

BOARD OF DIRECTORS

Dr. R N SHETTY

Chairman

Shri K. SUNDER NAIK

Dr. S.S. HIEMATH

Shri ANNAPPAYYA K

Shri SANKAPPA K SHETTY

Smt. SARVANI ALVA

Shri SUNIL R SHETTY

Shri NAVEEN R SHETTY

Shri SATISH R SHETTY

Managing Director & C.E.O.

Company Secretary & Compliance Officer

Shri LAKSHMISHA BABU S

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

Shri N M HEGDE

Auditors

M/s. M A NARASIMHAN & CO.

Chartered Accountants

Bangalore

Bankers

CANARA BANK

STATE BANK OF INDIA

BANK OF BARODA

THE LAKSHMI VILAS BANK LTD

AXIS BANK LTD

ORIENTAL BANK OF COMMERCE

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Registered Office

604/B, Murudeshwar Bhavan

Gokul Road

HUBLI - 580 030

Ph : 0836-2331615-18

Fax : 0836-2330436 / 4252583

Plant

Krishnapur Village

HUBLI - 580 024

Ph : 0836-2206741

Fax : 0836-2206773

Kallabalu Village & Post

Via Bannerghatta

Jigani Industrial Area II Phase

Bangalore - 560 083

Ph : 080-27826946

Fax : 080-27826956

143, Ilayancudy Road

Devamapuram Village

Thirunallar Commune

KARAIKAL - 609 607

Pondicherry (U.T.)

Ph : 04368-236899 / 236599

Fax : 04368-236805

NOTICE

To,

The Members, Murudeshwar Ceramics Limited

NOTICE is hereby given that the Thirty First Annual General Meeting of the Members of the Company will be held at Shri R N Shetty Kalyana Mantap, Opp. Indira Glass House, Hubli 580 029 on Saturday 27th day of September, 2014 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, 2014 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 Naveen Rama Shetty (DIN 00058779), who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint M/s. M A Narasimhan & Co., Chartered Accountants (ICAI Registration No.002347S) as statutory auditors of the Company from conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company and fix their remuneration.

SPECIAL BUSINESS

4. **To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.**
"RESOLVED THAT pursuant to the provisions of Section 149, 152 and any other applicable provisions of the Companies Act, 2013 (Act) and the rules made thereunder read with Schedule IV of the Act **Shri Kudlu Sunder Naik** (DIN 00042986), Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment and in respect of whom the Company has received a notice under Section 160 of the said Act, 2013 proposing his candidature for the Office of Directors, be and is hereby appointed as an Independent Director of the Company for a term of five consecutive years with immediate effect."
5. **To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.**
"RESOLVED THAT pursuant to the provisions of Section 149, 152 and any other applicable provisions of the Companies Act, 2013 (Act) and the rules made thereunder read with Schedule IV of the Act **Dr. Shivabasayya Siddaramayya Hiremath** (DIN 02272897), Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment and in respect of whom the Company has received a notice under Section 160 of the said Act, 2013 proposing his candidature for the Office of Directors, be and is hereby appointed as an Independent Director of the Company for a term of five consecutive years with immediate effect."
6. **To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.**
"RESOLVED THAT pursuant to the provisions of Section 149, 152 and any other applicable provisions of the Companies Act, 2013 (Act) and the rules made thereunder read with Schedule IV of the Act **Shri Annappayya Kundapur** (DIN 03558522), Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment and in respect of whom the Company has received a notice under Section 160 of the said Act, 2013 proposing his candidature for the Office of Directors, be and is hereby appointed as an Independent Director of the Company for a term of five consecutive years with immediate effect."
7. **To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.**
"RESOLVED THAT pursuant to the provisions of Section 149, 152 and any other applicable provisions of the Companies Act, 2013 (Act) and the rules made thereunder read with Schedule IV of the Act **Shri Sankappa Keremane Shetty** (DIN 00894366), Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment and in respect of whom the Company has received a notice under Section 160 of the said Act, 2013 proposing his candidature for the Office of Directors, be and is hereby appointed as an Independent Director of the Company for a term of five consecutive years with immediate effect."
8. **To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.**
"RESOLVED THAT, pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013 (Act) and the Rules made thereunder, read with Schedule IV of the Act, **Smt Sarvani Alva** (DIN 06896403) who was appointed as an Additional Director of the Company by the Board of Directors with effect from July 31, 2014 and



NOTICE (Contd.)

who holds office until the date of the Annual General Meeting, in terms of Section 161 of the Companies Act, 2013, in respect of whom the Company has received a notice under Section 160 of the said Act proposing her candidature for the Office of the Directors be and is hereby appointed as an Independent Director of the Company for a term of five consecutive years with effect from July 31, 2014."

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

"RESOLVED THAT, in suppression of the Ordinary Resolution adopted earlier under Section 293(1)(a) of the Companies Act, 1956 and in pursuant to Section 180 (1) (a) and any other applicable provisions of the Companies Act, 2013 (Act) and the Rules made thereunder, the consent of the Company be and is hereby accorded to the Board of Directors (hereinafter called "the Board" which term includes any sub-committee/s or any of the directors as may be authorized by the Board, from time to time), to hypothecate, mortgage, charge and/or in any other way encumber, all or any of the movable / current / fixed / immovable assets of the Company, both present and future, and/or whole or any part of undertaking(s) of the Company, together with powers to take over the management of the business and concern of the Company in certain events of default, in favour of any Lender(s), Agent(s) and/or Trustee/s, as the case may be, for the purpose of securing the borrowings of the Company availed/to be availed by way of loan(s), working capital assistance, issue of debentures / bonds / notes and/or any other debt instruments issued/to be issued by the Company, from time to time, together with interest, additional interest, compound interest, accumulated interest, liquidated damages, commitment charges, premium on prepayments, and all other incidentals and levies, as may applicable under respective agreements, deeds, writings, trust deeds or any other kind of documents as may be agreed to by and between the Board and the Lenders, their agents, trustees, as the case may be, in respect of the said loans/ borrowings/ debentures/bonds or other securities.

RESOLVED FURTHER that the approval of shareholders be and is hereby accorded to the Board of Directors or the Committee of Directors and/or any functional director/s, duly authorized by the Board, to consider and decide at their independent discretion the terms and conditions in respect of creating hypothecation, mortgage, charge and/or any other kind of encumbrance on all or any of the movable / current/ fixed / immovable assets of the Company to secure borrowings and/or issue of debentures / promissory notes / any other kind of debt instruments, pursuant to approval accorded as above under the said and to do and perform all such acts, deeds and things, inter-alia, to finalize, settle and execute such documents / deeds / debenture trust deeds / writings / papers / agreements / any other kind of debt instruments, as may be deemed necessary and required in the absolute discretion of the Board."

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

"RESOLVED THAT, in suppression of the Ordinary Resolution adopted earlier under Section 293(1)(d) of the Companies Act, 1956 and in pursuant to Section 180 (1) (c) and any other applicable provisions of the Companies Act, 2013 (Act) and the Rules made thereunder, the consent of the Company be and is hereby accorded to the Board of Directors to borrow moneys in excess of the aggregate of the paid up share capital and free reserves of the Company, provided that the total amount borrowed and outstanding at any point of time, apart from temporary loans obtained/to be obtained from any Bank(s) or Financial Institution(s) or any other Institution(s), firm(s), body corporate(s) or other person(s) in the ordinary course of business shall not be in excess of ₹400 Crores (Rupees four hundred Crores only) over and above the aggregate of the paid up share capital and free reserves of the Company."

"RESOLVED FURTHER that the approval of Shareholders be and is hereby accorded to the Board of Directors or the Committee of Directors and / or any functional Director/s, duly authorised by the Board, to consider and decide at their Independent discretion and the terms & conditions of such borrowings and / or issue of debenture / promissory notes / any other kind of debt instruments, pursuant to approval accorded as above and to do and perform all such acts, deeds and things, inter-alia, to finalise, settle and execute such documents / deeds / debenture trust deeds / writings / papers / agreements / any other kind of that instruments, as may be deemed necessary and required in the absolute discretion of the Board of Directors."

Place : Bangalore
Date : July 31, 2014

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

NOTICE (Contd.)**NOTE:**

- (1) Any Member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend the meeting and vote on behalf of such member at such meeting and such a proxy need not be a member of the Company.
- (2) Any document / Proxy Form in connection with the Annual General Meeting of the Company signed by any person for and on behalf of any Institution, Bank, Body Corporate etc., will be valid, only if such document/proxy form is supported by a duly authenticated copy of the Resolution of the Board of Directors authorising such person to sign such document and/or to represent such Institution, Bank, Body Corporate etc., as the case may be.
- (3) Documents pertaining to items referred to in the Notice are available for inspection by any member/s at the Registered Office of the Company on any working day from 2 p.m. to 6 p.m. upto the date of Annual General Meeting.
- (4) Brief resume of directors proposed to be appointed/reappointed is furnished in the Corporate Governance Report forming part of this Annual Report.
- (5) Register of Members/Transfer books of the Company will be closed from September 20, 2014 to September 27, 2014 (both days inclusive).
- (6) Members seeking any information/clarification concerning the Accounts for the year 2013-14 are requested to send their specific request addressed to the Company Secretary at the Registered Office of the Company atleast seven days before the Annual General Meeting.
- (7) Members are requested to bring their copies of Annual Reports to the meeting and also to handover their attendance slips signed by the members/valid proxies at the entrance of the meeting hall.
- (8) Please also refer "General Information to Shareholders" in the annexure to Corporate Governance Report forming part of this Annual Report.
- (9) In compliance with the provisions of Section 108 of the Act and the Rules framed thereunder, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by NSDL, on all resolutions set forth in this Notice.

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

- (a) Open the e-mail and also open PDF file namely "MCL e-voting.pdf" with your Client ID or Folio No. as Password. The said PDF file contains your User ID and Password for e-voting. Please note that the password is an initial password.
- (b) Open the internet browser and type the following URL: <https://www.evoting.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.



NOTICE (Contd.)

- (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.

B. In case a Member receives physical copy of the 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 21, 2014 (9.00 a.m. IST) and ends on September 23, 2014 (6.00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on August 22, 2014(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) The E-Voting is optional and members shall have the option to vote either through e-voting or in person at the general meeting. However, the members not casting their vote electronically may only cast their vote at the Annual General Meeting.
- (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 August 22, 2014(Cutoff date {record date}).
- (d) Mr. Sunil J. Shah, Practicing Company Secretary (Membership No. ACS : 8717, COP No.3289), has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- (e) The Scrutinizer shall, within a period not exceeding three working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the thirtyfirst Annual General Meeting.
- (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 www.evoting.nsdl.com within two days of the passing of the resolutions at the AGM of the Company on September 27, 2014 and communicated to the BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.

NOTICE (Contd.)**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.****Item Nos. 4 to 7:**

The Company had appointed Shri Kudlu Sunder Naik, Dr. Shivabasayya Siddaramayya Hiremath, Shri Annappayya Kundapur and Shri Sankappa Keremane Shetty as Independent Directors at various times, in compliance with the requirements of the listing agreement entered with the stock exchanges. Pursuant to the provisions of section 149 of the Companies Act 2013, which came in to effect from April 1, 2014, every listed public company is required to have atleast one-third of the total number of directors as independent directors, who are not liable to retire by rotation. The Company, confirms that the said Directors meets the criteria of independence as provided under section 149(6) of the said Act. The Company has received a notice proposing their candidature pursuant to provisions of Section 160 of the said Act to the Office of Directors. In compliance with the provisions of section 149 read with Schedule IV of the Act, the appointment of these directors as Independent Directors is now being placed before the members for their approval. Brief resume of all the Independent Directors is furnished forming part of the Corporate Governance Report.

None of the directors, Key Managerial Personnel (KMP) or relatives of Directors and KMP except Shri Kudlu Sunder Naik, Dr. Shivabasayya Siddaramayya Hiremath, Shri Annappayya Kundapur and Shri Sankappa Keremane Shetty respectively, are concerned or interested in the resolutions of the accompanying notice relating to their own appointment.

Item No. 8:

Smt Sarvani Alva has been appointed as an Additional Director on the Board of Directors with effect from July 31, 2014. In terms of section 161 of The Companies Act, 2013, the appointment of such director shall be valid upto the date of the Annual General Meeting. Company has received a notice proposing her candidature pursuant to provisions of Section 160 of the said Act to office of Directors. In compliance with provisions of Section 149 read with Schedule IV of the said Act appointment of this Director as Independent Director is now placed before the members for approval. Brief resume of Smt Sarvani Alva is furnished forming part of the Corporate Governance Report.

None of the directors, Key Managerial Personnel (KMP) or relatives of Directors and KMP except Smt Sarvani Alva herself may be deemed as concerned or interested in the aforesaid appointment.

Item No. 9 :

On July 25 2008 members had given powers to the Board of Directors under Section 293 (1) (a) of the Companies Act, 1956. However, pursuant to Section 180 (1) (a) of the Companies Act, 2013 the Company's borrowings are required to be secured by creation of hypothecation / mortgage / charge in favour of the corresponding lenders by way of special resolution. Hence approval of members is requested, authorizing Board of Directors to hypothecate, mortgage, charge and/or in any other way encumber, all or any of the movable/current/ fixed/immovable assets of the Company, both present and future, as security for repayment of fresh borrowings as detailed in the resolution relating to this subject.

None of the directors, Key Managerial Personnel (KMP) or relatives of Directors and KMP is concerned or interested in the said resolution.

Item No. 10 :

On July 25, 2008 members have sanctioned borrowing limit of ₹400 Crores under Section 293(1)(d) of the Companies Act, 1956. However, Section 180 (1) (c) of the Companies Act, 2013 requires that the Board of Directors shall not borrow money in excess of the Company's paid up share capital and free reserves, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, except with the consent of the Company accorded by way of a special resolution.

It is therefore necessary for the members to pass a special resolution under section 180 (1) (c) and other applicable provisions of the Companies Act, 2013, to the Board of Directors to borrow money in excess of the aggregate of the paid up share capital and free reserves of the Company. Approval of members is being sought to borrow ₹400 Crores (Rupees four hundred Crores only) in excess of the aggregate of the paid up share capital and free reserves of the Company.

None of the directors, Key Managerial Personnel (KMP) or relatives of Directors and KMP is concerned or interested in the said resolution.

Place : Bangalore

Date : July 31, 2014

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



DIRECTORS' REPORT

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

Your directors present the 31st Annual Report of the Company for the year ended on March 31, 2014 :

FINANCIAL RESULTS

(₹ In Lacs)		
Particulars	2014	2013
Sales income	14504.23	14413.55
Other Income	101.22	62.40
Total income	14605.45	14475.95
Operational Expenditure	10344.99	11629.81
Increase/(Decrease) in stock	1106.14	(301.16)
Interest	2099.70	2155.77
Depreciation	904.55	903.12
Total Expenditure	14455.38	14387.54
Profit/(Loss) for the year	150.07	88.41
Less Provision for tax	21.39	11.45
Less MAT Credit	(21.39)	(11.45)
Less Excess Provision written back	-	(1.06)
Add Deferred Tax Assets	33.27	5.76
Sub Total	33.27	4.70
Profit/(Loss) after tax	116.80	83.71
Profit available for appropriation	116.80	83.71

OPERATIONAL PERFORMANCE

During the year under report the Company has produced 24,94,237 Sq.mtrs., of Vitrified tiles and 12,999 Sq.mtrs., of Ceramic tiles. Whereas compared to previous year production of Vitrified tiles is reduced by 19.69% and production of Ceramic tile is reduced by 95.17%. The sales income from Vitrified tiles has reduced by 11.07% at ₹10,699.65 lakhs compared to ₹12,030.95 lakhs of the previous year. Sales income from Ceramic tile and Gujarat Wall Tiles segment has reduced by 38.42% at ₹941.60 lakhs compared to ₹1,528.98 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 ₹116.80 (Previous year ₹83.71 lakhs) which leads to an increase of 39.52% as compare to previous year 2012-13. Since the Profits of the Company has started increasing slightly and the Directors intent to reduce the finance cost as early as possible. Hence your Directors have decided to skip the dividend for the year 2013-14. Your directors are working towards achieving higher results during the forth coming years.

PROSPECTS

New varieties formats, designs and shades are being introduced from time to time. Products used at Commercial complexes, forums, malls etc. are likely to boost the sales and increase the customer base. Maximum efforts are being made to expand our market in Southern India in order to save the cost of transportation. Since the market in rural India is increasing door to door sales promotion on leg work is also put in place. Various cost cutting measures very being implemented to increase profits. Consumer friendly lending policies of Banks and encouragement from the Government for the housing sector have been contributory factors for the sustained growth of the tiles industry. The new Digital tiles Technology which gives a very rich look is slowly capturing the market. The Vitrified tiles double and multi charge tiles are also moving fast in the market. The Karaikal unit is functioned with improved gas allocation. Gas allocation for Hubli Unit is expected to arrive on December 2014. The Company is expecting a better growth in the mere future.

DIRECTORS' REPORT (Contd.)**MARKETING STRATEGY**

This Company continues with strategy of both project and retail market. Show room sales is yielding satisfactory return in major urban centers. In other places wherever show rooms are not feasible the company has closed down those show rooms and has been expanding dealership network. Depots opened at different parts of the Country are lending support for quick and sustained service to customers. The sales team has developed personal contact with Architects and Builders who influence the decision making. The rapport built shows the attitude and reaction of the Architect towards our product. Company's representatives are on door to door leg work to enhance sales. Hoarding, Table Calenders, Newspapers advertisements are in place in order to increase sales.

Your Directors are hopeful of achieving better results in the year 2014-15.

RESEARCH AND DEVELOPMENT

The R & D wing of the Company is successful in adaption of Feldspar Processing plant to remove the inbuilt iron contamination to enhance the brightness of Vitrified tile production. As usual R & D wing is continuously concentrating on reduction of power and fuel in the manufacturing process. The R & D wing is also concentrating on inventing new products, upgrade variety, body matrix, shades and designs to suit market sentiments.

INCREASE IN THE SHARE CAPITAL

During the year the Company had allotted 20,35,000 Equity Shares upon conversion of its second tranche of 20,35,000 Convertible Share Warrants into 20,35,000 Equity Shares to Murdeshwar Power Corporation Limited a promoter and promoter group Company, hence the Paid up Equity share capital of the Company increased to ₹4,082.17 lakhs.

DIRECTORS

Shri Kudlu Sunder Naik, Dr. Shivabasayya Siddaramayya Hiremath, Shri Annappayya Kundapur and Shri Sankappa Keremane Shetty was appointed as Independent Directors of the Company for a period of five consecutive years with immediate effect in order to comply with the provisions of the Section 149 and other applicable provisions/rules of the Companies Act 2013 read with Schedule IV of the said Act.

The Board has appointed Smt Sarvani Alva as Additional Director with effect from July 31, 2014 Pursuant to Section 161 of the Companies Act, 1956 the term of such additional director is valid upto the date of ensuing Annual General Meeting. Hence necessary resolution is placed before the members for approval of the said Director with immediate effect.

Shri Naveen Rama Shetty retires by rotation and being eligible offer himself for re-appointment.

Brief personal details of above said directors are furnished in the Corporate Governance Report which forms part of this Annual Report.

AUDITORS

The present auditors M/s. M A Narasimhan & Co., Chartered Accountants, Bangalore, 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.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report as per requirements of Clause 49 of the Listing Agreement is furnished in the annexure forming part of this Report. In the said report management has also discussed opportunities, threats and risk factors.



DIRECTORS' REPORT (Contd.)

COST COMPLIANCE REPORT

As per the requirement of The Companies (Cost Accounting Records) Rules, 2011 your Company has obtained Cost Compliance Report from Mr. Suresh R Gunjalli, Practicing Cost Accountant (Membership No.22121).

CORPORATE GOVERNANCE PROVISIONS

Your Company has complied with mandatory requirements of Corporate Governance Provisions prescribed under Clause 49 of the Listing Agreement with Stock Exchanges. Corporate Governance Report is furnished forming part of this Annual Report.

AUDIT COMMITTEE

During the year under report the Audit Committee consist of three non-executive directors namely, Dr. Rama Nagappa Shetty, Shri Kudlu Sunder Naik and Shri Annappayya Kundapur. Shri Kudlu Sunder Naik was the Chairman and Shri Lakshmisha Babu S, Company Secretary was the Secretary of the Committee.

DEPOSITS

As on 31.03.2014 the Company does not have any Public Deposits. The Company has repaid all the deposits and one unclaimed deposit of ₹25,000/- was deposited to IEPF on November 18, 2013.

PARTICULARS OF DISCLOSURE UNDER SECTION 217(1)(e)

As per requirements of Section 217(1)(e) of The Companies Act, 1956 read with The Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, necessary particulars are furnished in the annexure forming part of this report.

PARTICULARS OF EMPLOYEES

Pursuant to the provisions of The Companies (particulars of employees) Rules 1975 read with Notification bearing No. F.No.2/29/1988-DL.V dated 31.03.2011 issued by Ministry of Corporate Affairs, New Delhi. The particulars of employees as required to be submitted under Section 217(2A) of The Companies Act, 1956 are not applicable to the Company.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to provisions of Section 217(2AA) of the Companies Act, 1956, your directors hereby state that:

- 1) In preparation of the annual accounts for the year 2013-14, the Company has followed the applicable accounting standards prescribed under Section 211 (3C) of The Companies Act, 1956 and there is no material departure from the same ;
- 2) Your Directors have selected and consistently applied such of the accounting policies and made judgments and estimates thereon, that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and the profit or loss of the Company for that period ;
- 3) Your Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the applicable provisions of The Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ;
- 4) The Company has prepared the annual accounts ongoing concern basis.

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. RAMA NAGAPPA SHETTY
Chairman
(DIN 00038810)

Place : Bangalore
Date : July 31, 2014

ANNEXURE TO DIRECTORS' REPORT

PARTICULARS IN COMPLIANCE WITH PROVISIONS OF SECTION 217(1) (e) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

A. CONSERVATION MEASURES TAKEN :

(a) Energy Conservation Measures Taken :

Feldspar processed material (feldspar cake) is used to reduce the Ball Mill grinding time and increase the output.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

Energy meters provided in production area department wise, and also provided VFD.

(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 power cost, better sales realization of sales values vitrified tiles

(d) Total energy consumption and energy consumption per unit of production:

Not Applicable

B. TECHNOLOGY ABSORPTION :

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

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 and earned

: - Nil -

Foreign Exchange Earnings

Foreign Exchange Outgo

: ₹ 1.65 Lacs

FORM B

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION

RESEARCH AND DEVELOPMENT (R & D)

1. Specific areas in which R & D was carried out by the Company

Raw materials (feldspar) processed to remove the inbuilt iron contamination to improve the tile brightness

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) Double fired wall tile production in Hubli plant.

(b) Double charging feeder is proposed for production of value added Vitrified tile production in Karaikal plant.

(c) NANO coating of Vitrified polished tile for enhancing shine/ glossiness and to improve the quality.

4. Expenditure on R & D

(₹ in lacs)

Particulars	2013-2014	2012-2013
a) Capital	0.53	-
b) Recurring	-	1.01
c) Total	0.53	1.01
d) Total R & D expenditure as percentage of total turnover	0.003	0.007

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

Successful Adaption of Feldspar Processing plant to remove the inbuilt iron Contamination to enhance the brightness of Vitrified tile production

2. Benefits derived as a result of above efforts

Reduction in the power cost and improve the tile Brightness and Quality consistency

3. In case of Imported Technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:

a) Technology Imported : Not done during the year

b) Year of Import : N.A.

c) Has technology been fully absorbed : N.A.

d) If not absorbed, areas where this has not taken : N.A.
place, reasons and future plans of action.