b>	<b>2,305.01</b>	<b>1,568.35</b>

**Note 8 Other Current Liabilities**

Particulars	As at 31-03-2015	As at 31-03-2014
	(₹ in Lacs)	(₹ in Lacs)
(a) Interest accrued but not due on borrowings	4.48	4.48
(b) Unpaid dividends	10.52	15.05
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax etc.)	115.94	141.25
(ii) Contractually reimbursable expenses	3.45	5.54
(iii) Trade / security deposits received	77.27	84.22
(iv) Advances from customers	224.27	245.79
(v) Salary & Wages payable	104.95	116.23
(vi) Outstanding Liabilities for Expenses	290.30	259.87
<b>TOTAL</b>	<b>831.18</b>	<b>872.43</b>

**Note 9 Short - term Provisions**

Particulars	As at 31-03-2015	As at 31-03-2014
	(₹ in Lacs)	(₹ in Lacs)
(a) Provision for employee benefits :		
(i) Provision for bonus	11.24	12.18
<b>TOTAL</b>	<b>11.24</b>	<b>12.18</b>

**Note 10 Non-Current Investments**

Particulars	31st March 2015			31st March 2014		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
	₹	₹	₹	₹	₹	₹
(a) Investment in equity instruments						
(i) of associates						
14,89,400 (As at 31st March, 2014 : 14,89,400) shares of ₹10/- each fully paid up in Murdeshwar Power Corporation Ltd.,	-	297.88	297.88	-	297.88	297.88
72,942 (As on 31st March, 2014 : 52,082) shares of which 3,600 shares of ₹10/- each fully paid up and 48,482 shares at a premium of ₹95/- per share & 20,860 shares at a premium of ₹113/- per Share in RNS Power Ltd.,	-	76.92	76.92	-	51.27	51.27

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)**
**Note 10 Non-Current Investments (Contd.)**

(₹ in Lacs)

Particulars	31st March 2015			31st March 2014		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
	₹	₹	₹	₹	₹	₹
(ii) of other entities 20,000 (As at 31st March, 2014 : 20,000) shares of ₹10/- each fully paid up in Murudeshwar Décor Ltd.,	-	2.00	2.00	-	2.00	2.00
(b) Other non-current investments - National Savings Certificate	-	376.80	376.80	-	351.15	351.15
(c) Application Money for ₹95/- per Share in RNS Power Ltd.,	-	-	-	-	14.09	14.09
<b>TOTAL</b>	-	377.29	377.29	-	365.73	365.73
Less : Provision for diminution in value of investments			-			-
<b>TOTAL</b>			377.29			365.73
Aggregate value of listed but not quoted investments			377.29			365.73

**Note 11 Long- term Loans and Advances**

Particulars	As at 31.03.2015	As at 31.03.2014
	(₹ in lacs)	(₹ in lacs)
(a) MAT credit entitlement - Unsecured, considered good		
Opening Balance	88.62	67.23
Add : Recognised during the year	40.34	21.39
Closing Balance	128.96	88.62
(b) Other loans and advances		
Unsecured, considered good	-	-
<b>TOTAL</b>	128.96	88.62

**Note 12 INVENTORIES**

(At lower of cost and net realisable value)

Particulars	As at 31.03.2015	As at 31.03.2014
	(₹ in Lacs)	(₹ in Lacs)
(a) Raw materials	2,483.61	2,899.76
(b) Work-in-progress (Refer Note below)	2,729.71	2,829.24
(c) Finished goods (other than those acquired for trading)	3,560.55	4,536.08
(d) Stock-in-trade (acquired for trading)	271.02	142.55
(e) Stores and spares	1,159.14	1,370.03
(f) Loose tools	7.14	7.09
<b>TOTAL</b>	10,211.17	11,784.75
Note : Details of inventory of work-in-progress		
Ceramic Tiles	2.42	152.74
Vitrified Tiles	2,661.61	2,522.64
Natural Granite	65.68	153.86
	2,729.71	2,829.24

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)											
Note 13 Fixed Assets											
A.	TANGIBLE ASSETS	GROSS BLOCK									
		Balance as at 1st April 2014 (₹ in Lacs)	Additions (₹ in Lacs)	Disposals (₹ in Lacs)	Acquisitions through Business Combinations (₹ in Lacs)	Reclassified as held for Sale (₹ in Lacs)	Revaluation Increase (₹ in Lacs)	Effect of Foreign Currency Exchange difference (₹ in Lacs)	Borrowing Cost Capitalised (₹ in Lacs)	Other Adjustments (₹ in Lacs)	Balance as at 31st March 2015 (₹ in Lacs)
	(a) Land										
	Freehold	506.81	-	-	-	-	-	-	-	-	506.81
	Leasehold	9.61	-	-	-	-	-	-	-	-	9.61
	(b) Buildings										
	Own use	10,154.94	592.27	40.55	-	-	-	-	-	-	10,706.66
	(c) Plant and Equipment										
	Owned	42,521.52	237.12	-	-	-	-	-	-	-	42,758.64
	(d) Furniture and Fixtures										
	Owned	807.30	10.15	252.57	-	-	-	-	-	-	564.88
	(e) Vehicles										
	Owned	425.23	9.40	16.70	-	-	-	-	-	-	417.93
	(f) Office equipment										
	Owned	113.35	0.85	18.58	-	-	-	-	-	-	95.62
	(g) Computers										
	Owned	261.60	1.05	0.72	-	-	-	-	-	-	261.93
	<b>TOTAL</b>	54,800.36	850.84	329.12	-	-	-	-	-	-	55,322.08
	Previous year	53,650.20	1,189.75	39.59	-	-	-	-	-	-	54,800.36

<b>NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)</b>											
<b>Note 13 Fixed Assets (Contd.)</b>											
A.	TANGIBLE ASSETS	Accumulated Depreciation and Impairment								Net Block	
		Balance as at 1st April 2014	Depreciation / amortisation expense for the year	Eliminated on disposal of assets	Eliminated on reclassification as held for sale	Impairment losses recognised in statement of profit and loss	Reversal of impairment losses recognised in Statement of P & L	Other Adjustments	Balance as at 31st March 2015	Balance as at 31st March 2014	Balance as at 31st March 2015
		(₹ in Lacs)	(₹ in Lacs)	(₹ in Lacs)	(₹ in Lacs)	(₹ in Lacs)	(₹ in Lacs)	(₹ in Lacs)	(₹ in Lacs)	(₹ in Lacs)	(₹ in Lacs)
(a)	Land Freehold Leasehold	-	-	-	-	-	-	-	-	506.81	506.81
	Buildings Own use	2,269.21	181.11	10.77	-	-	-	-	-	8,267.11	7,885.73
(c)	Plant and Equipment Owned	23,522.19	491.64	-	-	-	-	-	-	18,744.80	18,999.33
(d)	Furniture and Fixtures Owned	413.63	139.33	155.85	-	-	-	-	-	167.77	393.67
(e)	Vehicles Owned	328.54	41.50	11.44	-	-	-	-	-	59.33	96.69
(f)	Office equipment Owned	67.47	30.96	10.41	-	-	-	-	-	7.60	45.88
(g)	Computers Owned	219.25	41.26	0.45	-	-	-	-	-	1.87	42.35
	<b>TOTAL</b>	26,820.29	925.80	188.92	-	-	-	-	-	<b>27,764.90</b>	<b>27,980.07</b>
	Previous year	25,952.09	904.55	36.35	-	-	-	-	-	27,980.07	27,698.11
										<b>For the year ended 31st March 2015</b>	<b>For the year ended 31st March 2014</b>
										(₹ in lacs)	(₹ in lacs)
<b>14.</b>	<b>Depreciation and amortisation relating to continuing operations :</b>									<b>925.80</b>	<b>904.55</b>
	Depreciation and amortisation for the year on tangible assets as per Note 13 A									<b>925.80</b>	<b>904.55</b>
	Depreciation and amortisation relating to continuing operations										

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)**
**Note 15 Trade receivables**

Particulars	As at 31.03.2015 (₹ in Lacs)	As at 31.03.2014 (₹ in Lacs)
Trade receivables outstanding for a period exceeding six months from the date they were due for payment Unsecured, considered good	442.13	629.02
Other Trade receivables Unsecured, considered good	4,511.16	3,070.82
<b>TOTAL</b>	<b>4,953.29</b>	<b>3,699.84</b>
Note: Trade receivables include debts due from :		
Companies in which any director is a director or member		
- RNS Infrastructure Limited	1,972.46	1,173.07
- Murdeshwar Power Corporation Ltd.,	792.47	867.14
- Naveen Hotels Ltd.,	62.39	67.69
	<b>2,827.32</b>	<b>2,107.90</b>

**Note 16 Cash and Cash Equivalent**

Particulars	As at 31.03.2015 (₹ in Lacs)	As at 31.03.2014 (₹ in Lacs)
(a) Cash on hand	25.33	22.36
(b) Balances with Banks		
(i) In current accounts	81.34	230.55
(ii) In deposit accounts	50.23	9.21
(iii) In earmarked accounts		
- Unpaid dividend accounts	10.57	15.10
- Balances held as margin money or security against borrowings, guarantees and other commitments	372.00	320.51
<b>TOTAL</b>	<b>539.47</b>	<b>597.73</b>

**Note :** (i) Balances with banks include deposits amounting to ₹ 9.21 Lacs (As at 31st March, 2014 ₹ 9.21 Lacs) which have an original maturity of more than 12 months.

**Note 17 Short Term Loans and Advances**

Particulars	As at 31.03.2015 (₹ in Lacs)	As at 31.03.2014 (₹ in Lacs)
(a) Security deposits Unsecured, considered good	674.21	641.12
	<b>674.21</b>	<b>641.12</b>
(b) Loans and advances to employees Unsecured, considered good	271.61	210.31
	<b>271.61</b>	<b>210.31</b>
(c) Prepaid expenses - Unsecured, considered good	50.85	54.28
(d) Balances with Government authorities Unsecured, considered good		
(i) CENVAT credit receivable	80.20	106.84
(ii) VAT credit receivable	21.14	20.70
(iii) Service Tax credit receivable	58.95	147.62
(iv) Income Tax Refund Receivable	111.06	52.33
	<b>271.35</b>	<b>327.49</b>



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)**
**Note 17 Short Term Loans and Advances (Contd.)**

Particulars	As at 31.03.2015 (₹ in Lacs)	As at 31.03.2014 (₹ in Lacs)
(e) Others - Advances		
Unsecured, considered good		
For supply of goods and rendering services	251.11	219.22
Advance Payment of Income Tax	45.19	74.56
	<b>296.30</b>	<b>293.78</b>
<b>TOTAL</b>	<b>1,564.32</b>	<b>1,526.98</b>

**Note 18 Other Current Assets**

(a) Unamortised expenses		
(i) Miscellaneous Expenses	-	11.37
(b) Accruals		
(ii) Interest accrued on deposits	48.33	44.18
(c) Others		
(iii) Contractually reimbursable expenses	1.50	6.61
<b>TOTAL</b>	<b>49.83</b>	<b>62.16</b>

**Note 19 Revenue from Operations**

	Particulars	For the year ended 31st March 2015	For the year ended 31st March 2014
		(₹ in Lacs)	(₹ in Lacs)
(a)	Sale of products	11,328.87	11,615.82
(b)	Sale of services	3,306.97	3,673.06
(c)	Other operating revenues	20.02	25.43
		<b>14,655.86</b>	<b>15,314.31</b>
	Less:		
(d)	Excise duty	848.74	810.08
	<b>TOTAL</b>	<b>13,807.12</b>	<b>14,504.23</b>
<b>Note</b>	(i) Sale of products comprises		
	<b>MANUFACTURED GOODS</b>		
	Ceramic Tiles	109.23	316.94
	Vitrified Tiles	9,535.75	9,114.67
	<b>TOTAL - Sale of manufactured goods</b>	<b>9,644.98</b>	<b>9,431.61</b>
	<b>TRADED GOODS</b>		
	Vitrified Tiles	1,013.13	1,567.92
	Ceramic Wall Tiles	670.76	616.29
	<b>TOTAL - Sale of traded goods</b>	<b>1,683.89</b>	<b>2,184.21</b>
	<b>TOTAL - Sale of products</b>	<b>11,328.87</b>	<b>11,615.82</b>
	(ii) Sale of services comprises		
	Service - Earth Work	2,340.41	2,393.04
	Service - Road Work	966.56	1,280.02
	<b>TOTAL - Sale of services</b>	<b>3,306.97</b>	<b>3,673.06</b>
	(iii) Other operating revenues comprise :		
	Sale of Scraps	20.02	25.43
	<b>TOTAL - Other operating revenues</b>	<b>20.02</b>	<b>25.43</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)**
**Note 20 Cost of Materials Consumed**

Particulars	For the year ended 31st March 2015	For the year ended 31st March 2014
	(₹ in Lacs)	(₹ in Lacs)
Opening stock	2,899.76	3,358.87
Add : Purchases	1,918.13	1,829.72
	4,817.89	5,188.59
Less : Closing stock	2,483.61	2,899.76
<b>Cost of material consumed</b>	<b>2,334.28</b>	<b>2,288.83</b>
Material consumed comprises :		
Clay	2,102.70	2,055.19
Glaze & Pigments	19.86	12.26
Packing Material	208.64	219.14
Other items	3.08	2.24
<b>TOTAL</b>	<b>2,334.28</b>	<b>2,288.83</b>

**Note 21 Purchase of traded goods**

Particulars	For the year ended 31st March 2015	For the year ended 31st March 2014
	(₹ in Lacs)	(₹ in Lacs)
Traded goods - Vitrified Tiles	801.45	1,202.30
Traded goods - Ceramic Wall Tiles	539.07	483.47
<b>TOTAL</b>	<b>1,340.52</b>	<b>1,685.77</b>

**Note 22 Changes in inventories of finished goods, work-in-progress & stock-in-trade**

Particulars	For the year ended 31st March 2015	For the year ended 31st March 2014
	(₹ in Lacs)	(₹ in Lacs)
<b>INVENTORIES AT THE END OF THE YEAR :</b>		
Finished Goods	3,560.53	4,536.08
Work-in-progress	2,729.71	2,829.24
Stock-in-trade	271.02	142.55
	6,561.26	7,507.87
<b>INVENTORIES AT THE BEGINNING OF THE YEAR :</b>		
Finished Goods	4,536.08	5,377.48
Work-in-progress	2,829.24	3,158.84
Stock-in-trade	142.55	77.69
	7,507.87	8,614.01
<b>Net (Increase) / decrease</b>	<b>946.61</b>	<b>1,106.14</b>

**Note 23 Employee Benefits Expense**

Particulars	For the year ended 31st March 2015	For the year ended 31st March 2014
	(₹ in Lacs)	(₹ in Lacs)
Salaries and Wages	853.95	869.38
Contributions to provident fund and other funds	95.85	76.82
Staff welfare expenses	352.28	378.83
<b>TOTAL</b>	<b>1,302.08</b>	<b>1,325.03</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)**
**Note 24 Other Expenses**

Particulars	For the year ended 31st March 2015	For the year ended 31st March 2014
	(₹ in Lacs)	(₹ in Lacs)
Consumption of stores and spare parts	630.71	648.20
Increase / (decrease) of excise duty on Inventory	79.74	32.25
Subcontracting	347.92	364.21
Power and Fuel	1,979.90	2,191.73
Rent including lease rentals	178.40	198.11
Repairs and maintenance - Buildings	16.03	23.72
Repairs and maintenance - Machinery	14.96	21.69
Repairs and maintenance - Others	142.98	147.00
Insurance	130.31	131.33
Rates and taxes	61.90	70.41
Communication	35.25	38.54
Travelling and conveyance	237.89	275.03
Printing and stationery	22.92	22.54
Freight and forwarding	687.75	651.08
Sales commission	12.02	19.49
Sales discount	26.61	38.49
Business promotion	1.46	0.88
Donations and contributions	0.32	0.72
Legal and professional	23.91	25.67
Payments to auditors	5.00	5.00
Directors Sitting Fees	2.30	1.50
Advertisement & Publicity	3.46	6.24
Sales Promotion Expenses	2.12	2.47
Selling & Distribution expenses-Others	31.93	32.22
Security charges	15.64	13.73
Amortisation of share issue expenses and discount on shares	11.37	11.37
Loss on fixed assets sold / scrapped	2.06	0.20
Miscellaneous expenses	80.17	71.54
<b>TOTAL</b>	<b>4,785.03</b>	<b>5,045.36</b>
<b>Notes</b>		
(i) <b>Payments to the Auditors comprises</b>		
As auditors - statutory audit	2.50	2.50
For taxation matters	0.50	0.50
For management services	0.50	0.50
Reimbursement of expenses	1.50	1.50
<b>TOTAL</b>	<b>5.00</b>	<b>5.00</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)**
**Note 25 Finance Cost**

Particulars	For the year ended 31st March 2015	For the year ended 31st March 2014
	(₹ in Lacs)	(₹ in Lacs)
(a) Interest expenses on :		
(i) Borrowings	1,624.97	1,762.63
(ii) Trade payables	312.98	168.21
(iii) Others :		
- Security deposits	4.80	4.94
(b) Other borrowing costs	179.45	163.92
<b>TOTAL</b>	<b>2,122.20</b>	<b>2,099.70</b>

**Note 26 Other Income**

Particulars	For the year ended 31st March 2015	For the year ended 31st March 2014
	(₹ in Lacs)	(₹ in Lacs)
(a) Interest income	42.07	42.24
(b) Dividend income : associates	104.26	44.68
(c) Other non-operating income (net of expenses directly attributable to such income)	4.67	14.30
<b>TOTAL</b>	<b>151.00</b>	<b>101.22</b>

Note	Particulars	For the year ended 31st March 2015	For the year ended 31st March 2014
		(₹ in Lacs)	(₹ in Lacs)
(i)	Interest income comprises : Interest from banks on : deposits	42.07	42.24
	<b>TOTAL - Interest income</b>	<b>42.07</b>	<b>42.24</b>
(ii)	Other non-operating income comprises : Insurance Claim received	2.01	4.03
	Profit on sale of fixed assets (net of expenses directly attributable)	2.43	10.01
	Miscellaneous income (net of expenses directly attributable)	0.23	0.26
	<b>TOTAL - Other non-operating income</b>	<b>4.67</b>	<b>14.30</b>

**Note 27 Additional Information to the Financial Statements**

Note	Particulars	As at 31st March 2015	As at 31st March 2014
		(₹ in Lacs)	(₹ in Lacs)
27.1	<b>Contingent liabilities and commitments (to the extent not provided for)</b>		
(i)	Contingent liabilities		
	(a) Guarantees	436.01	476.01
	(b) Letters of Credit established with Banks	2,549.17	1,126.18
(ii)	Commitments		
	(a) Estimated amount of contracts remaining to be executed on capital account and not provided for Tangible assets	-	98.46

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)**
**Note 27 Additional Information to the Financial Statements (Contd.)**

Note	Particulars			
27.2	<b>Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006</b>	<b>As at 31st March 2015</b>		<b>As at 31st March 2014</b>
		<b>(₹ in Lacs)</b>		<b>(₹ in Lacs)</b>
(i)	Principal amount remaining unpaid to any supplier as at the end of the accounting year	<b>109.97</b>		128.37
	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.			
27.3	<b>Disclosure as per Clause 32 of the Listing Agreements with the Stock Exchanges</b>			
	Loans and advances in the nature of loans given to subsidiaries, associates and others and investment in shares of the Company by such parties:			
	<b>Name of the Party</b>	<b>Relationship</b>	<b>Amount outstanding as at 31.03.2015</b>	<b>Maximum Balance Outstanding during the year</b>
			<b>(₹ in Lacs)</b>	<b>(₹ in Lacs)</b>
	Murdeswar Power Corporation Ltd.	Associates	<b>297.88</b>	297.88
	RNS Power Ltd.,	Associates	<b>76.92</b>	76.92
	ii. The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below :			
	<b>As at 31st March 2015</b>		<b>As at 31st March 2014</b>	
	<b>Payable</b>	<b>Payable in Foreign Currency</b>	<b>Payable</b>	<b>Payable in Foreign Currency</b>
	<b>(₹ in Lacs)</b>	<b>(indicate amount with Currency)</b>	<b>(₹ in Lacs)</b>	<b>(indicate amount with Currency)</b>
	<b>1,035.12</b>	<b>US\$ 16,24,225</b>	95.31	US\$ 1,51,787
			-	-
	<b>Particulars</b>		<b>For the year ended 31st March 2015</b>	<b>For the year ended 31st March 2014</b>
			<b>(₹ in Lacs)</b>	<b>(₹ in Lacs)</b>
27.4	<b>Value of imports calculated on CIF basis :</b>			
	Raw Materials		<b>806.96</b>	755.48
	Components		<b>205.31</b>	251.06
	Spare parts		<b>152.87</b>	128.68
	Total Components and spare parts		<b>358.18</b>	379.74
	Capital goods		<b>138.26</b>	179.92
27.5	<b>Expenditure in foreign currency :</b>			
	Travel		<b>0.20</b>	1.65

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

**Note 27 Additional Information to the Financial Statements (Contd.)**

Note	Particulars	For the year ended 31st March 2015	
		(₹ in Lacs)	%
27.6	<b>Details of consumption of imported and indigenous items *</b>		
	<b>IMPORTED</b>		
	Raw materials	<b>905.96</b> (920.33)	<b>68.62</b> (67.19)
	Components	<b>278.62</b> (299.04)	<b>21.10</b> (21.83)
	Spare parts	<b>135.70</b> (150.31)	<b>10.28</b> (10.98)
	<b>TOTAL</b>	<b>1,320.28</b> (1,369.68)	<b>100.00</b> (100.00)
	<b>INDIGENOUS</b>		
	Raw materials	<b>1,428.32</b> (1,368.50)	<b>86.84</b> (87.31)
	Components	<b>105.04</b> (88.69)	<b>6.39</b> (5.66)
	Spare parts	<b>111.34</b> (110.16)	<b>6.77</b> (7.03)
	<b>TOTAL</b>	<b>1,644.70</b> (1,567.35)	<b>100.00</b> (100.00)

Note : Figures / percentages in brackets relates to the previous year.

**Note 28 Disclosures under Accounting Standards**

**28.1 Employee benefit plans**

**28.1.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 **₹31.71 lacs** (Year ended 31st March, 2014 ₹27.44 lacs) for Provident Fund contributions and **₹7.54 lacs** (Year ended 31st March, 2014 ₹8.97 lacs) 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.

**28.1.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 2015	Year ended 31st March 2014
	Gratuity	Gratuity
<b>Components of employer expense</b>		
Current service cost	<b>10.99</b>	9.43
Interest cost	<b>12.29</b>	12.88
Expected return on plan assets	<b>(11.36)</b>	(11.91)
Actuarial losses / (gains)	<b>30.97</b>	(5.77)
<b>Total expense recognised in the Statement of Profit and Loss</b>	<b>(0.45)</b>	4.63

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)**
**Note 28 Disclosures under Accounting Standards (Contd.)**

Note	Particulars	Year ended	Year ended
		31st March 2015	31st March 2014
		Gratuity	Gratuity
	<b>Actual contribution and benefit payments for year</b>		
	Actual benefit payments	(31.47)	17.02
	Actual contributions	22.00	25.04
	<b>Net asset / (liability) recognised in the Balance Sheet</b>		
	Present value of defined benefit obligation	165.02	142.23
	Fair value of plan assets	143.07	141.63
	Funded status [(Surplus / (Deficit))]	(21.94)	(0.60)
	<b>Net asset / (liability) recognised in the Balance Sheet</b>	<b>(21.94)</b>	<b>(0.60)</b>
	<b>Change in Defined Benefit Obligations (DBO) during the year</b>		
	Present value of DBO at beginning of the year	142.23	143.98
	Current service cost	10.99	9.43
	Interest cost	12.29	12.88
	Actuarial (gains) / losses	30.97	(7.04)
	Benefits paid	(31.47)	(17.02)
	Present value of DBO at the end of the year	165.02	142.23
	<b>Change in fair value of assets during the year</b>		
	Plan assets at beginning of the year	141.63	122.97
	Expected return on plan assets	11.36	11.91
	Actual company contributions	22.00	25.04
	Actuarial gain / (loss)	(0.45)	(1.27)
	Benefits paid	(31.47)	(17.02)
	Plan assets at the end of the year	143.07	141.63
	Actual return on plan assets	10.91	10.63
	<b>Composition of the plan assets is as follows :</b>		
	Others	143.07	141.63
	<b>Actuarial assumptions</b>		
	Discount rate	8.00%	8.25%
	Expected return on plan assets	8.00%	9.00%
	Salary escalation	5.00%	5.00%

<b>NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)</b>						
<b>Note 28 Disclosures under Accounting Standards (Contd.)</b>						
<b>For the Year ended 31st March, 2015</b>						
<b>Note</b>	<b>Segment information</b> The Company has identified business segments as its primary segment and geographic segments as its secondary segment. Business segments are primarily Ceramic Tiles and Vitrified Tiles. 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.					
		<b>For the Year ended 31st March, 2015</b>				
<b>PARTICULARS</b>	<b>Business Segments</b>					<b>Total</b>
	<b>Ceramic Tiles</b>	<b>Vitrified Tiles</b>	<b>Trading</b>	<b>Granite Slab</b>	<b>Services</b>	
	<b>(₹ in Lacs)</b>	<b>(₹ in Lacs)</b>	<b>(₹ in Lacs)</b>	<b>(₹ in Lacs)</b>	<b>(₹ in Lacs)</b>	<b>(₹ in Lacs)</b>
Revenue	109.23	9,535.76	1,683.88	-	3,306.97	14,635.84
Inter-segment revenue	-	20.02	-	-	-	20.02
Total	109.23	9,555.78	1,683.88	-	3,306.97	14,655.86
Less : Central Excise	8.84	839.90	-	-	-	848.74
Net Revenue	100.39	8,715.88	1,683.88	-	3,306.97	13,807.12
Segment result	(111.46)	53.34	8.08	-	158.74	108.70
Unallocable expenses (net)	-	-	-	-	-	11.36
Operating income	-	-	-	-	-	-
Other income (net)	-	-	-	-	-	104.26
Profit before taxes	-	-	-	-	-	201.60
Tax expense	-	-	-	-	-	29.70
Net profit for the year	-	-	1,111.52	-	-	171.90
Segment assets	5,773.95	34,953.04	-	1,326.15	-	45,321.01
Unallocable assets	-	-	-	-	-	-
Total assets	5,773.95	34,953.04	1,111.52	1,326.15	2,156.35	45,321.01
Segment liabilities	1,455.11	11,431.60	420.41	-	727.02	14,034.14
Unallocable liabilities	-	-	-	-	-	-
Total liabilities	1,455.11	11,431.60	420.41	-	727.02	14,034.14
<b>OTHER INFORMATION</b>						
Capital expenditure (allocable)	4,318.84	23,521.44	691.11	1,326.15	1,429.33	31,286.87
Capital expenditure (unallocable)	-	-	-	-	-	-
Depreciation and amortisation (allocable)	0.40	549.57	-	-	375.83	925.80



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

**Note 28 Disclosures under Accounting Standards (Contd.)**

Note	Particulars		
<b>28.3</b>	<b>Related party transactions</b>		
	<b>Details of related parties:</b>		
	<b>Description of relationship</b>		
	Associates	M/s. RNS Infrastructure Ltd. M/s. Murdeshwar Power Corporation Ltd. M/s. Naveen Hotels Ltd. RNS Motors 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	
	Key Management Personnel / Relatives of Key Management Personnel	Shri Satish R Shetty, Shri Sunil R Shetty and Shri Naveen R Shetty are sons of Dr. R N Shetty	
	Company in which KMP / Relatives of KMP can exercise significant influence	Above mentioned Associate Companies	
	Note : Related parties have been identified by the Management.		
	<b>Details of related party transactions during the year ended 31<sup>st</sup> March, 2015 and balances outstanding as at 31<sup>st</sup> March, 2015 :</b>	<b>Associates</b>	<b>Relatives of Key Management Personnel</b>
		<b>Total</b>	
	Purchase of goods	-	-
		(21.10)	(21.10)
	Sale of goods	45.96	45.96
		(37.24)	(37.24)
	Purchase of Fixed Assets	8.85	8.85
		(-)	(-)
	Sale of fixed assets	4.55	4.55
		(0.58)	(0.58)
	Rendering of services :		
	- RNS Infrastructure Limited	2,010.33	2,010.33
		(1,643.13)	(1,643.13)
	- Others	283.27	283.27
		(702.04)	(702.04)
	Receiving of services	4.35	4.35
		(4.80)	(4.80)
	Dividend Received	104.26	104.26
		(44.68)	(44.68)
	<b>Balances outstanding at the end of the year</b>		
	Trade receivables	2,884.56	2,884.56
		(2,119.67)	(2,119.67)
	Trade payables	40.83	40.83
		(49.60)	(49.60)
	Note: Figures in brackets relates to the previous year		

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)**
**Note 28 Disclosures under Accounting Standards (Contd.)**

Note	Particulars	For the year ended 31st March 2015	For the year ended 31st March 2014
		(₹)	(₹)
28.4	<b>Earnings per share</b> Basic		
28.4a	<b>Continuing operations</b>		
	Net profit / (loss) for the year from continuing operations	1,71,90,077	1,18,65,910
	Less: Preference dividend and tax thereon	-	-
	Net profit / (loss) for the year from continuing operations attributable to the equity shareholders	-	1,18,65,910
	Weighted average number of equity shares	4,08,13,922	4,08,13,922
	Par value per share	10	10
	Earnings per share from continuing operations - Basic	0.42	0.29
		(₹ in Lacs)	(₹ in Lacs)
28.5	<b>Deferred tax (liability) / asset</b>	628.50	595.23
	<b>Tax effect of items constituting deferred tax liability</b>	164.50	218.63
	On difference between book balance and tax balance of fixed assets	-	-
	On expenditure deferred in the books but allowable for tax purposes	-	-
	On items included in "Reserves and surplus pending amortisation into the Statement of Profit and Loss	-	-
	Others	-	-
	<b>Tax effect of items constituting deferred tax liability</b>	164.50	218.63
	<b>Tax effect of items constituting deferred tax assets</b>		
	Provision for compensated absences, gratuity and other employee benefits	6.99	2.02
	Provision for doubtful debts / advances	-	-
	Disallowances under Section 40(a)(i), 43B of the Income Tax Act, 1961	-	-
	On difference between book balance and tax balance of fixed assets	127.81	183.34
	Unabsorbed depreciation carried forward	-	-
	Brought forward business losses	-	-
	On items included in Reserves and surplus pending amortisation into the Statement of Profit and Loss	-	-
	Others	-	-
	Tax effect of items constituting deferred tax assets	134.80	185.36
	<b>Net deferred tax (liability) / asset</b>	658.20	628.50
	The Company has recognised deferred tax asset on unabsorbed depreciation to the extent of the corresponding deferred tax liability on the difference between the book balance and the written down value of fixed assets under Income Tax.		

**Note 29 Previous Year's Figures**

Note	PARTICULARS
29	Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

**CASH FLOW STATEMENT ANNEXED TO BALANCE SHEET  
FOR THE PERIOD FROM APRIL 2014 to MARCH 2015**

(₹ in lacs)

	2014-15	2013-14
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net profit before tax and extraordinary items	201.60	150.07
<b>Adjustments for :</b>		
Depreciation	925.80	904.55
Interest paid	1,624.97	1,762.63
Preliminary Expenses Written off	11.37	11.37
Loss on Sale of fixed assets	2.06	0.20
Profit on sale of Assets	(2.43)	(10.01)
Interest Income on Investments	(42.07)	(42.24)
Dividend received	(104.26)	(44.68)
<b>Operating profit before working capital changes</b>	<b>2,617.04</b>	2,731.89
<b>Adjustments for :</b>		
Decrease / (Increase) in Inventories	1,573.58	1,839.32
Decrease / (increase) in Trade receivables	(1,253.45)	131.30
Increase / (decrease) in Trade Payables	736.66	(942.77)
Decrease / (Increase) in Short term loans & advances	(3.51)	48.52
Decrease / (Increase) in Other Current Assets	12.32	(20.60)
Decrease / (Increase) in Long Term Loans & Advances	-	(6.69)
Increase / (decrease) in Other Current Liabilities	(41.25)	(139.64)
Increase / (decrease) in Short Term Provisions	(0.94)	(1.41)
Cash generated from operations	3,640.45	3,639.92
Taxes paid	(85.52)	(76.07)
<b>Net cash from Operating Activities (before extra-ordinary item)</b>	<b>3,554.93</b>	3,563.85
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of fixed assets	(691.69)	(1,178.11)
Sale of Fixed Assets	140.57	13.04
Interest received	42.07	42.24
Dividend received	104.26	44.68
Sale of Investment	(11.56)	-
<b>Net cash flow from investing activities</b>	<b>(416.35)</b>	(1,078.15)

**CASH FLOW STATEMENT ANNEXED TO BALANCE SHEET  
FOR THE PERIOD FROM APRIL 2014 to MARCH 2015 (Contd.)**

(₹ in lacs)

	2014-15	2013-14
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Long term Borrowings repaid	<b>(1,453.91)</b>	(876.33)
Short term Borrowings repaid	<b>(117.96)</b>	(18.74)
Proceeds from issue of Share Capital	-	259.47
Issue of Share Warrants	-	-
Dividend paid	-	(5.36)
Interest paid	<b>(1,624.97)</b>	(1,762.63)
<b>Net Cash used in Financial activities</b>	<b>(3,196.84)</b>	(2,403.59)
Net Increase/(Decrease) in cash and cash Equivalents	<b>(58.26)</b>	82.11
Cash and Cash Equivalents as at 01.04.2014	<b>597.73</b>	515.62
<b>Cash and Cash Equivalents as at 31.03.2015</b>	<b>539.47</b>	597.73

**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>2014-15</u>	<u>2013-14</u>
Cash on hand and balances with Banks	<b>539.47</b>	597.73
Short Term investments	-	-
Cash and cash equivalents effect of changes in Exchange rates	-	-
Cash and cash equivalents as restated	<b>539.47</b>	597.73

By Order of the Board <b>For MURUDESHWAR CERAMICS LIMITED</b>	<b>R.N.SHETTY</b> Chairman (DIN 00038810)	<b>SATISH R. SHETTY</b> Managing Director & CEO (DIN 00037526)	<b>SUNIL R. SHETTY</b> Director (DIN 00037572)	<b>NAVEEN R. SHETTY</b> Director (DIN 00058779)
<b>K.SUNDER NAIK</b> Director (DIN 00042986)	<b>S.S. HIREMATH</b> Director (DIN 02272897)	<b>ANNAPPAYYA K.</b> Director (DIN 03558522)	<b>SANKAPPA K. SHETTY</b> Director (DIN 00894366)	
Place : Bengaluru Date : 30-05-2015	<b>SARVANI ALVA</b> Director (DIN 06896403)	<b>LAKSHMISHA BABU S.</b> Company Secretary	<b>N.M. HEGDE</b> Vice President (Finance) & CFO	

**CERTIFICATE**

We have examined the above Cash Flow Statement of Murudeshwar Ceramics Ltd., for the year ended 31.03.2015 and certify that the said statement has been prepared by the Company in accordance with Accounting Standard-3 issued by the Institute of Chartered Accountants of India and as per requirements of Listing Agreements with Stock Exchanges and is based on and is in agreement with the Profit & Loss Account and Balance Sheet of the Company for the year ended on 31.03.2015.

Place : Bengaluru  
Date : 30-05-2015

**For M.A.NARASIMHAN & CO.,**  
Chartered Accountants  
ICAI FIRM REG NO:002347S  
**M.A. PARTHANARAYAN**  
Partner  
Membership No:028994

## NOTES

**MURUDESHWAR CERAMICS LIMITED**

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

**CIN:L26914KA1983PLC005401**

**32nd 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, 26<sup>th</sup>, 2015 at 4 P.M at Shri R N Shetty Kalyana Mantap, Opp. Indira Glass House, Hubli - 580 029.

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

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

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

## MURUDESHWAR CERAMICS LIMITED

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

CIN: L26914KA1983PLC005401

32<sup>nd</sup> ANNUAL GENERAL MEETING

### PROXY FORM

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

CIN	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. / Clent 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 32<sup>nd</sup> Annual General Meeting of the Company to be held on Saturday, September, 26<sup>th</sup>, 2015 at 4 P.M at Shri R N Shetty Kalyana Mantap, Opp. Indira Glass House, Hubli-580 029 and at any adjournment thereof in respect of such resolutions as are indicated below :

Sl.No.	RESOLUTIONS	Optional*	
		For	Against
	<b>Ordinary Business</b>		
1	Adoption of Financial Statements for the year ended 31st March, 2015		
2	Re-appointment of Shri Sunil R. Shetty who retires by rotation		
3	Appointment of M/s M A Narasimhan and Co, Chartered Accountants, as the Statutory Auditors of the Company.		
	<b>Special Business</b>		
4	Authorised Board of Directors to enter into Related Party Transactions.		

Signed this ..... day of .....2015.

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.