MURUDESHWAR CERAMICS LTD.
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NAVEEN CERAMIC TILES

NAVEEN DIAMONTILE

MCL:SEC:2010/2186

July 01, 2010

National Stock Exchange of India Limited
Exchange Plaza
Bandra Kurla Complex
Bandra (E)
MUMBAI 400 051

Stock Code :
MURUDCERA – EQ.

Dear Sir,

Sub: MINUTES OF ANNUAL GENERAL MEETING

We are pleased to enclose a copy of the Minutes of Proceedings of 27th Annual General Meeting of the Company held at Hubli on June 19, 2010.

This is in compliance with provisions of Clause 31 of the Listing Agreement.

Kindly acknowledge receipt.

Thanking you,

Yours faithfully,
for Murudeshwar Ceramics Limited

LAKSHMISHA BABU. S
Company Secretary

MURUDESHWAR CERAMICS LIMITED HUBLI 580 030

Encl.: as above.

TÜV CERT EN ISO 9002 Certificate:04100 6017 RWTÜV

MURUDESHWAR CERAMICS LIMITED
Regd.Office : Murudeshwar Bhavan, Gokul Road, Hubli 580030

27th Annual General Meeting / June 19, 2010

MINUTES OF PROCEEDINGS OF THE 27th ANNUAL GENERAL MEETING OF THE MEMBERS OF THE COMPANY HELD AT SHRI R N SHETTY KALYAN MANTAP, OPP.INDIRA GLASS HOUSE, HUBLI ON SATURDAY THE JUNE 19, 2010 AT 4.00 P.M.

PRESENT :

Directors :
Shri K P Surendranath-Member, Director & Chairman of the Audit Committee
Dr. Sadanand V Nadig-Member, Director
Dr. S S Hiremath-Member, Director
Shri Satish R Shetty-Member, Director & Managing Director

Auditors:
Shri M A Parthanarayan, Partner, M A Narasimhan & Co., Chartered Accountants

Company Secretary & Compliance Officer
Shri Lakshmisha Babu. S

V P (Finance) & C.F.O.
Shri NM Hegde

In all 527 members and 9 proxy holders attended the meeting.

Necessary quorum being present the meeting commenced.

At the request of other directors present, Shri K P Surendranath presided as Chairman for the meeting ("Chairman") and conducted proceedings.

Chairman welcomed members for the 27th Annual General Meeting of the Company.

With the consent of members present the Notice of the Annual General Meeting was taken as read. Company Secretary read the Auditors Report.

Shri K P Surendranath, delivered the welcome address to the members and explained about the Company's performance in brief as follows:

Financial Performance:

Economic recession that prevailed for about two years had badly affected the industrial progress and Even though recession seems to have receded and the industries started to recover the after effect of the recession is far from over for construction industry in general and the real estate sector in particular. With this result the management could end up in incurring a loss (after tax) for the year of Rs.15.31 crores

Business Promotion:

The Management is taking every possible step to improve operating margins. Even though there is committed professional management team in place, the marketing department has been given emphasis to meet new challenges being faced in the market. Dealer net work has been further expanded. Trained

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marketing personnel have been assigned to reach door to door to broaden the marketing net work. The advertisement and publicity is under the control of professional team with commitment to take the brand name and the product to reach every section of the society even into rural areas. Value added products like Granite and special marble series in Vitrified tile segment are being well accepted in the market especially by commercial centers. The CEGRESS variety tiles newly introduced by the Company has become fast moving product in a very short period. In ceramic tiles segment larger sizes of 600 x 600 mm have been introduced.

With a view to reduce transportation and other operating costs to reach distant markets within in shortest possible time, the Company has started outsourcing production of select varieties of Vitrified tiles under our regular brand name to other distant manufacturing units and started its trading activity. This will provide some cushion to price the product a little more competitively.
As a result of above steps taken by the management and also keeping in view some other measures being planned to improve market efficiency, your Directors are hopeful of achieving better results in the year 2010-11.

Current year performance:

In the current year, the construction industry has improved its activities and similarly the demand for tiles has also increased in the 1st Quarter. With the result, the revenue from the 1st quarter is expected to grow.

Consequently the loss previous year is expected to reduce or may earn marginal profit at the end of the 1st Quarter.

Prospects:

New varieties introduced by the Company in both Ceramic and Vitrified tiles are getting good response form the market. The new CEGRESS variety of Vitrified tiles introduced for the first time has evoked good response in the market and is expected to improve realization.
Gas allocation to Karaikal unit is expected to be restored to normal in next few months time. With this, the Company will be able to revive normal production at Karaikal unit. As a result of efforts put in by the Company, Hubli unit is likely to get gas connection by 2012.
Also the Company has advantage of having two manufacturing units, one at Hubli and the other at Karaikal. This helps the Company to have a planned strategy for sourcing inputs viz., raw materials, power, fuel etc., from nearest sources and to have a planned production strategy between Hubli and Karaikal units. This will result in savings in cost of transportation and other related over-heads.

Housing loans are once again becoming more attractive with rates of interest coming down in recent times. This will give boost to the market for tiles.

Thereafter Chairman invited comments/suggestions if any from members.

One member sought clarification on the following points:

a) Rights Issue
b) Reclassification of authorised capital
c) Dividends

Chairman in his reply clarified as follows:

a) That the Board has taken a decision to retire certain high cost debts and implement certain new strategies in the financial matters to economise operating costs, in this context, it was considered to issue further equity share capital by way of Rights Issue.
b) That the existing authorised capital is reorganized/reclassified into 5,56,20,000 (Five crores fifty six lakhs and twenty thousand) equity shares of Rs.10/- each amounting to Rs.55,62,00,000/- (Rupees Fifty five crores sixty two lakhs only) and 16,00,000 (Sixteen lakhs) Redeemable Cumulative Preference Shares of Rs.100/- each amounting to Rs.16,00,00,000/- (Rupees sixteen crores only).
c) Since the Company has sustained loss of Rs.1530.77 lakhs for the year. Your directors have been constrained to skip the dividend for the year 2009-10 for the very first time in about 20 years. Considering the present market trends and the steps being taken by the Company to improve the economies of operation.

Thereafter Chairman proceeded to move the following resolutions as per business listed in the Notice of the Meeting:

1) Adoption of Accounts

RESOLVED that the Audited Balance Sheet of the Company as at 31st day of March, 2010 and the Profit and Loss Account for the year ended on the said date together with schedules and notes on accounts, Cash-flow statement and also the Directors' Report, Corporate governance report and Auditors' Report as per the Printed Annual Report circulated to the members be and are hereby considered, approved and adopted."

Proposed as an Ordinary Resolution by : Chairman
Seconded by : Mr. Satish R Shetty.

THE RESOLUTION WAS PUT TO VOTE AND WAS PASSED UNANIMOUSLY.

2) Reappointment of Dr.Sadanand V Nadig as a Director.

RESOLVED that Dr. Sadanand V Nadig, Director, who retires by rotation at this Annual General Meeting, be and is hereby reappointed as a director.

Proposed as an Ordinary Resolution by : Mr. Satish R Shetty
Seconded by : Mr. N M Hegde

THE RESOLUTION WAS PUT TO VOTE AND WAS PASSED UNANIMOUSLY.

3) Reappointment of Shri Sunil R Shetty as a Director.

RESOLVED that Shri Sunil R Shetty, Director, who retires by rotation at this Annual General Meeting, be and is hereby reappointed as a director.

Proposed as an Ordinary Resolution by : Mr. N M Hegde
Seconded by : Mr.R C Hiremath

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THE RESOLUTION WAS PUT TO VOTE AND WAS PASSED UNANIMOUSLY.

4) *Reappointment of Auditors.*

RESOLVED that, pursuant to provisions of Secn.224 (1) of the Companies Act, 1956, M/s. M A Narasimhan & Co., Chartered Accountants, Bangalore be and are hereby reappointed as Auditors of the Company to hold office from the conclusion of this annual general meeting until conclusion of the next Annual General Meeting of the Company and the Board of Directors be and is hereby authorised to fix the remuneration and out of pocket expenses to the said Auditors.

Proposed as an Ordinary Resolution by : Mr. S V Nadig
Seconded by : Mr.Mahadev Irappa Myakalmardi

THE RESOLUTION WAS PUT TO VOTE AND WAS PASSED UNANIMOUSLY.

(SPECIAL BUSINESS)

5) CONSOLIDATE, REORGANISE RECLASSICATION OF AUTHORISED CAPITAL

RESOLVED that pursuant to provisions of Section 16, 94 and other applicable provisions of The Companies Act, 1956 the present Authorised Share Capital of the Company of Rs.71,62,00,000/- (Rupees Seventy one crores and sixty two lakhs only) divided into 2,40,00,000 Equity shares of Rs.10/- each, 16,00,000 Redeemable Cumulative Preference shares of Rs.100/- each and 25,50,000 Cumulative Convertible Preference Shares of Rs.124/- each, be and are hereby consolidated, reorganized/reclassified into 5,56,20,000 (Five crores fifty six lakhs and twenty thousand) equity shares of Rs.10/- each amounting to Rs.55,62,00,000/- (Rupees Fifty five crores sixty two lakhs only) and 16,00,000 (Sixteen lakhs) Redeemable Cumulative Preference Shares of Rs.100/- each amounting to Rs.16,00,00,000/- (Rupees sixteen crores only) ;

RESOLVED FURTHER that consequent upon aforesaid decision to consolidate, reorganize/reclassify the Authorised Share Capital, approval be and is hereby accorded for amendment of Memorandum of Association of the Company by alteration of Clause V of the Memorandum of Association which shall hence forth be read as hereunder:

"V. The Authorised Share Capital of the Company is Rs.71,62,00,000/- (Rupees Seventy one crores and Sixty two lakhs only) divided into 5,56,20,000 (Five crores fifty six lakhs and twenty thousand) Equity shares of Rs.10/- (Rupees Ten only) each amounting to Rs.55,62,00,000/- (Rupees Fifty five crores and sixty two lakhs only) and 16,00,000 (Sixteen lakhs) Redeemable Cumulative Preference Shares of Rs.100/- (Rupees One hundred only) each amounting to Rs.16,00,00,000/- (Rupees Sixteen crores only) and the Board of Directors is authorised to convert all or any part of the said Equity share Capital into Preference Share capital and/or to convert all or any part of the said Preference Share capital into Equity share capital, subject to compliance with provisions of law and/or any regulations as may be applicable from time to time for such conversion."

Proposed as an Ordinary Resolution by : Mr.Ramesh N Kulkarni
Seconded by : Mr.Sudhir Ranganath Patil

THE RESOLUTION WAS PUT TO VOTE AND WAS PASSED UNANIMOUSLY.



6) AUTHORISING BOARD OF DIRECTOR TO ISSUE EQUITY SHARE OF VALUE NOT EXCEEING Rs.75,00,00,000/- THROUGH RIGHTS ISSUE AND/OR ANY OTHER ROUTE

"RESOLVED THAT subject to provisions of Section 81(1A) of the Companies Act, 1956 (including any amendments to or re-enactment thereof) and other applicable provisions, if any, and in accordance with the provisions of the Memorandum and Articles of Association of the Company and applicable regulations and guidelines of the Securities and Exchange Board of India ("SEBI"), and subject to such approvals, consents, permissions and sanctions as may be necessary from SEBI, the stock exchanges, the Reserve Bank of India ("RBI") and all other appropriate statutory, governmental and other authorities and departments in this regard and subject to such conditions and modifications as may be prescribed by respective statutory, governmental and other authorities and departments while granting such approvals, sanctions, consents and permissions, the Board of Directors of the Company ("Board") be and is hereby authorised to issue equity shares of value not exceeding Rs.75,00,00,000/- (Rupees Seventy five crores Only) including share premium amount in accordance with regulations prescribed by SEBI to individuals, companies, banks, financial institutions, employees, QIBs, NRIs, FIIs and other persons, whether resident in India or otherwise and whether they are members or promoters of the Company or otherwise through a Rights Issue and / or any other route and / or means, as may be decided by the Board of Directors in consultation with its merchant bankers.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized in its discretion to accept such conditions and modifications as may be prescribed by SEBI, RBI and/or any other authorities while according consent or sanction to the proposed issue of the said equity shares including variation, if any, in ratio of rights entitlement, the proposed amount of premium, including application monies to be collected in one or more calls, reservations and take such consequential and expedient actions thereon, including the authority to revise / adjust the rights ratio / value / quantum of equity shares reserved for any category or any portion thereof in such manner as may be beneficial to the Company / members in the event of such variation being considered expedient.

RESOLVED FURTHER THAT the Board be and is hereby authorised to settle all questions, difficulties or doubts that may arise in regard to the issue, offer and allotment of equity shares as stated above and utilisation of the issue proceeds as it may deem fit and to give such directions and / or instructions as it may from time to time deem fit and to accept and give effect to such modifications, changes, variations, alterations, deletions, additions as regards the terms and conditions, including the ratio of rights entitlement, premium to be charged on the equity shares, application monies to be collected in one or more calls, to vary the size of the issue, appoint Lead Managers, Managers, Bankers, Registrars, Underwriters, Printers of Issue Stationery, Advertising Agency, Practising Company Secretary, Consultant or other agencies or authorities or concerned or as the Board may suo moto decide in its absolute discretion in the best interests of the Company / members without being required to seek any further consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval expressly by the authority of this resolution to the Board of Directors to do all such acts, deeds, matters and things whatsoever, including settlement of any questions, doubts or difficulty that may arise with regard to or in relation to raising of monies through Rights Issue dealt with in this resolution or otherwise, as authorised herein.

RESOLVED FURTHER THAT the new equity shares arising out of abovesaid Rights issue shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari-passu in all respects with the existing equity shares of the Company.

RESOLVED FURTHER THAT Board/Committee of Directors of the Board be and is hereby authorised to do all acts, deeds and things as may be necessary to give effect to the above resolutions."

Proposed as an Special Resolution by : *Mr.Girish Joshi*
Seconded by : *Mr.S P Shet*

THE RESOLUTION WAS PUT TO VOTE AND WAS PASSED UNANIMOUSLY:

There were no other subjects. Shri Satish R Shetty, Managing Director proposed vote of thanks and the Chairman declared that the meeting was closed.

Place : Bangalore
Date : 19.06.2010

Sd/-
K P SURENDRANATH
Chairman for the Meeting

CERTIFIED TRUE EXTRACT

For Murudeshwar Ceramics Ltd.

LAKSHMISHA BABU. S.
Company Secretary