MURUDESHWAR CERAMICS LTD.

604/B, Murudeshwar Bhavan, Gokul Road, Hubli - 580 030. India. ☎: 2331615-18 FAX : (0836) 4252583
Office : E-mail : mclho@naveentile.com/ndtmktg@naveentile.com CIN : L26914KA1983PLC005401
Factory : Krishnapur Village, Hubli - 580 024 ☎: 2206741, Fax : 2206773 E-mail : mclplant@bsnl.in

NAVEEN CERAMIC & VITRIFIED TILES

September 24, 2016

BSE Limited
P.J. Towers,
Dalal Street,
Mumbai-400 001.
Stock Code: 515037

National Stock Exchange of India Limited
Bandra Kurla Complex,
Bandra East, Mumbai-400051.
Stock Code: MURUDCERA.EQ

Dear Sir/Madam,

Sub: Annual Report for the financial year 2015-16.

We are hereby enclosing the Annual Report of the Company for the financial year 2015-16 as required under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 duly approved and adopted by the members as per the provisions of the Companies Act, 2013.

This is for your information and record.

Thanking you,

Yours faithfully,
for **MURUDESHWAR CERAMICS LIMITED**

Lakshmisha Babu S
Company Secretary

MURUDESHWAR CERAMICS LTD.,

NAVEEN CERAMIC TILES

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

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

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

NOTICE

To,

The Members, Murudeshwar Ceramics Limited

NOTICE is hereby given that the Thirtythird 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 Friday 23rd day of September, 2016 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, 2016 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 Satish Rama Shetty (DIN 00037526), 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 the 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 authorize 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"), Regulations of SEBI (LODR) Regulation, 2015 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, 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, 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	Financial Year from 2016 to 2019	₹15,000 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 authorized 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."

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

Place : Bengaluru
Date : July 30, 2016

NOTICE *(Contd.)*

NOTE:

(1) Any Member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend the meeting and vote on behalf of such member at such meeting and such a proxy need not be a member. Proxy in order to be effective must be received at the Company's Regd. Office not less than 48 hours before the meeting.

(2) Any document / Proxy Form in connection with the Annual General Meeting of the Company signed by any person for and on behalf of any Institution, Bank, Body Corporate etc., will be valid, only if such document/proxy form is supported by a duly authenticated copy of the Resolution of the Board of Directors authorising such person to sign such document and/or to represent such Institution, Bank, Body Corporate etc., as the case may be.

(3) Documents pertaining to items referred to in the Notice are available for inspection by any member/s at the Registered Office of the Company on any working day from 2 p.m. to 6 p.m. upto the date of Annual General Meeting.

(4) Brief resume of directors propose to be appointed/reappointed is furnished in the Corporate Governance Report forming part of this Annual Report.

(5) Register of Members/Transfer books of the Company will be closed from September 17, 2016 to September 23, 2016 (both days inclusive).

(6) Members seeking any information/clarification concerning the Accounts for the year 2015-16 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 "Remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for e-voting. Please note that the password is an initial password.

(b) Open the internet browser and type the following URL:https://www.evoting.nsdl.com.

(c) Click on Shareholder – Login.

(d) If you are already registered with NSDL for e-voting then you can use your existing user ID and password.

(e) If you are logging in for the first time, please enter the user ID and password provided in the PDF file attached with the e-mail as initial password.

(f) The Password Change Menu will appear on your screen. Change to a new password of your choice, making sure that it contains a minimum of 8 digits or characters or a combination of both. Please take utmost care to keep your password confidential.

(g) Once the e-voting home page opens, click on e-voting> Active Voting Cycles.

(h) Select "EVEN" (E-Voting Event Number) of Murudeshwar Ceramics Limited. Now you are ready for E-voting as Cast Vote page opens.

(i) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.

(j) Upon confirmation, the message "Vote cast successfully" will be displayed.

(k) Once the vote on the resolution is cast, the Member shall not be allowed to change it subsequently.

(l) Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG format) of the relevant Board Resolution/Authority letter, etc., together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to sunil_j_shah@yahoo.com and investor@naveentile.com with a copy marked to evoting@nsdl.co.in

(m) In case of any queries, you may refer the Frequently Asked Questions (FAQs) – Shareholders and e-voting user manual – Shareholders, available at the downloads section of www.evoting.nsdl.com

NOTICE *(Contd.)*

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

(a) Initial password is provided in the enclosed Annual Report and Notice : EVEN (E-Voting Event Number), user ID and password/Pin.

(b) Please follow all steps from Sl. No. (b) to Sl. No. (m) above, to cast vote.

C. Other Instructions:

(a) The e-voting period commences on September 20, 2016 (9.00 a.m. IST) and ends on September 22, 2016 (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 16, 2016 (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 16, 2016 (Cutoff date {record date}).

(d) Mr. Sunil J. Shah, Practicing Company Secretary (Membership No. ACS:8717), has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

(e) The Scrutinizer shall after the conclusion of voting at the General Meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of 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 authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

(f) The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.naveentiles.co.in and on the website of NSDL immediately after the declaration of the results by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to Stock exchanges.

(g) Please refer last page of Annual Report for AGM Location MAP.

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 material transactions mentioned in aforesaid resolution, which are in the ordinary course of business and / or are at arm's length basis. But pursuant to SEBI (LODR) Regulation, 2015 it can do so only with prior approval of the Shareholders accorded by way of special resolution. 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 SEBI (LODR) Regulation 2015 and amendments thereof, all material related party transactions 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.

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

Place : Bengaluru
Date : July 30, 2016

DIRECTORS' REPORT

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

Your Directors have pleasure in presenting their Thirtythird Annual Report on the business and operations of the Company and the accounts for the financial year ended March 31, 2016.

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.

	(₹ In Lacs)	
Particulars	**2016**	2015
Sales Income	11,502.23	13,807.12
Other Income	134.05	151.00
Total income	11,636.28	13,958.12
Operational Expenditure	8,797.13	9,761.91
Increase/(Decrease) in stock	(21.98)	946.61
Interest	1,978.22	2,122.20
Depreciation	713.63	925.80
Total Expenditure	11,467.00	13,756.52
Profit / (Loss) for the year	**169.28**	**201.60**
Less : Provision for tax	18.41	40.34
Less : MAT Credit	(18.41)	(40.34)
Less : Excess Provision written back	-	-
Add : Deferred Tax Assets	12.25	29.70
Profit / (Loss) after tax	**157.03**	**171.90**
Profit available for appropriation	**157.03**	**171.90**

OPERATIONAL PERFORMANCE

During the year under report the Company has produced 19,94,815 Sq.mtrs., of Vitrified tiles and has not produced any Ceramic tiles. Whereas compared to previous year production of Vitrified tiles is reduced by 19.56%. The sales income from Vitrified tiles has reduced by 20.87% at ₹8,347.57 lakhs compared to ₹10,548.87 lakhs of the previous year. Sales income from Ceramic tile segment has reduced by 22.53% at ₹604.24 lakhs compared to ₹780.00 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 ₹157.03 lakhs (Previous year ₹171.90 lakhs) which leads to an decreased of 8.65% as compare to previous year 2014-15.

DIVIDEND

Since the Profits of the Company is minimal and your Directors intent to reduce the finance cost as early as possible. Your Directors have decided to skip the dividend for the year 2015-16. 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 Tile industry is set to get boost from the Government initiative like Housing for all, reduced rate of interest for construction, Swatch Bharat and smart cities as well. Vitrified tiles as the product arm is growing rapidly in the terms of new capacities, sizes and technology. Vitirified tile sector, even in the slowdown of construction industry, promises slow and steady improvement in the overall demand. The product with its features has caught the eyes of developers and builders. Vitrified tiles can be manufactured in various designs like wooden, natural marble, granite and also metallic finish. The new Digital tiles Technology which gives a very rich look is slowly capturing the market. Now a days tiles are

DIRECTORS' REPORT *(Contd.)*

used as a decorating items in kitchen, bathroom or any other part of our home or for any exterior cladding of villas, bunglows, hotels, restaurants, hospitals etc. The Vitrified tiles double and multi charge tiles are also moving fast in the market. The Karaikal unit is functioning with improved gas allocation. The new unit at Sira Taluk, Tumkur District may fetch better market for quality products. The Company is expecting a better growth in the mere future.

MARKETING STRATEGY

In order to expand the marketing activity and also to display the large variety of products in both ceramic and vitrified segments, the company has planned to open more exclusive showroom during the current financial year. The Company has also introduced quality based incentives to the sales staff to boost sales. As a rationalization process in marketing, the management has reviewed the performance of each branch and such of those which are not performing to the expected level are given special support to review their efficiency, but those which are consistently under poor performance are closed. The Company has decided to create a brand image, accordingly Hoarding, Table Calendars, Newspapers advertisements are given on regular basis to increase sales. Your Directors are hopeful of achieving better results in the year 2016-17.

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 FY16 and the previous year are as follows :

(₹ In Lacs)

Particulars	FY16	FY15
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	1,813.14	1,279.03

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 Companies Act, 2013 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 said Act, the following were designated as Key Managerial Personnel of your Company by the Board:

- Shri Satish Rama Shetty, 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 SEBI (LODR) Regulation 2015.

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 Practicing Chartered Accountant Mr. B.C. Shetty and other Company's professionals 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 Companies Act, 2013 and SEBI (LODR) Regulation 2015, the Nomination and Remuneration Committee (NRC) is responsible for formulating the criteria for determining qualification, positive attributes and independence of a Director. The NRC is also responsible for recommending to the Board a policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees.

In line with this requirement, the Board has adopted the Policy on Board Diversity and Remuneration Policy for Directors, Key Managerial Personnel and other employees of the Company. The copy of policy's are available on the company website www.naveentiles.co.in

DIRECTORS' REPORT *(Contd.)*

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. The details of which is given as AOC-2 in Annexure-3.

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 Companies Act, 2013. The details of investments are provided in the schedules to the financial statements.

EXTRACT OF THE ANNUAL RETURN

Pursuant to Section 92 of the Companies Act, 2013 and Rule 12 of The Companies (Management and Administration) Rules, 2014, the extract of Annual Return in Form MGT-9, is appended hereto and forms part of this Report as Annexure-4.

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 to undertake the secretarial audit of the Company. The Secretarial Audit Report is appended hereto and forms part of this Report as Annexure-5.

CORPORATE GOVERNANCE

Pursuant to relevant regulations of SEBI (LODR) Regulations 2015 and relevant sections of the Companies Act, 2013, a Management Discussion and Analysis Statement, Report on Corporate Governance and Auditors' Certificate are included in the Annual Report. The Compliance certificate from the auditors regarding compliance of conditions of Corporate Governance as stipulated in Clause 49 of the old listing agreement upto 30.11.2015 and SEBI (LODR) Regulation, 2015 from the period 01.12.2015 to 31.03.2016 is 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 Companies Act, 2013, a vigil mechanism was established for directors and employees to report to the management instances of unethical behavior, actual or suspected, fraud or violation of the Company's code of conduct or ethics policy. The Vigil Mechanism provides a mechanism for employees of the Company to approach the Chairman of the Audit Committee of the Company.

DETAILS OF ADEQUACY OF INTERNAL FINANCIAL CONTROL

Pursuant to Sec.134(5)(c) your Company has proper and adequate system of internal controls. All transactions are authorised, recorded and reported correctly. In addition there are operational controls and fraud risk controls, covering the entire spectrum of internal financial control. The ERP system which the company has inplemented has helped in further strengthening the Internal Financial Control.

DIRECTORS' REPORT *(Contd.)*

FAMILIRISATION PROGRAM

With a view to familiarise the Independent Directors with the company's operations, as required under listing regulation 25(7) the company has held various programmes ongoing basis which interalia includes various presentation by practicing professionals, business heads and KMPs of the Company.

SHARE CAPITAL

During the year the Company has not allotted any Equity Shares, hence the Paid up Equity Share Capital of the Company remained at the existing level of Rs.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 2015-16.

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 there from;

b. They have, in the selection of the accounting policies, consulted the Statutory Auditors and have applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

c. They have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d. They have prepared the annual accounts on a going concern basis;

e. They have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;

f. They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

ACKNOWLEDGEMENTS

Your Directors 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 30, 2016

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	15.32

NOTE : All other Non-executive directors are not drawing any remuneration from the Company.

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

Name of KMP	Percentage increase in remuneration in the financial year
Shri Satish Rama Shetty	5.50%
Shri N.M. Hegde	91.38%
Shri Lakshmisha Babu S.	16.87%

c) The percentage increase in the median remuneration of employees in the financial year : 50.26%

d) The number of permanent employees on the rolls of the company : 334

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 : 50.26%	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 of PAT is ₹157.03 lakhs (2015-16) to ₹171.90 lakhs (2014-15)	

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	18.00%
2.	Shri N.M. Hegde	8.77%
3.	Shri Lakshmisha Babu S.	7.28%

g) Market and financial performance related information:

Particulars	March 31, 2016	March 31, 2015	% Change
Market Capitalization (₹ lakhs)	8,672.92	9,040.28	-4.06%
P/E Ratio	55.92	52.73	3.19%

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 Ball clay & Feldspar are used to reduced the ball mill grinding time & increase the production output

(b) **Additional investments and proposals, if any, being implemented for reduction of consumption of energy:** Digital printing machine & connected equipment's are commissioned for production of value added glazed 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 for better sales realization of sales values vitrified tiles

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

B. TECHNOLOGY ABSORPTION :

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

FORM B

1. **Specific areas in which R & D carried out by the company**
   a. New ball clay raw material processed to remove the inbuilt impurities
   b. Reduction in imported ball clay consumption
2. **Benefits derived as a result of the above R & D**
   a. Better sales realization on the finished product
   b. Better utilization of plant and machinery.
3. **Future plan of action**
   a. PGVT & GVT production line is ready for production of value added vitrified tile production.
   b. New type double charge vitrified tile production in Sira Plant.
   c. Double charging feeder 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 adaption of Ball clay processing plant & feldspar processing plant to remove the inbuilt impurities to enhance the brightness of vitrified tile production.
2. **Benefits derived as a result of above efforts :** Reduction in the power cost, raw material cost, transport cost & improves the tile brightness & quality consistency.
3. **In case of Imported Technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished :**

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

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

a)	Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans	:	Nil
b)	Total Foreign Exchange used earned.		
	Foreign Exchange Earnings	:	Nil
	Foreign Exchange Outgo	:	₹3.06 lakhs

ANNEXURE - 3

FORM NO. AOC-2

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

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

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

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

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

Sl. No.	Particulars	Details
1	Name (s) of the related party & nature of relationship	RNS INFRASTRUCTURE LIMITED
2	Nature of Relationship	Group Company
3	Nature of contracts / arrangements /transaction	Earth works
4	Duration of the contracts/arrangements /transaction	Not applicable
5	Salient terms of the contracts or arrangements or transaction including the value, if any	Not applicable
6	Justification for entering into such contracts or arrangements or transactions	Nil
7	Date of approval by the Board	29.05.2015
8	Amount paid as advance, if any	Nil

All related party transactions that were entered into during the financial year were on arm's length basis and in the ordinary course of business. For all related party transactions, please refer Note No.28 of the Financial Statement.

ANNEXURE - 4

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
As on financial year ended on 31.03.2016
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	# 604/B, MURUDESHWAR BHAVAN, GOKUL ROAD, HUBLI 580030 E-mail : investor@naveentile.com Ph. : 91836-2331615-18, Fax : 91836-4252583
6.	Whether listed company	YES
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	MR. K. RAVI CANBANK COMPUTER SERVICES LIMITED J P ROYALE,1ST FLOOR, NO.218, 2ND MAIN, SAMPIGE ROAD (NEAR 14TH CROSS), MALLESWARAM, BENGALURU - 560 003 TEL NOS. 080-23469661/62 , 23469664/65 FAX NOS. 080-23469667/68

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY
(All the business activities contributing 10% or more of the total turnover of the company shall be stated)

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1.	Vitrified Tiles	69079010	73.15%
2.	Services	00440410	26.85%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

IV. 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-2015]				No. of Shares held at the end of the year [As on 31-March-2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter's									
(1) **Indian**									
a) Individual / HUF	6594734	-	6594734	16.16	6594734	-	6594734	16.16	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	18438552	-	18438552	45.18	18438552	-	18438552	45.18	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A) (1)	25033286	-	25033286	61.34	25033286	-	25033286	61.34	-

ANNEXURE - 4 *(Contd.)*

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2015]				No. of Shares held at the end of the year [As on 31-March-2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Foreign									
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/ FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (2)	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A)= (A)(1)+(A)(2)	25033286	-	25033286	61.34	25033286	-	25033286	61.34	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	700	700	0.00	-	700	700	0.00	-
b) Banks / FI	-	2600	2600	0.01	-	2600	2600	0.01	
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	211087	-	211087	0.52	211087	-	211087	0.52	-
g) FIIs	-	900	900	0.00	-	900	900	0.00	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1)	211087	4200	215287	0.53	211087	4200	215287	0.53	-
2. Non-Institutions									
a) Bodies Corp. (Indian and Overseas)	3424417	5651	3430068	8.40	2979713	-	2979713	7.30	-1.10
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹1 lakh	4272393	392669	4665062	11.43	4653924	384383	5038307	12.34	+0.91
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	2174088	476718	2650806	6.49	2889473	476718	3366191	8.25	+1.76

ANNEXURE - 4 *(Contd.)*

c) Others (specify)									
Non Resident Indians	4243359	9772	4253131	10.42	3586592	9772	3596364	8.81	-1.61
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	30322	-	30322	0.08	25575	-	25575	0.06	-0.02
HUF	535960	-	535960	1.31	559199	-	559199	1.37	+0.06
Foreign Bodies - D R									
Sub-total (B)(2)	14680539	884810	15565349	38.13	14694476	870873	15565349	38.13	-
Total Public Shareholding (B)= (B)(1)+ (B)(2)	**14891626**	**889010**	**15780636**	**38.66**	**14905563**	**875073**	**15780636**	**38.66**	**-**
C. Shares held by Custodian for GDRs & ADRs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Grand Total (A+B+C)	**39924912**	**889010**	**40813922**	**100.00**	**39938849**	**875073**	**40813922**	**100.00**	**-**

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 share-holding 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	Anvitaa Satish Shetty	9800	0.024	-	9800	0.024	-	-
16	Murdeshwar 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 - 4 *(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	-	-

Note : Joint Folio's have not been combined.

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
THERE IS NO CHANGE					

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

Sl. No.	Name of the Top Ten Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	**IL and FS Trust Co Ltd**				
	At the beginning of the year	1904408	4.67	-	-
	Increase/Decrease as on 30.06.2015	-41726	-0.11	1862682	4.56
	Increase/Decrease as on 30.09.2015	-522276	-1.28	1340406	3.28
	Increase/Decrease as on 31.12.2015	0.00	0.00	1340406	3.28
	Increase/Decrease as on 31.03.2016	1015	0.00	1339391	3.28
2	**Keshwani Haresh**				
	At the beginning of the year	1719857	4.21	-	-
	Increase/Decrease as on 30.06.2015	0.00	0.00	1719857	4.21
	Increase/Decrease as on 30.09.2015	0.00	0.00	1719857	4.21
	Increase/Decrease as on 31.12.2015	-381564	-0.93	1338293	3.28
	Increase/Decrease as on 31.03.2016	0.00	0.00	1338293	3.28
3	**Ricky Ishwardas Kirpalani**				
	At the beginning of the year	1692631	4.15	-	-
	Increase/Decrease as on 30.06.2015	0.00	0.00	1692631	4.15
	Increase/Decrease as on 30.09.2015	0.00	0.00	1692631	4.15
	Increase/Decrease as on 31.12.2015	0.00	0.00	1692631	4.15
	Increase/Decrease as on 31.03.2016	-321804	-0.79	1370827	3.36

ANNEXURE - 4 *(Contd.)*

Sl. No.	Name of the Top Ten Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
4	**Sangeetha S**				
	At the beginning of the year	480940	1.18	-	-
	Increase/Decrease as on 30.06.2015	+37821	0.09	518761	1.27
	Increase/Decrease as on 30.09.2015	+12129	0.03	530890	1.30
	Increase/Decrease as on 31.12.2015	+6103	0.02	536993	1.32
	Increase/Decrease as on 31.03.2016	+15497	0.03	552490	1.35
5	**Dilipkumar Lakhi**				
	At the beginning of the year	259556	0.64	-	-
	Increase/Decrease as on 30.06.2015	0.00	0.00	259556	0.64
	Increase/Decrease as on 30.09.2015	0.00	0.00	259556	0.64
	Increase/Decrease as on 31.12.2015	0.00	0.00	259556	0.64
	Increase/Decrease as on 31.03.2016	0.00	0.00	259556	0.64
6	**Dr. Sanjeev Arora**				
	At the beginning of the year	247935	0.61	-	-
	Increase/Decrease as on 30.06.2015	0.00	0.00	247935	0.61
	Increase/Decrease as on 30.09.2015	0.00	0.00	247935	0.61
	Increase/Decrease as on 31.12.2015	0.00	0.00	247935	0.61
	Increase/Decrease as on 31.03.2016	0.00	0.00	247935	0.61
7	**Nitish Sanjeev Shetty**				
	At the beginning of the year	232859	0.57	-	-
	Increase/Decrease as on 30.06.2015	0.00	0.00	232859	0.57
	Increase/Decrease as on 30.09.2015	0.00	0.00	232859	0.57
	Increase/Decrease as on 31.12.2015	0.00	0.00	232859	0.57
	Increase/Decrease as on 31.03.2016	0.00	0.00	232859	0.57
8	**Prashanta Sanjeev Shetty**				
	At the beginning of the year	232859	0.57	-	-
	Increase/Decrease as on 30.06.2015	0.00	0.00	232859	0.57
	Increase/Decrease as on 30.09.2015	0.00	0.00	232859	0.57
	Increase/Decrease as on 31.12.2015	0.00	0.00	232859	0.57
	Increase/Decrease as on 31.03.2016	0.00	0.00	232859	0.57
9	**Raviraj Developers Ltd.**				
	At the beginning of the year	0.00	0.00	-	-
	Increase/Decrease as on 30.06.2015	+137670	0.34	137670	0.34
	Increase/Decrease as on 30.09.2015	+2953	+0.02	140623	0.34
	Increase/Decrease as on 31.12.2015	-33288	-0.08	107335	0.26
	Increase/Decrease as on 31.03.2016	+125467	0.31	232802	0.57
10	**Subramanian P**				
	At the beginning of the year	0.00	0.00	-	-
	Increase/Decrease as on 30.06.2015	+32003	0.08	32003	0.08
	Increase/Decrease as on 30.09.2015	+85266	0.21	117269	0.29
	Increase/Decrease as on 31.12.2015	+50011	+0.12	167280	0.41
	Increase/Decrease as on 31.03.2016	+58510	0.14	225790	0.55

ANNEXURE - 4 *(Contd.)*

E) Shareholding of Directors and Key Managerial Personnel:

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

ANNEXURE - 4 *(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	**Shri Satish Rama Shetty**				
	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	**Shri Narayan Manjunath Hegde**				
	At the beginning of the year	700	0.00	-	-
	Allotment	-	-	-	-
	At the end of the year	700	0.00	700	0.00
3	**Shri Lakshmisha Babu S**				
	At the beginning of the year	-	-	-	-
	Allotment	-	-	-	-
	At the end of the year	-	-	-	-

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

In Lakhs

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	10,358.10	508.42	-	10,866.52
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**10,358.10**	**508.42**	**-**	**10,866.52**
Change in Indebtedness during the financial year				
* Addition	84.12	48.72	-	132.84
* Reduction	711.88	5.43	-	717.31
Net Change	-627.76	43.29	-	-584.47
Indebtedness at the end of the financial year				
i) Principal Amount	9,730.34	551.71	-	10,282.05
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**9,730.34**	**551.71**	**-**	**10,282.05**

ANNEXURE - 4 *(Contd.)*

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

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

In Lakhs

Sl. No.	Particulars of Remuneration	Satish R Shetty Managing Director	Total Amount
1	Gross salary	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	24.00	24.00
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	6.48	6.48
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission		
	- as % of profit	-	-
	- others, specify…	-	-
5	Others, please specify	-	-
	Total (A)	30.48	30.48
Ceiling as per the Companies Act, 2013 is ₹30.48 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 Keremane Shetty	Sarvani Alva	
1	Independent Directors						
	Fee for attending board committee meetings	0.70	0.80	0.45	0.40	0.50	2.85
	Commission	-	-	-	-	-	-
	Local conveyance	0.04	0.05	0.04	0.05	0.05	0.23
	Total (1)	**0.74**	**0.85**	**0.49**	**0.45**	**0.55**	**3.08**
2	Other Non-Executive Directors						
	Fee for attending board committee meetings	-	-	-	-	-	-
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (2)	**-**	**-**	**-**	**-**	**-**	**-**
	Total (B)=(1+2)	**0.74**	**0.85**	**0.49**	**0.45**	**0.55**	**3.08**
	Total Managerial Remuneration	0.74	0.85	0.49	0.45	0.55	3.08
Overall Ceiling as per the Companies Act, 2013 is ₹1 lakh per Director per meeting i.e. ₹25 lakhs							

ANNEXURE - 4 *(Contd.)*

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

In Lakhs

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		CFO N M Hegde	CS Lakshmisha Babu .S	
1	Gross salary			
	(a) Salary and allowances	14.87	12.33	27.20
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-	-	-
	(c) Bonus paid	-	-	-
	(d) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	others, specify…	-	-	-
5	Incentive	-	-	-
	Total	**14.87**	**12.33**	**27.20**

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES :

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

ANNEXURE - 5

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st March 2016

[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 representations, clarifications and 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 2016 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 2016, in relation to the transactions of the Company, wherever applicable, attracting 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;

   e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

ANNEXURE - 5 *(Contd.)*

f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

vi. There are no sector specific laws which are specifically applicable to the Company.

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

i. Secretarial Standards issued by The Institute of Company Secretaries of India.

ii. The Listing Agreements entered into by the Company with Stock Exchange(s), and The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, wherever 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.

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

Place : Bengaluru
Date : July 30, 2016

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 - 5 *(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 representations 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.

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

Place : Bengaluru
Date : July 30, 2016

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 is 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. From 2012-13 the Hubli Plant is under conversion process from Coal Gas to Natural Gas. The management has decided to start up a new plant at Sira, Tumkur. The construction work is under progress and the production may start in the financial year 2016-17. 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	30,37,500	9,00,000

OPPORTUNITIES

The industry is expecting to benefit from the Housing for all project and smart city project of the Central Government by 2022. While there is a shortage of over 18 million housing units as of now. The push of the Central Government for smart cities will also have a great demand for tiles industry. The Swatch Bharat initiative too will lead to an increase in demand for tiles. The tiles market in the country is set to flourish. The demand from institutional customers is outpacing the retail demand in many regions of the country. 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. Booming real estate sector along with availability of housing loans on low interest rates has provided the much awaited thrust to Indian tiles market. During the last two years a phenomenal growth has been recorded in the field of ceramic tiles to meet the industry demand from every corner of the country. The industry has a positive outlook on the sidelines of governmental reforms in order to attract more foreign investment in real estate and retail section. All this opportunities increase the tile market in India. Taking advantage of the situation, we endeavor our best to achieve optimum production in our Karaikal plant, mainly concentrating on high value items and tiles of bigger size.

THREATS

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. 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. The demand for tiles has resulted in large number of smaller to medium size new industries mushrooming in various parts of the Country. Cheaper imported Vitrified tiles is flooding the Indian markets.

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 31.03.2016 is furnished hereunder:

SEGMENT	PRODUCTION (in Sq. Mtrs.)	SALES	
		Volume (Sq.Mtrs.)	Value (₹ in lacs)
Vitrified Tiles	19,94,815 (24,79,752)	21,75,454 (27,47,899)	8,347.57 (10,568.89)
Ceramic Tiles	- (75)	2,00,360 (2,43,856)	640.24 (780.00)
Earth Work (Sales receipts)	- (-)	- (-)	3,274.22 (3,306.97)

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

As may be seen from the above statement, that there was no production of Ceramic tiles, production of Vitrified tiles reduced by 22% and Granite Division has not produced any slabs during the year. Overall sales revenue has also been reduced. With the result the Company has incurred a profit of ₹157.03 lakhs for the year under report compared to profit of ₹ 171.90 lakhs for the previous year.

OUT-LOOK

The Company is in the process of starting a new plant at Sira Taluk, Tumkur. The civil construction work has been completed. As per the present phase of work the commercial production from the new plant may begin this financial year. The Company is planning to produce value added vitrified tiles from the new facility in Sira unit like Double charge, Glaze Vitrified tiles, Nano and Digital printing tiles. Action has been initiated to widen our distribution network, to absorb the additional production from the new unit. The industry has a positive outlook on the sidelines of governmental reforms in order to attract more foreign investment in real estate and retail section.

RISKS AND CONCERNS

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. Major concerns of the Company is increase in transportation cost. Though there is marginal reduction in the diesel price, the said decrease will not affect the transportation cost. Cost of power at Karaikal unit is very high and also the Natural Gas allocation at Karaikal plat is very minimal.

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 Company has also appointed a practicing chartered accountant to conduct the Internal audit and to submit a report for the Board. The system control of the Company is functioning efficiently with most of the branches electronically connected with the Head Office. The organizational set up and the system control have been efficient. The internal control procedures are adequate and efficient.

DISCUSSION ON FINANICAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The financial performance and operational performance has been morefully described in the Board of Directors report. Shareholder may refer point No.1 and 2 of the Board of Directors report for further reference.

MATERIAL DEVELOPMENT IN HUMAN RESOURCES / INDUSTRIAL RELATIONS

As at the end of the year the Company had 334 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 30, 2016

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 upto November 30, 2015 and SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 w.e.f. December 01, 2015. Investors / Customer satisfaction are being constantly monitored and maintained at satisfactory levels. Inter–department co-ordination is satisfactory. Accountability and responsibility fixed at each level of hierarchy. On the operations side, the Management relies upon quality maintenance, effective presentation and customer satisfaction as basic requirements. Accordingly Manpower training and motivation are being pursued to attain desired results. The Management aims at commitment to high standards of administrative and financial discipline, transparent administration and enhancement of investor value.

2. BOARD OF DIRECTORS

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

2.1 **Non-Executive Directors**

1)	Dr R.N. Shetty	:	Promoter and Chairman
2)	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	:	Non-Executive Director
8)	Shri Naveen Rama Shetty	:	Non-Executive 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 SEBI (LODR) Regulations, 2015. 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 regulations of SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015, brief particulars of Directors appointed / reappointed are furnished hereunder:

2.3(a) **Shri Satish R Shetty** aged about 54 years is a graduate in Mechanical Engineering from Karnataka University. He is on the Board of this Company since December 1987. Shri Satish R Shetty has taken a very active part in every expansion and diversification projects of the Company including establishment of Vitrified tile manufacturing unit at Karaikal. He has been continuously involved in upgradation and value addition to the product by adopting improved technology, body matrix, improved designs and varieties.

Shri Satish R Shetty is a member of the Executive Committee of directors. Shri Satish R Shetty is a Wholetime Director of RNS Infrastructure Ltd., and also a director on the Boards of Naveen Hotels Ltd., Naveen Mechanised Construction Co Pvt. Ltd., Naveen Structurals & Engineering Co Pvt. Ltd., Murdeshwar Power Corporation Ltd., Murudeshwar Developers Ltd., Murudeshwar Infosystems Ltd., Firebricks & Potteries Pvt. Ltd., SHP Auto Service Pvt. Ltd., RNS Motors Ltd., Shri Murudeshwar Tiles Pvt. Ltd. Shri Satish R Shetty holds 11,10,402 equity shares of Rs.10/- each (2.72%) in the Company.

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, 2015, July 31, 2015, September 26, 2015, October 27, 2015 and January 30, 2016 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 2015-16.

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	4	No	4	-	12
2	Shri.Kudlu Sunder Naik	5	4	No	5	2	1
3	Dr Shivabasayya Siddaramayya Hiremath	5	4	Yes	4	1	2
4	Shri Annappayya Kundapur	5	5	Yes	1	5	1
5	Shri Sankappa Keremane Shetty	5	4	Yes	3	5	3
6	Smt. Sarvani Alva	5	4	Yes	2	1	1
7	Shri Satish Rama Shetty	5	5	Yes	-	-	12
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 31.03.2016 and necessary declaration from Managing Director 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, 2015, July 31, 2015, October 27, 2015 and January 30, 2016. The Meeting held on May 29, 2015 was for the purpose of considering audited accounts for the year ended on 31.03.2015 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 is an independent non-executive director and having knowledge of financial and accounting matters. The Audit Committee invites such of the executives, as it considers appropriate (CFO) to be present at its meetings. The 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 2015-16 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 upto November 30, 2015 and SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 w.e.f. December 01, 2015. The terms of reference/role of the Audit Committee interalia include (1) oversight of the listed entity‘s financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible; (2) recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity; (3) approval of payment to statutory auditors for any other services rendered by the statutory auditors; (4) reviewing, with the management, the annual financial statements and auditor’s report thereon before submission to the board for approval, with particular reference to: (a) matters required to be included in the director‘s responsibility statement to be included in the board‘s report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013; (b) changes, if any, in accounting policies and practices and reasons for the same; (c) major accounting entries involving estimates based on the exercise of judgment by management; (d) significant adjustments made in the financial statements arising out of audit findings;

CORPORATE GOVERNANCE REPORT *(Contd.)*

(e) compliance with listing and other legal requirements relating to financial statements; (f) disclosure of any related party transactions; (g) modified opinion(s) in the draft audit report; (5) reviewing, with the management, the quarterly financial statements before submission to the board for approval; (6) reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency, monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter; (7) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process; (8) approval or any subsequent modification of transactions of the listed entity with related parties; (9) scrutiny of inter-corporate loans and investments; (10) valuation of undertakings or assets of the listed entity, wherever it is necessary; (11) evaluation of internal financial controls and risk management systems; (12) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems; (13) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit; (14) discussion with internal auditors of any significant findings and follow up there on; (15) reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board; (16) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern; (17) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors; (18) to review the functioning of the whistle blower mechanism; (19) approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate; (20) Carrying out any other function as is mentioned in the terms of reference of the audit committee.

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 29.05.2015 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 SEBI (LODR) Regulations 2015, the terms of reference / role of NRC is (1) formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees; (2) formulation of criteria for evaluation of performance of independent directors and the board of directors; (3) devising a policy on diversity of board of directors; (4) identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal. (5) whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

5.2 **Remuneration Policy :** The Committee reviews the remuneration package for Executive Directors periodically with reference to trends prevailing elsewhere for similar industry for similar positions. 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.

CORPORATE GOVERNANCE REPORT *(Contd.)*

5.3(a) **Details of Remuneration paid / accrued to Executive Director for the year ended 31.03.2016**

Name of Executive Director	Salary (₹)	Perquisites & Amenities (₹)	TOTAL (₹)
Shri Satish R Shetty, Managing Director	24,00,000	6,48,000	30,48,000
Total	**24,00,000**	**6,48,000**	**30,48,000**

NOTE :

1. None of the above said remuneration / benefits is performance linked.
2. 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.
3. The Term of office of the above said Directors was for five years effective from their respective dates of re-appointment.
4. Directors are entitled to sitting fee of Rs.10,000/- per Board meeting and Rs.5,000/- per committee meeting attended and reimbursement of travel and other incidental expenses. However the said Executive Directors continue to not receive any kind of remuneration for attending any Board and / or Committee meetings as they have waived their entitlement for such remuneration.

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

Non-Executive Independent Directors of the Company have no pecuniary relationship or transaction with either the Company or with any Promoters of the Company. The Non-Executive Directors are entitled to sitting fees of Rs.10,000/- for every Board meeting and Rs.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 (Relatives of Shri Satish R Shetty) continue to not receive any kind of remuneration for attending any Board and/or Committee meetings as they have waived their entitlement for such remuneration.

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

5.3(d) **Share holding of Directors as on March 31, 2016.**

Name of Director	Nature of office of Director	Shares held	Percentage to Eq. Capital
Dr Rama Nagappa Shetty	Non-Executive	26,808	0.06
Shri Satish Rama Shetty	Executive	11,10,402	2.72
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.

CORPORATE GOVERNANCE REPORT *(Contd.)*

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 31.03.2016 there were no Stakeholders complaints pending redressal.

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

1. Review of statutory compliance relating to all security holders
2. Resolving the grievance of all security holders of the Company
3. 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 January 30, 2016. 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.

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.

CORPORATE GOVERNANCE REPORT *(Contd.)*

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 SEBI (LODR) Regulations 2015. The Company has not been subjected to any penalties or strictures either by SEBI or by Stock Exchanges in the last three years.

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	Special Resolution passed
2014-2015	26.09.2015	4 p.m.	Yes 1. Sale, purchase of supply of any goods including capital goods or materials, selling or otherwise disposing of, or buying leasing of property any kind, availing or rendering of any services, appointment for purchase or sale of goods, materials, services or property or any other transaction with RNS Infrastructure Limited
2013-2014	27.09.2014	4 p.m.	Yes 1. Special Resolution passed under section 180 (1) (a) of the Companies Act, 2013. 2. Special Resolution passed under section 180 (1) (c) of the Companies Act, 2013.
2012-2013	28.09.2013	4 p.m.	None

11. MEANS OF COMMUNICATION

11.1 Financial Results prescribed Regulation 33 of SEBI (LODR) Regulations 2015 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 contained a separate dedicated section "Investor Relations" where shareholders information is available. The Company's Annual Report and all other necessary documents prescribed under SEBI (LODR) Regulations 2015 is also uploaded on the website in a user friendly and downloadable form.

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 **Outstanding GDR / ADR / Warrants / any other Convertible instruments :** The Company has not issued any such instuments.

12.2 **Commodity Price risk or foreign exchange risk and hedging risk :** The Company has a Risk Management policy which the company follows in case of such situation.

12.3 **Plant Location :** Please refer first page of the Annual Report.

12.4 **Annual General Meeting**

(a) Date and time : September 23, 2016 at 4 p.m.

(b) Venue : Shri R N Shetty Kalyana Mantap, Opp. Indira Glass House, Hubli - 580 029.

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

12.6 **Books Closure** : September 17, 2016 to September 23, 2016 (both days inclusive)

12.7 **Stock Exch. on which listed and Stock Code** : a) Bombay Stock Exchange Ltd.,(Stock Code 515037)
b) National Stock Exchange of India Ltd., (Symbol MURUDCERA, Series EQ)

12.8 **Murudeshwar Ceramics Limited Vs BSE Sensex**

12.9 **Murudeshwar Ceramics Limited VS NIFTY**

CORPORATE GOVERNANCE REPORT *(Contd.)*

12.10 **Market Price Data**

Month	BSE		NSE	
	Highest ₹	Lowest ₹	Highest ₹	Lowest ₹
April 2015	25.75	20.95	26.00	21.00
May 2015	23.85	20.20	23.50	20.30
June 2015	23.00	18.45	22.95	18.50
July 2015	24.40	17.20	24.40	19.45
August 2015	27.80	18.50	27.50	18.25
September 2015	21.70	18.35	20.25	18.30
October 2015	25.55	19.20	24.75	19.15
November 2015	24.95	19.20	24.90	20.70
December 2015	29.40	22.60	29.40	21.90
January 2016	30.25	21.20	30.20	21.10
February 2016	24.05	17.70	23.50	17.95
March 2016	22.00	19.00	22.00	18.95

12.11 **Share Transfer System and Dematerialisation**

As at the end of March 31, 2016 the Company had 11,287 shareholders holding 4,08,13,922 equity shares of the Company. Out of the above 9,709 members (86.02%) held 3,99,33,198 shares (97.84%) in dematerialized form. The Balance of 1,578 members (13.98%) held 8,80,724 equity shares (2.16%) in physical form.

From the records it is clear that 1,578 (13.98%) of the total number of members holding in all 8,80,724 (2.16%) 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.

12.12(a) **Distribution of Shareholding as on 31.03.2016**

Nominal Value of Shares	No. of Holders	Share Amount	
		in ₹	% to Paid-up Capital
Upto 5,000	8,899	1,40,09,590	3.43
5,001 - 10,000	1,049	87,75,830	2.15
10,001 - 20,000	596	93,15,200	2.28
20,001 - 30,000	237	60,48,220	1.48
30,001 - 40,000	112	40,56,580	0.99
40,001 - 50,000	87	41,93,220	1.03
50,001 - 1,00,000	159	1,19,94,300	2.94
1,00,001 & Above	148	34,97,46,280	85.70
T O T A L	**11,287**	**40,81,39,220**	**100.00**

CORPORATE GOVERNANCE REPORT *(Contd.)*

12.12(b) **Shareholding Pattern as on 31.03.2016**

Sl. No.	Category of Shareholder	Shares as on 31-03-2016	%
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	30,05,288	7.36
5	Non - resident Indians	35,96,364	8.81
6	Foreign Institutional Investors	900	0.00
7	SFC's	2,200	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	84,04,498	20.59
11	Hindu Undivided Family	5,59,199	1.37
	T O T A L	**4,08,13,922**	**100.00**

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

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

a) The Chairman is Non-Executive Director and is entitled to reimbursement of expenses incurred for the Business purposes of the Company. But the Chairman has waived his entitlement to remuneration for attending Board / Committee Meetings.

b) **Audit qualification :** The Company is in the regime of unqualified financial statements.

c) **Reporting of Internal Auditor :** The Internal Auditor of the Company reports directly to the Audit Committee.

d) **Nomination and Remuneration Committee :** The Company has Constituted a "Nomination and Remuneration Committee" meeting the requirements of SEBI (LODR) Regulation 2015 and the Companies Act, 2013.

e) **Training of Board Members :** All new Non-Executive Directors inducted to the Board are introduced to the Company culture with appropriate orientation sessions. The Board members are provided with necessary documents / brochures, reports and internal policies to enable them to familiarize with the Company's procedures and practices. Periodic presentations are made at the Board and Board Committee Meetings on business and performance updates of the Company, global business environment, business strategy and risks involved.

f) **The Whistle Blower Policy :** The Company has established a mechanism for employees to report concerns about unethical behavior, actual or suspected fraud, or violation of the Company's Code of Conduct. It also provides for adequate safeguards against the victimization of employees who avail of the mechanism, and allows direct access to the Chairman of the Audit Committee in exceptional cases. The existence of the policy / mechanism is communicated through appropriate manuals within the organization.

g) **Risk Management :** The Board reviews the Company's risk management practices and activities periodically. This includes comprehensive review of various risks attached to the company's business for achieving key objectives and actions taken to mitigate them. The Board review and advises on risk management aspects inter alia in the areas of leadership development, information security, project management and execution risks, contracts management risks, financial risks, forex risks and geopolitical risks.

CORPORATE GOVERNANCE REPORT *(Contd.)*

12.14 **General**

a) Members of the Company may nominate a person to whom share(s) held by such Member/s shall vest in the event of the death of such member/s. Such Nomination should be 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, e-mail, phone numbers and Bank account details with their Depositories through their DPs. Some members holding dematerialized shares request the Company for updating the particulars. Members may please note that the Company has no access to their Demat accounts and all such corrections have to be got updated by the members in their Demat accounts through their respective DPs.

12.15 **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", Ist Floor, 2nd Main, Sampige Road, Near 14th Cross, Malleswaram, Bengaluru – 560 003**. Phone: 080-23469661 - 62, Fax : 080 – 23469667 - 68.

c) The Company has designated a separate E-mail Id – investor@naveentile.com for the benefit of members to report their grievances, if any, regarding their shareholding, transfers / transmissions and dividends.

13. Other Provisions:

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

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

Place : Bengaluru
Date : July 30, 2016

AUDITORS' CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE PROVISIONS

To,

The Members,
Murudeshwar Ceramics Limited

We have examined the compliance of conditions of Corporate Governance by Murudeshwar Ceramics Ltd (the Company) for the year ended 31 March 2016, as stipulated in Clause 49 of the Listing Agreement (Listing Agreement) of the Company with the stock exchanges for the period 1st April 2015 to 30th November 2015 and as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 (listing Regulations) as referred to in Regulation 15(2) of the Listing Regulations for the period 1st December 2015 to 31st March 2016.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance . It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of the Corporate Governance as stipulated in the above mentioned Listing Agreement / Listing Regulations as applicable.

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.

For M.A.NARASIMHAN & CO.,
Chartered Accountants
ICAI FIRM REG No : 002347S
(M.A. PARTHANARAYAN)
Partner
Membership No : 28994

Place : Bengaluru
Date : May 28, 2016

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.

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 31.03.2016.

SATISH R SHETTY
Managing Director
(DIN 00037526)

Place : Bengaluru
Date : May 28, 2016

MANAGING DIRECTOR & CHIEF FINANCIAL OFFICER CERTIFICATION

To

The Board of Directors,
Murudeshwar Ceramics Limited

A. We have reviewed financial statements and the cash flow statement for the year ended 31st March 2016 and that to the best of our knowledge and belief:

(1) These statements do not contain any materially untrue statement or omition any material fact or contain statements that might be misleading;

(2) These statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

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

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

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

(1) significant changes in Internal Control over Financial reporting if any during the year;

(2) significant changes in Accounting Policies if any during the year and that the same have been disclosed in the notes to the financial statements; and

(3) instances of significant fraud if any of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's Internal Control System over Financial Reporting.

	Satish Rama Shetty Managing Director (DIN 00037526)	**N M Hegde** CFO
Place : Bengaluru Date : May 28, 2016		

INDEPENDENT AUDITORS' REPORT

To,

The Members of
MURUDESHWAR CERAMICS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **Murudeshwar Ceramics Limited** ('the Company') which comprise the Balance Sheet as at **31st March, 2016**, the Statement of Profit and Loss for the year, the Cash flow statement for the year ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements :

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 standalone financial statements based on our audit.

- We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.
- We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the 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 financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the standalone financial statements.

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 31st March, 2016, and **its profit** and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements :

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

1) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
2) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
3) 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.

INDEPENDENT AUDITORS' REPORT *(Contd.)*

4) 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.

5) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

6) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

7) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- The Company does not have any pending litigations which would impact its financial position.
- The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

Place : Bengaluru
Date : 28-05-2016

ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31 March 2016, we report that :

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

(c) The title deeds of immovable properties are held in the name of the company.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals.

(b) The procedures of physical verification of inventory followed by the management 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 and whether any material discrepancies were noticed on physical verification and if so, whether the same have been properly dealt with in the books of account

(iii) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3(III) (a) to (c) of the order are not applicable to the company and hence cannot be commented upon.

(iv) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and I86 of the Companies Act, 2013 In respect of loans, investments, guarantees, and security.

ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT *(Contd.)*

(v) The Company has not accepted any deposits from the public and hence the directives issued by Reserve Bank of India and Provisions of Section 73 to 76 or any other relevant provisions of the Act and Companies (Acceptance of Deposit) Rules , 2015 with regard to the deposits accepted from public are not applicable.

(vi) The company does not maintain adequate cost records as prescribed under section 148(1) of the Act as Cost audit is not applicable to the company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income tax, sales tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues were in arrears as at 31 March ,2016.

(viii) In our opinion and according to the explanation given to us, the Company has not defaulted in the repayment of dues to banks, financial institutions. The company has not issued any debentures.

(ix) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of Initial Public Offer or Further Public Offer including debt instruments and term loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.

(x) According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

(xi) Based on the audit procedures performed and information and explanation given by the management , the managerial remuneration has been paid or provided in accordance with the requite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.

(xii) In our opinion, the Company is not a Nidhi company. Therefore, the provisions of clause 4(xii) of the order are not applicable to the company.

(xiii) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act ,2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.

(xiv) Based upon the audit procedures and the information and explanation given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the company and hence cannot be commented upon.

(xv) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non – cash transactions with directors or persons connected with him. Accordingly, the provisions of Clause 3 (xv) of the Order are not applicable to the company and hence cannot be commented upon.

(xvi) In our opinion the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3(xvi) of the Order are not applicable to the company and hence cannot be commented upon.

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

Place : Bengaluru

Date : 28-05-2016

ANNEXURE - B TO THE INDEPENDENT AUDITORS' REPORT

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

We have audited the internal financial controls over financial reporting of **Murudeshwar Ceramics Limited** ("the Company") as of **31 March 2016** in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls:

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting:

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

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

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Place : Bengaluru
Date : 28-05-2016

BALANCE SHEET AS AT 31st MARCH 2016

	Particulars	Note No.	As at 31-03-2016	As at 31-03-2015
A	**EQUITY AND LIABILITIES**		₹ in lacs	₹ in lacs
1	**Shareholders' funds**			
	(a) Share capital	3	**4,082.17**	4,082.17
	(b) Reserves and surplus	4	**27,408.54**	26,874.43
			31,490.71	30,956.60
2	**Non-current liabilities**			
	(a) Long-term borrowings	5	**2,627.54**	3,158.51
	(b) Deferred tax liabilities (net)		**670.45**	658.20
	(c) Other long-term liabilities		**882.67**	-
			4,180.66	3,816.71
3	**Current liabilities**			
	(a) Short-term borrowings	6	**7,654.51**	7,708.01
	(b) Trade payables	7	**2,360.75**	2,305.01
	(c) Other current liabilities	8	**955.96**	831.18
	(d) Short-term provisions	9	**17.97**	11.24
			10,989.19	10,855.44
	T O T A L		**46,660.56**	45,628.75
B	**ASSETS**			
1	**Non-current assets**			
	(a) Fixed assets			
	(i) Tangible assets	13	**27,754.18**	27,764.90
	(ii) Capital work-in-progress		**1,912.75**	39.52
			29,666.93	27,804.42
	(b) Non-current investments	10	**390.29**	377.29
	(c) Long-term loans and advances	11	**524.45**	128.96
			914.74	506.25
2	**Current assets**			
	(a) Inventories	12	**10,329.34**	10,211.17
	(b) Trade receivables	15	**3,343.33**	4,953.29
	(c) Cash and cash equivalents	16	**714.65**	539.47
	(d) Short-term loans and advances	17	**1,628.28**	1,564.32
	(e) Other current assets	18	**63.29**	49.83
			16,078.89	17,318.08
	T O T A L		**46,660.56**	45,628.75
	See accompanying notes forming part of the financial statements			

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 : 28-05-2016

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

R.N.SHETTY *Chairman* (DIN 00038810)
SATISH R. SHETTY *Managing Director & CEO* (DIN 00037526)
SUNIL R. SHETTY *Director* (DIN 00037572)
NAVEEN R. SHETTY *Director* (DIN 00058779)
K.SUNDER NAIK *Director* (DIN 00042986)
S.S. HIREMATH *Director* (DIN 02272897)
ANNAPPAYYA K. *Director* (DIN 03558522)
SANKAPPA K. SHETTY *Director* (DIN 00894366)
SARVANI ALVA *Director* (DIN 06896403)
LAKSHMISHA BABU S. *Company Secretary*
N.M. HEGDE *Vice President (Finance) & CFO*

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2016

	Particulars	Note No.	For the year ended 31st March 2016	For the year ended 31st March 2015
A	**CONTINUING OPERATIONS**		**₹ in lacs**	₹ in lacs
1	Revenue from operations (gross)	19	**12,226.03**	14,655.86
	Less: Excise duty		**723.80**	848.74
	Revenue from operations (net)		**11,502.23**	13,807.12
2	**Expenses**			
	(a) Cost of materials consumed	20	**1,669.09**	2,334.28
	(b) Purchases of stock-in-trade	21	**1,029.37**	1,340.52
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	22	**(21.98)**	946.61
	(d) Employee benefits expense	23	**1,523.02**	1,302.08
	(e) Other expenses	24	**4,575.65**	4,785.03
	TOTAL		**8,775.15**	10,708.52
3	**Earnings before exceptional items, extraordinary items, interest, tax, depreciation and amortisation (EBITDA) (1-2)**		**2,727.08**	3,098.60
4	Finance cost	25	**1,978.22**	2,122.20
5	Depreciation and amortisation expense	14	**713.63**	925.80
6	Other Income	26	**134.05**	151.00
7	**Profit / (Loss) before exceptional and extra-ordinary items and tax (3-4-5+6)**		**169.28**	201.60
8	Exceptional items		**-**	-
9	Profit / (Loss) before extraordinary items and tax (7-8)		**169.28**	201.60
10	Extraordinary items		**-**	-
11	Profit / (Loss) before tax (9-10)		**169.28**	201.60
12	**Tax expense :**			
	(a) Current tax expense for current year		**18.41**	40.34
	(b) (Less) : MAT credit entitlement		**(18.41)**	(40.34)
	(c) Current tax expense relating to prior years		**-**	-
	(d) Net current tax expense		**-**	-
	(e) Deferred tax Liability		**12.25**	29.70
	TOTAL		**12.25**	29.70
13	**Profit / (Loss) from continuing operations (11-12)**		**157.03**	171.90
14	**Profit / (Loss) for the year**		**157.03**	171.90
15	**Earnings per share (of Rs.10/- each) :**		**₹ in lacs**	₹ in lacs
	(a) **Basic**			
	(i) Continuing operations	28.4 a	**0.38**	0.42
	(ii) Total operations		**0.38**	0.42
	See accompanying notes forming part of the financial statements			

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 : 28-05-2016

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

R.N.SHETTY *Chairman* (DIN 00038810)
SATISH R. SHETTY *Managing Director & CEO* (DIN 00037526)
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SARVANI ALVA *Director* (DIN 06896403)
LAKSHMISHA BABU S. *Company Secretary*
N.M. HEGDE *Vice President (Finance) & CFO*

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
Plant & Machinery	**25 Years**	**20 Years**

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

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 31-03-2016		As at 31-03-2015	
	No. of Shares	**₹ in lacs**	No. of Shares	₹ in lacs
(a) Authorised :				
Equity Shares of ₹ 10/- each with voting rights	**5,56,20,000**	**5,562.00**	5,56,20,000	5,562.00
Redeemable Preference Shares of ₹100/- each	**16,00,000**	**1,600.00**	16,00,000	1,600.00
	5,72,20,000	**7,162.00**	5,72,20,000	7,162.00
(b) Issued :				
Equity Shares of ₹ 10/- each with voting rights	**4,08,38,779**	**4,083.88**	4,08,38,779	4,083.88
	4,08,38,779	**4,083.88**	4,08,38,779	4,083.88
(c) Subscribed and fully paid up :				
Equity Shares of ₹ 10/- each with voting rights	**4,08,38,779**	**4,083.88**	4,08,38,779	4,083.88
	4,08,38,779	**4,083.88**	4,08,38,779	4,083.88
(d) Subscribed but not fully paid up :				
Less : Equity Shares of ₹ 10/- each with voting rights not paid up forfeited	**24,857**	**2.49**	24,857	2.49
Add : Amount received against forfeited shares	**24,857**	**0.78**	24,857	0.78
	24,857	**1.71**	24,857	1.71
TOTAL	**4,08,13,922**	**4,082.17**	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								
Year ended 31-03-2016								
- Number of Shares	**4,08,13,922**	**-**	**-**	**-**	**-**	**-**	**-**	**4,08,13,922**
- Amount (₹ in Lacs)	**4,082.17**	**-**	**-**	**-**	**-**	**-**	**-**	**4,082.17**
Year ended 31-03-2015								
- Number of Shares	4,08,13,922	-	-	-	-	-	-	4,08,13,922
- Amount (₹ in Lacs)	4,082.17	-	-	-	-	-	-	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 31-03-2016		As at 31-03-2015	
	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
Murdeshwar Power Corporation Ltd.	**58,10,000**	**14.24**	58,10,000	14.24
Details of calls unpaid				
Particulars	**No. of Shares**	(₹ in Lacs)	No. of Shares	(₹ in Lacs)
Equity Shares with voting rights				
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 2016	31st March 2015
	(₹ 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**	11,184.53
Add : Premium on shares issued during the year	**-**	-
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	**1,279.03**	1,107.13
Add : Profit / (Loss) for the year	**157.03**	171.90
Amounts transferred from :		
MAT Credit Entitlement for earlier years	**377.08**	-
Closing balance	**1,813.14**	1,279.03
TOTAL	**27,408.54**	26,874.43

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

Note 5 Long-term borrowings

Particulars	31st March 2016	31st March 2015
	(₹ in Lacs)	(₹ in Lacs)
(a) Term Loans		
From banks		
Secured	**1,986.76**	2,650.09
	1,986.76	2,650.09
From other parties		
Secured	**89.07**	-
Unsecured	**551.71**	508.42
	640.78	508.42
TOTAL	**2,627.54**	3,158.51

(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 31-03-2016		As at 31-03-2015	
		Secured	Unsecured	Secured	Unsecured
Term Loans from Banks :					
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 & Indian Bank are secured by first charge created / to be created on the immovable/Fixed Assets of the Company and by charges on the other movables including machinery, spares, tools, accessories and movable plant and machinery both present and future, save and except book debts and other Deferred Payment Guarantee equipments, assets hypothecated to concerned institutions / bankers against specific finance for the same. The said charge on the movable properties of the Company in favour of these Bankers is subject to prior charges created in favour of Company's Bankers for working capital requirements. Loans from ICICI Bank Ltd, Kotak Mahindra Ltd., Oriental Bank of Commerce, The Daimler Financial Services 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.	**1,516.62**	-	1,351.79	-
State Bank of India		**-**	-	609.69	-
Bank of Baroda		**-**	**-**	65.21	-
Indian Bank		**176.77**	**-**	241.63	-
Dhanlaxmi Bank Ltd	Term Loan from Dhanlaxmi Bank Ltd., is secured by way of Mortgage of Title Deeds of specific assets.	**293.37**	-	381.77	-
TOTAL-Term Loans from Banks		**1,986.76**	-	2,650.09	-

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

Note 5 Long-term borrowings *(Contd.)*

Particulars	Terms of repayment and Security	As at 31-03-2016		As at 31-03-2015	
		Secured	Unsecured	Secured	Unsecured
Term loans from other parties:					
ICICI Bank Ltd		-	90.55	-	95.97
Kotak Mahindra Ltd.		13.64	-	-	-
ICICI Bank Ltd.		4.03	-	-	-
Oriental Bank of Commerce		6.53	-	-	-
Daimler Financial Services		64.87	-	-	-
L I C of India	Against Keyman Policy	-	461.16	-	412.45
Total-Term Loans from other parties		89.07	551.71	-	508.42
TOTAL		2,075.83	551.71	2,650.09	508.42

Note 5 Other Long - term Liabilities

Particulars	31st March 2016	31st March 2015
	(₹ in Lacs)	(₹ in Lacs)
(a) Trade Payables :		
(i) Acceptances	780.78	-
(ii) Other than Acceptances	-	-
(b) Others : Gratuity & Leave Encashment Liability due	101.89	-
TOTAL	882.67	-

Note 6 Short-term borrowings

Particulars	31st March 2016	31st March 2015
	(₹ in Lacs)	(₹ in Lacs)
(a) Loans repayable on demand		
From Banks		
Secured	7,654.51	7,708.01
	7,654.51	7,708.01

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

Particulars	Nature of Security	As at 31-03-2016	As at 31-03-2015
		(₹ in Lacs)	(₹ in Lacs)
Loans repayable on demand from Banks:			
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 & Lakshmi Vilas Bank are secured by way of hypothecation of Raw materials, Stock in Process, Finished Goods, Book Debts and Goods meant for export on pari-passu basis and further secured by way of second & subsequent charge on the whole of the immovable / Fixed Assets of the Company. These borrowings are further secured by way of Personal Guarantees of two Promoter Directors of the Company to the extent applicable.	2,323.53	2,183.16
State Bank of India		1,335.70	1,364.60
Bank of Baroda		1,111.75	1,054.49
Axis Bank Ltd.,		2,054.96	2,282.86
Oriental Bank of Commerce		605.89	599.79
Lakshmi Vilas Bank		222.68	223.11
TOTAL - from Banks		7,654.51	7,708.01

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

Note 7 Trade Payables

Particulars	As at 31-03-2016 (₹ in Lacs)	As at 31-03-2015 (₹ in Lacs)
Trade Payables :		
Acceptances	**866.10**	1,055.35
Non - Acceptances	**1,494.65**	1,249.66
TOTAL	**2,360.75**	2,305.01

Note 8 Other Current Liabilities

Particulars	As at 31-03-2016 (₹ in Lacs)	As at 31-03-2015 (₹ in Lacs)
(a) Interest accrued but not due on borrowings	**4.48**	4.48
(b) Unpaid dividends	**4.64**	10.52
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax etc.)	**112.53**	115.94
(ii) Contractually reimbursable expenses	**3.49**	3.45
(iii) Trade / security deposits received	**74.87**	77.27
(iv) Advances from customers	**378.53**	224.27
(v) Salary & Wages payable	**160.96**	104.95
(vi) Outstanding Liabilities for Expenses	**216.46**	290.30
TOTAL	**955.96**	831.18

Note 9 Short-term Provisions

Particulars	As at 31-03-2016 (₹ in Lacs)	As at 31-03-2015 (₹ in Lacs)
(a) Provision for employee benefits :		
(i) Provision for bonus	**17.97**	11.24
TOTAL	**17.97**	11.24

Note 10 Non-Current Investments

(₹ in Lacs)

Particulars	31st March 2016			31st March 2015		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
	₹	₹	₹	₹	₹	₹
(a) Investment in equity instruments						
(i) of Group Companies						
14,89,400 (As at 31st March, 2015 : 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 at 31st March, 2015 : 72,942) shares of ₹10/- each fully paid in RNS Power Ltd.,	**-**	**76.92**	**76.92**	-	76.92	76.92

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

Note 10 Non-Current Investments *(Contd.)*

(₹ in Lacs)

Particulars	31st March 2016			31st March 2015		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
	₹	₹	₹	₹	₹	₹
(ii) of other entities 20,000 (As at 31st March, 2015 : 20,000) shares of ₹10/- each fully paid up in Murudeshwar Décor Ltd.,	-	**2.00**	**2.00**	-	2.00	2.00
	-	**376.80**	**376.80**	-	376.80	376.80
(b) Other non-current investments - National Savings Certificate	-	**0.49**	**0.49**	-	0.49	0.49
(c) Investment on Canara Bank Gold Scheme	-	**13.00**	**13.00**	-	-	-
TOTAL	-	**390.29**	**390.29**	-	377.29	377.29
Less : Provision for diminution in value of investments			-			-
TOTAL			**390.29**			377.29
Aggregate value of listed but not quoted investments			**390.29**			377.29

Note 11 Long-term Loans and Advances

Particulars	As at 31.03.2016	As at 31.03.2015
	(₹ in lacs)	(₹ in lacs)
(a) MAT credit entitlement - Unsecured, considered good		
Opening Balance	**128.96**	88.62
Add : Provided for the year	**18.41**	40.34
MAT Credit Entitlement for earlier years	**377.08**	-
Closing Balance	**524.45**	128.96
(b) Other loans and advances		
Unsecured, considered good	-	-
	-	-
TOTAL	**524.45**	128.96

Note 12 INVENTORIES
(At lower of cost and net realisable value)

Particulars	As at 31.03.2016	As at 31.03.2015
	(₹ in Lacs)	(₹ in Lacs)
(a) Raw materials	**2,628.72**	2,483.61
(b) Work-in-progress (Refer Note below)	**2,785.23**	2,729.71
(c) Finished goods (other than those acquired for trading)	**3,579.59**	3,560.55
(d) Stock-in-trade (acquired for trading)	**218.44**	271.02
(e) Stores and spares	**1,116.47**	1,159.14
(f) Loose Tools	**0.89**	7.14
TOTAL	**10,329.34**	10,211.17
Note : Details of inventory of work-in-progress		
Ceramic Tiles	**2.53**	2.42
Vitrified Tiles	**2,717.02**	2,661.61
Natural Granite	**65.68**	65.68
	2,785.23	2,729.71

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

Note 13 Fixed Assets

A.	TANGIBLE ASSETS	GROSS BLOCK									
		Balance as at 1st April 2015	Additions	Disposals	Acquisitions through Business Combinations	Reclassified as held for Sale	Revaluation Increase	Effect of Foreign Currency Exchange difference	Borrowing Cost Capitalised	Other Adjustments	Balance as at 31st March 2016
		(₹ in Lacs)	(₹ in Lacs)	(₹ in Lacs)	(₹ in Lacs)	(₹ in Lacs)	(₹ in Lacs)	(₹ in Lacs)	(₹ in Lacs)	(₹ in Lacs)	(₹ in Lacs)
	(a) Land										
	Freehold	506.81	218.25	-	-	-	-	-	-	-	**725.06**
	Leasehold	9.61	-	-	-	-	-	-	-	-	**9.61**
	(b) Buildings										
	Own use	10,706.66	359.66	-	-	-	-	-	-	-	**11,066.32**
	(c) Plant and Equipment										
	Owned	42,758.64	0.25	-	-	-	-	-	-	-	**42,758.89**
	(d) Furniture and Fixtures										
	Owned	564.88	7.07	-	-	-	-	-	-	-	**571.95**
	(e) Vehicles										
	Owned	417.93	115.57	-	-	-	-	-	-	-	**533.50**
	(f) Office equipment										
	Owned	95.62	1.21	-	-	-	-	-	-	-	**96.83**
	(g) Computers										
	Owned	261.93	0.89	-	-	-	-	-	-	-	**262.82**
	T O T A L	55,322.08	702.90	-	-	-	-	-	-	-	**56,024.98**
	Previous year	54,800.36	850.84	329.12	-	-	-	-	-	-	55,322.08

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

Note 13 Fixed Assets *(Contd.)*

A.	TANGIBLE ASSETS	Accumulated Depreciation and Impairment								Net Block	
		Balance as at 1st April 2015	Depreciation / amortisation expense for the year	Eliminated on disposal of assets	Eliminated on reclassi--fication 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 2016	Balance as at 31st March 2016	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	-	-	-	-	-	-	-	-	**725.07**	506.81
	Leasehold	-	-	-	-	-	-	-	-	**9.61**	9.61
	(b) Buildings										
	Own use	2,439.55	199.75	-	-	-	-	-	2,639.30	**8,427.02**	8,267.11
	(c) Plant and Equipment										
	Owned	24,013.83	449.99	-	-	-	-	-	24,463.82	**18,295.06**	18,744.80
	(d) Furniture and Fixtures										
	Owned	397.11	32.33	-	-	-	-	-	429.44	**142.51**	167.77
	(e) Vehicles										
	Owned	358.60	27.13	-	-	-	-	-	385.73	**147.77**	59.33
	(f) Office equipment										
	Owned	88.02	3.16	-	-	-	-	-	91.18	**5.65**	7.60
	(g) Computers										
	Owned	260.06	1.27	-	-	-	-	-	261.33	**1.49**	1.87
	T O T A L	27,557.17	713.63	-	-	-	-	-	28,270.80	**27,754.18**	27,764.90
	Previous year	26,820.29	925.80	188.92	-	-	-	-	27,557.17	27,764.90	27,980.07

	Particulars	For the year ended 31st March 2016 (₹ in lacs)	For the year ended 31st March 2015 (₹ in lacs)
14.	**Depreciation and amortisation relating to continuing operations :**		
	Depreciation and amortisation for the year on tangible assets as per Note 13 A	**713.63**	925.80
	Depreciation and amortisation relating to continuing operations	**713.63**	925.80

NAVEEN CERAMIC TILES

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

Note 15 Trade receivables

Particulars	As at 31.03.2016 (₹ in Lacs)	As at 31.03.2015 (₹ in Lacs)
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	**267.12**	442.13
	267.12	442.13
Other Trade receivables		
Unsecured, considered good	**3,076.21**	4,511.16
	3,076.21	4,511.16
TOTAL	**3,343.33**	4,953.29
Note: Trade receivables include debts due from :		
Companies in which any director is a director or member		
- RNS Infrastructure Limited	**2,265.99**	1,972.46
- Murdeshwar Power Corporation Ltd.,	**-**	792.47
- Naveen Hotels Ltd.,	**110.89**	62.39
	2,376.88	2,827.32

Note 16 Cash and Cash Equivalent

Particulars	As at 31.03.2016 (₹ in Lacs)	As at 31.03.2015 (₹ in Lacs)
(a) Cash on hand	**19.69**	25.33
(b) Balances with Banks		
(i) In current accounts	**232.04**	81.34
(ii) In deposit accounts	**27.46**	50.23
(iii) In earmarked accounts		
- Unpaid dividend accounts	**4.69**	10.57
- Balances held as margin money or security against borrowings, guarantees and other commitments	**430.77**	372.00
TOTAL	**714.65**	539.47

Note : (i) Balances with banks include deposits amounting to ₹ 9.21 Lacs (As at 31st March, 2015 ₹ 9.21 Lacs) which have an original maturity of more than 12 months.

Note 17 Short Term Loans and Advances

Particulars	As at 31.03.2016 (₹ in Lacs)	As at 31.03.2015 (₹ in Lacs)
(a) Security deposits		
Unsecured, considered good	**563.18**	674.21
	563.18	674.21
(b) Loans and advances to employees		
Unsecured, considered good	**208.06**	271.61
	208.06	271.61
(c) Prepaid expenses - Unsecured, considered good	**46.71**	50.85
(d) Balances with Government authorities		
Unsecured, considered good		
(i) CENVAT credit receivable	**260.26**	80.20
(ii) VAT credit receivable	**21.08**	21.14
(iii) Service Tax credit receivable	**47.40**	58.95
(iv) Income Tax Refund Receivable	**124.04**	111.06
	452.78	271.35

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

Note 17 Short Term Loans and Advances *(Contd.)*

Particulars	As at 31.03.2016 (₹ in Lacs)	As at 31.03.2015 (₹ in Lacs)
(e) Others - Advances		
Unsecured, considered good		
For supply of goods and rendering services	**271.93**	251.11
Advance Payment of Income Tax	**85.62**	45.19
	357.55	296.30
TOTAL	**1,628.28**	1,564.32

Note 18 Other Current Assets

(a) Accruals		
(ii) Interest accrued on deposits	**63.29**	48.33
(b) Others		
(iii) Contractually reimbursable expenses	**-**	1.50
TOTAL	**63.29**	49.83

Note 19 Revenue from Operations

	Particulars	For the year ended 31st March 2016 (₹ in Lacs)	For the year ended 31st March 2015 (₹ in Lacs)
(a)	Sale of products	**8,943.66**	11,328.87
(b)	Sale of services	**3,274.22**	3,306.97
(c)	Other operating revenues	**8.15**	20.02
		12,226.03	14,655.86
	Less:		
(d)	Excise duty	**723.80**	848.74
	TOTAL	**11,502.23**	13,807.12
Note	(i) Sale of products comprises		
	MANUFACTURED GOODS		
	Ceramic Tiles	**22.32**	109.23
	Vitrified Tiles	**7,583.17**	9,535.75
	TOTAL - Sale of manufactured goods	**7,605.49**	9,644.98
	TRADED GOODS		
	Vitrified Tiles	**756.25**	1,013.13
	Ceramic Wall Tiles	**581.92**	670.76
	TOTAL - Sale of traded goods	**1,338.17**	1,683.89
	TOTAL - Sale of products	**8,943.66**	11,328.87
	(ii) Sale of services comprises		
	Service - Earth Work	**2,990.40**	2,340.41
	Service - Road Work	**283.82**	966.56
	TOTAL - Sale of services	**3,274.22**	3,306.97
	(iii) Other operating revenues comprise :		
	Sale of Scraps	**8.15**	20.02
	TOTAL - Other operating revenues	**8.15**	20.02

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

Note 20 Cost of Materials Consumed

Particulars	For the year ended 31st March 2016	For the year ended 31st March 2015
	(₹ in Lacs)	(₹ in Lacs)
Opening stock	**2,483.61**	2,899.76
Add : Purchases	**1,814.19**	1,918.13
	4,297.80	4,817.89
Less : Closing stock	**2,628.71**	2,483.61
Cost of material consumed	**1,669.09**	2,334.28
Material consumed comprises :		
Clay	**1,438.02**	2,102.70
Glaze & Pigments	**47.33**	19.86
Packing Material	**181.60**	208.64
Other items	**2.14**	3.08
TOTAL	**1,669.09**	2,334.28

Note 21 Purchase of traded goods

Particulars	For the year ended 31st March 2016	For the year ended 31st March 2015
	(₹ in Lacs)	(₹ in Lacs)
Traded goods - Vitrified Tiles	**569.74**	801.45
Traded goods - Ceramic Wall Tiles	**459.63**	539.07
TOTAL	**1,029.37**	1,340.52

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

Particulars	For the year ended 31st March 2016	For the year ended 31st March 2015
	(₹ in Lacs)	(₹ in Lacs)
INVENTORIES AT THE END OF THE YEAR :		
Finished Goods	**3,579.59**	3,560.53
Work-in-progress	**2,785.23**	2,729.71
Stock-in-trade	**218.44**	271.02
	6,583.26	6,561.26
INVENTORIES AT THE BEGINNING OF THE YEAR :		
Finished Goods	**3,560.55**	4,536.08
Work-in-progress	**2,729.71**	2,829.24
Stock-in-trade	**271.02**	142.55
	6,561.28	7,507.87
Net (Increase) / decrease	**(21.98)**	946.61

Note 23 Employee Benefits Expense

Particulars	For the year ended 31st March 2016	For the year ended 31st March 2015
	(₹ in Lacs)	(₹ in Lacs)
Salaries and Wages	**928.02**	853.95
Contributions to provident fund and other funds	**141.77**	95.85
Staff welfare expenses	**453.23**	352.28
TOTAL	**1,523.02**	1,302.08

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

Note 24 Other Expenses

Particulars	For the year ended 31st March 2016 (₹ in Lacs)	For the year ended 31st March 2015 (₹ in Lacs)
Consumption of stores and spare parts	**528.00**	630.71
Increase / (decrease) of excise duty on Inventory	**18.82**	79.74
Subcontracting	**493.93**	347.92
Power and Fuel	**1,952.20**	1,979.90
Rent including lease rentals	**131.52**	178.40
Repairs and maintenance - Buildings	**17.67**	16.03
Repairs and maintenance - Machinery	**24.39**	14.96
Repairs and maintenance - Others	**122.25**	142.98
Insurance	**140.26**	130.31
Rates and taxes	**96.73**	61.90
Communication	**34.28**	35.25
Travelling and conveyance	**285.90**	237.89
Printing and stationery	**23.94**	22.92
Freight and forwarding	**543.64**	687.75
Sales commission	**11.17**	12.02
Sales discount	**15.57**	26.61
Business promotion	**5.98**	1.46
Donations and contributions	**-**	0.32
Legal and professional	**19.99**	23.91
Payments to auditors	**5.01**	5.00
Directors Sitting Fees	**2.85**	2.30
Advertisement & Publicity	**6.69**	3.46
Sales Promotion Expenses	**0.64**	2.12
Selling & Distribution expenses-Others	**33.35**	31.93
Security charges	**17.19**	15.64
Amortisation of share issue expenses and discount on shares	**-**	11.37
Loss on fixed assets sold / scrapped	**-**	2.06
Miscellaneous expenses	**43.68**	80.17
TOTAL	**4,575.65**	4,785.03
Notes		
(i) Payments to the Auditors comprises		
As auditors - statutory audit	**2.51**	2.50
For taxation matters	**0.50**	0.50
For management services	**0.50**	0.50
Reimbursement of expenses	**1.50**	1.50
TOTAL	**5.01**	5.00

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

Note 25 Finance Cost

Particulars	For the year ended 31st March 2016	For the year ended 31st March 2015
	(₹ in Lacs)	(₹ in Lacs)
(a) Interest expenses on :		
(i) Borrowings	**1,352.54**	1,624.97
(ii) Trade payables	**367.27**	312.98
(iii) Others :		
- Security deposits	**4.51**	4.80
(b) Other borrowing costs	**253.90**	179.45
TOTAL	**1,978.22**	2,122.20

Note 26 Other Income

	Particulars	For the year ended 31st March 2016	For the year ended 31st March 2015
		(₹ in Lacs)	(₹ in Lacs)
(a)	Interest income	**46.79**	42.07
(b)	Dividend income :		
	associates	**74.47**	104.26
(c)	Other non-operating income (net of expenses directly attributable to such income)	**12.79**	4.67
	TOTAL	**134.05**	151.00

Note	Particulars	For the year ended 31st March 2016	For the year ended 31st March 2015
		(₹ in Lacs)	(₹ in Lacs)
(i)	Interest income comprises :		
	Interest from banks on : deposits	**46.79**	42.07
	TOTAL - Interest income	**46.79**	42.07
(ii)	Other non-operating income comprises :		
	Insurance Claim received	**11.41**	2.01
	Profit on sale of fixed assets (net of expenses directly attributable)	**-**	2.43
	Miscellaneous income (net of expenses directly attributable)	**1.38**	0.23
	TOTAL - Other non-operating income	**12.79**	4.67

Note 27 Additional Information to the Financial Statements

Note	Particulars	As at 31st March 2016	As at 31st March 2015
27.1	**Contingent liabilities and commitments (to the extent not provided for)**		
		(₹ in Lacs)	(₹ in Lacs)
(i)	Contingent liabilities		
	(a) Guarantees	**493.92**	436.01
	(b) Letters of Credit established with Banks	**3,489.92**	2,549.17
(ii)	Commitments		
	(a) Estimated amount of contracts remaining to be executed on capital account and not provided for Tangible assets	**281.42**	-

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

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

Note	Particulars	As at 31st March 2016 (₹ in Lacs)	As at 31st March 2015 (₹ in Lacs)
27.2	**Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006**		
	(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	**57.14**	109.97
	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 **Disclosure as per Regulation of the Listing Agreements with the Stock Exchanges**

Loans and advances in the nature of loans given to subsidiaries, associates and others and investment in shares of the Company by such parties:

Name of the Party	Relationship	Amount outstanding as at 31.03.2016 (₹ in Lacs)	Maximum Balance Outstanding during the year (₹ in Lacs)
Murdeshwar Power Corporation Ltd.	Group Companies	**297.88**	297.88
RNS Power Ltd.,	Group Companies	**76.92**	76.92

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

As at 31st March 2016		As at 31st March 2015	
Payable (₹ in Lacs)	**Payable in Foreign Currency (indicate amount with Currency)**	Payable (₹ in Lacs)	Payable in Foreign Currency (indicate amount with Currency)
911.27	**US$ 13,40,100**	1,035.12	US$ 16,24,225
-	-	-	-

Note	Particulars	For the year ended 31st March 2016 (₹ in Lacs)	For the year ended 31st March 2015 (₹ in Lacs)
27.4	**Value of imports calculated on CIF basis :**		
	Raw Materials	**673.80**	806.96
	Components	**171.07**	205.31
	Spare parts	**279.62**	152.87
	Total Components and spare parts	**450.69**	358.18
	Capital goods	**1,098.83**	138.26
27.5	**Expenditure in foreign currency :**		
	Travel	**3.06**	0.20

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 2016 (₹ in Lacs)	%
27.6	**Details of consumption of imported and indigenous items ***		
	IMPORTED		
	Raw materials	**546.66** (905.96)	**58.22** (68.62)
	Components	**236.52** (278.62)	**25.19** (21.10)
	Spare parts	**155.72** (135.70)	**16.59** (10.28)
	TOTAL	**938.90** (1,320.28)	**100.00** (100.00)
	INDIGENOUS		
	Raw materials	**1,122.43** (1,428.32)	**89.21** (86.84)
	Components	**59.40** (105.04)	**4.72** (6.39)
	Spare parts	**76.36** (111.34)	**6.07** (6.77)
	TOTAL	**1,258.19** (1,644.70)	**100.00** (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 **₹39.92 lacs** (Year ended 31st March, 2015 ₹31.71 lacs) for Provident Fund contributions and **₹8.64 lacs** (Year ended 31st March, 2015 ₹7.54 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 2016 Gratuity	Year ended 31st March 2015 Gratuity
Components of employer expense		
Current service cost	**14.12**	10.99
Interest cost	**15.39**	12.29
Expected return on plan assets	**(12.21)**	(11.36)
Actuarial losses / (gains)	**43.42**	30.97
Total expense recognised in the Statement of Profit and Loss	**(1.01)**	(0.45)

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

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

Note	Particulars	Year ended 31st March 2016 Gratuity	Year ended 31st March 2015 Gratuity
	Actual contribution and benefit payments for year		
	Actual benefit payments	**(19.17)**	(31.47)
	Actual contributions	**25.00**	22.00
	Net asset / (liability) recognised in the Balance Sheet		
	Present value of defined benefit obligation	**218.78**	165.02
	Fair value of plan assets	**162.12**	143.07
	Funded status [(Surplus / (Deficit)]	**(56.66)**	(21.94)
	Net asset / (liability) recognised in the Balance Sheet	**(56.66)**	(21.94)
	Change in Defined Benefit Obligations (DBO) during the year		
	Present value of DBO at beginning of the year	**165.02**	142.23
	Current service cost	**14.12**	10.99
	Interest cost	**14.39**	12.29
	Actuarial (gains) / losses	**43.42**	30.97
	Benefits paid	**19.17**	(31.47)
	Present value of DBO at the end of the year	**218.78**	165.02
	Change in fair value of assets during the year		
	Plan assets at beginning of the year	**143.07**	141.63
	Expected return on plan assets	**12.21**	11.36
	Actual company contributions	**25.00**	22.00
	Actuarial gain / (loss)	**1.01**	(0.45)
	Benefits paid	**(19.17)**	(31.47)
	Plan assets at the end of the year	**162.02**	143.07
	Actual return on plan assets	**14.12**	10.91
	Composition of the plan assets is as follows :		
	Others	**162.12**	143.07
	Actuarial assumptions		
	Discount rate	**8.00%**	8.00%
	Expected return on plan assets	**8.00%**	8.00%
	Salary escalation	**6.00%**	5.00%

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

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

Note	For the Year ended 31st March, 2016
28.2	**Segment information** 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 assodated 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.

PARTICULARS	For the Year ended 31st March, 2016					
	Business Segments					Total
	Ceramic Tiles	Vitrified Tiles	Trading	Granite Slab	Services	
	(₹ in Lacs)	(₹ in Lacs)	(₹ in Lacs)	(₹ in Lacs)	(₹ in Lacs)	(₹ in Lacs)
Revenue	22.32	7,583.17	1,338.17	-	3,274.22	12,217.88
Inter-segment revenue	-	8.15	-	-	-	8.15
Total	22.32	7,591.32	1,338.17	-	3,274.22	12,226.03
Less : Central Excise	1.94	721.87	-	-	-	723.81
Net Revenue	20.38	6,869.45	1,338.17	-	3,274.22	11,502.22
Segment result	(91.75)	53.28	12.82	-	109.05	83.40
Unallocable expenses (net)	-	-	-	-	-	-
Operating income	-	-	-	-	-	-
Other income (net)	-	-	-	-	-	85.88
Profit before taxes	-	-	-	-	-	169.28
Tax expense	-	-	-	-	-	12.25
Net profit for the year	-	-	-	-	-	157.03
Segment assets	5,550.58	37,640.09	907.16	-	2,190.84	46,288.67
Unallocable assets	-	-	-	-	-	-
Total assets	**5,550.58**	**37,640.09**	**907.16**	**-**	**2,190.84**	**46,288.67**
Segment liabilties	1,376.47	12,006.50	186.99	-	929.44	14,499.40
Unallocable liabilities	-	-	-	-	-	-
Total liabilities	**1,376.47**	**12,006.50**	**186.99**	**-**	**929.44**	**14,499.40**
OTHER INFORMATION						
Capital expenditure (allocable)	4,174.11	25,633.59	720.17	-	1,261.41	**31,789.28**
Capital expenditure (unallocable)	-	-	-	-	-	-
Depreciation and amortisation (allocable)	-	271.37	-	-	442.26	**713.63**

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

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

Note	Particulars			
28.3	**Related party transactions** **Details of related parties:**			
	Description of Relationship			
	Group Companies	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 R N S Power Ltd.,		
	Key Management Personnel (KMP)	Shri Satish R Shetty Shri N M Hegde Shri Lakshmisha Babu S		
	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 Group Companies		
	Note : Related parties have been identified by the Management.			
	Details of related party transactions during the year ended 31st March, 2016 and balances outstanding as at 31st March, 2016 :	**Group Companies**	**Relatives of Key Management Personnel**	**Total**
	Purchase of goods	**67.67** (-)		**67.67** (-)
	Sale of goods	**51.35** (45.96)		**51.35** (45.96)
	Purchase of Fixed Assets	**32.42** (8.85)		**32.42** (8.85)
	Sale of fixed assets	**-** (4.55)		**-** (4.55)
	Rendering of services : - RNS Infrastructure Limited	**2,930.59** (2,010.33)		**2,930.59** (2,010.33)
	- Others	**-** (283.27)		**-** (283.27)
	Receiving of services	**3.53** (4.35)		**3.53** (4.35)
	Dividend Received	**74.47** (104.26)		**74.47** (104.26)
	Balances outstanding at the end of the year Trade receivables	**2,288.36** (2,884.56)		**2,288.36** (2,884.56)
	Trade payables	**48.85** (40.83)		**48.85** (40.83)
	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	Year ended 31st March 2016	Year ended 31st March 2015
		(₹)	(₹)
28.4	**Earnings per share**		
	Basic		
28.4a	**Continuing operations**		
	Net profit / (loss) for the year from continuing operations	**1,57,02,718**	1,71,90,077
	Less: Preference dividend and tax thereon	**-**	-
	Net profit / (loss) for the year from continuing operations attributable to the equity shareholders	**-**	-
	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	**0.38**	0.42
		(₹ in Lacs)	(₹ in Lacs)
28.5	**Deferred tax (liability) / asset**	**658.20**	628.50
	Tax effect of items constituting deferred tax liability	**186.38**	164.50
	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	**-**	-
	Tax effect of items constituting deferred tax liability	**186.38**	164.50
	Tax effect of items constituting deferred tax assets		
	Provision for compensated absences, gratuity and other employee benefits	**26.59**	6.99
	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	**147.55**	127.81
	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	**174.14**	134.80
	Net deferred tax (liability) / asset	**670.44**	658.20
	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 2015 to MARCH 2016

(₹ in lacs)

	2015-16		2014-15	
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Net profit before tax and extraordinary items	**169.28**		201.60	
Adjustments for :				
Depreciation	**713.63**		925.80	
Interest paid	**1,352.54**		1,624.97	
Preliminary Expenses Written off	**-**		11.37	
Loss on Sale of fixed assets	**-**		2.06	
Profit on sale of Assets	**-**		(2.43)	
Interest Income on Investments	**(46.79)**		(42.07)	
Dividend received	**(74.47)**		(104.26)	
Operating profit before working capital changes	**2,114.19**		2,617.04	
Adjustments for :				
Increase / (Decrease) in Other Long Term Liabilities	**882.67**		-	
Decrease/(Increase) in Inventories	**(118.17)**		1,573.58	
Decrease/(Increase) in Trade receivables	**1,609.96**		(1,253.45)	
Increase/(Decrease) in Trade Payables	**55.74**		736.66	
Decrease/(Increase) in Short term loans & advances	**21.66**		(3.51)	
Decrease/(Increase) in Other Current Assets	**(13.46)**		12.32	
Increase/(Decrease) in Other Current Liabilities	**124.78**		(41.25)	
Increase/(Decrease) in Short Term Provisions	**6.73**		(0.94)	
Cash generated from operations	**4,684.10**		3,640.45	
Taxes paid	**(104.03)**		(85.52)	
Net cash from Operating Activities (before extra-ordinary item)		**4,580.07**		3,554.93
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of fixed assets	**(2,576.13)**		(691.69)	
Sale of Fixed Assets	**-**		140.57	
Interest received	**46.79**		42.07	
Dividend received	**74.47**		104.26	
Purchase of Investment	**(13.01)**		(11.56)	
Net cash flow from investing activities		**(2,467.88)**		(416.35)

CASH FLOW STATEMENT ANNEXED TO BALANCE SHEET FOR THE PERIOD FROM APRIL 2015 to MARCH 2016 *(Contd.)*

(₹ in lacs)

	2015-16		2014-15	
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Long term Borrowings repaid	**(530.97)**		(1,453.91)	
Short term Borrowings repaid	**(53.50)**		(117.96)	
Proceeds from issue of Share Capital	**-**		-	
Issue of Share Warrants	**-**		-	
Dividend paid	**-**		-	
Interest paid	**(1,352.54)**		(1,624.97)	
Net Cash used in Financial activities		**(1,937.01)**		(3,196.84)
Net Increase/(Decrease) in cash and cash Equivalents		**175.18**		(58.26)
Cash and Cash Equivalents as at 01.04.2015		**539.47**		597.73
Cash and Cash Equivalents as at 31.03.2016		**714.65**		539.47

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.

	2015-16	2014-15
Cash on hand and balances with Banks	**714.65**	539.47
Short Term investments	**-**	-
Cash and cash equivalents effect of changes in Exchange rates	**-**	-
Cash and cash equivalents as restated	**714.65**	539.47

By Order of the Board
For MURUDESHWAR CERAMICS LIMITED

R.N.SHETTY *Chairman* (DIN 00038810)
SATISH R. SHETTY *Managing Director & CEO* (DIN 00037526)
SUNIL R. SHETTY *Director* (DIN 00037572)
NAVEEN R. SHETTY *Director* (DIN 00058779)
K.SUNDER NAIK *Director* (DIN 00042986)
S.S. HIREMATH *Director* (DIN 02272897)
ANNAPPAYYA K. *Director* (DIN 03558522)
SANKAPPA K. SHETTY *Director* (DIN 00894366)
SARVANI ALVA *Director* (DIN 06896403)
LAKSHMISHA BABU S. *Company Secretary*
N.M. HEGDE *Vice President (Finance) & CFO*

Place : Bengaluru
Date : 28-05-2016

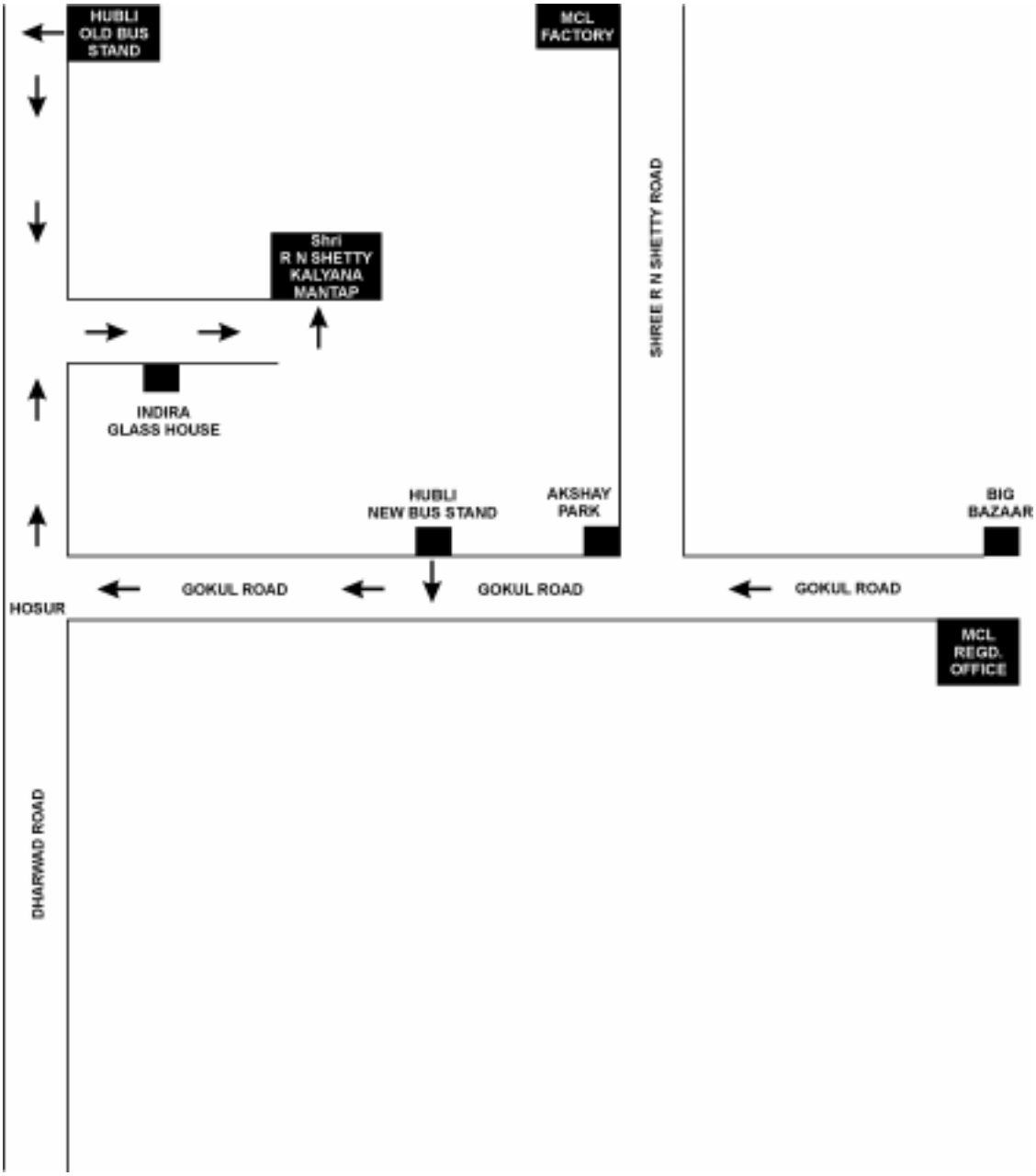
CERTIFICATE

We have examined the above Cash Flow Statement of Murudeshwar Ceramics Ltd., for the year ended 31.03.2016 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 31.03.2016.

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

Place : Bengaluru
Date : 28-05-2016

SHRI R N SHETTY KALYANA MANTAP - AGM LOCATION



MURUDESHWAR CERAMICS LIMITED

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

CIN:L26914KA1983PLC005401

33rd 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 Friday, September 23rd, 2016 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

33rd 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 33rd Annual General Meeting of the Company to be held on Friday, September 23, 2016 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*	
	Ordinary Business	**For**	**Against**
1	Adoption of Financial Statements for the year ended 31st March, 2016		
2	Re-appointment of Shri Satish Rama Shetty who retires by rotation		
3	Appointment of M/s M A Narasimhan and Co, Chartered Accountants, as the Statutory Auditors of the Company		
	Special Business		
4	Authorised Board of Directors to enter into Related Party Transactions		

Signed this ..... day of 2016

Signature of shareholder: ……..... Signature of Proxy holder(s)……..……..…

Affix Re. 1/- Revenue Stamp

Notes :

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