

**BOARD OF DIRECTORS**
**Dr. R N SHETTY**

Chairman

**Dr. S.S. HIREMATH**
**Shri ANNAPPAYYA**
**Shri SANKAPPA K SHETTY**
**Smt. SARVANI ALVA**
**Shri SATHYA MURTHY PADAKI**
**Shri SATISH R SHETTY**

Managing Director &amp; C.E.O.

**Shri SUNIL R SHETTY**
**Shri NAVEEN R SHETTY**
**Shri KARAN SATISH SHETTY**

Whole Time Director

**Shri N M HEGDE**

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

**Shri ASHOK KUMAR**

Company Secretary &amp; Compliance Officer

**Auditors**
**M/s. K G RAO & Co.,**

Chartered Accountants

Bengaluru

**Bankers**

CANARA BANK

STATE BANK OF INDIA

BANK OF BARODA

THE LAKSHMI VILAS BANK LTD

AXIS BANK LTD

ORIENTAL BANK OF COMMERCE

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**Registered Office**

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

**Plants**

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

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

## NOTICE

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

**NOTICE** is hereby given that the **37th (Thirty Seventh) Annual General Meeting (AGM)** of the Members of Murudeshwar Ceramics Limited will be held on Saturday, 26th day of September, 2020 at 3.00 P.M. IST at Shri R N Shetty Kalyana Mantap, Opp. Indira Glass House, Hubballi – 580 029, to transact the following business:

### ORDINARY BUSINESS

#### 1. Adoption of Financial Statements :

To consider and if thought fit, to pass with or without modification (s), the following resolution as an ordinary resolution.

**“RESOLVED THAT** an Audited Annual Financial Statements (including the balance sheet of the Company as at March 31, 2020 and the statement of profit and loss together with the notes on accounts, schedules, statement of cash flow, etc.), in the prescribed format, annexed to and forming part of the accounts for the year ended March 31, 2020, together with the report of the Directors', Auditors' and notes, annexures, schedules etc. appended thereon as presented to the meeting, be and are hereby approved and adopted.”

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

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

To consider and if thought fit, to pass with or without modification (s), the following resolution as an ordinary resolution.

**“RESOLVED THAT** pursuant to the provisions of section 152 and all other applicable provisions of the Companies Act, 2013 (“Act”), and rules made thereunder and as per provisions contained in the Articles of Association of the Company the approval of the members of the Company be and is hereby accorded to the reappointment of Shri Naveen Rama Shetty (DIN 00058779) as a director without affecting his current position, who is liable to retire by rotation.”

### SPECIAL BUSINESS

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

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

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

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

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

**NOTICE (Contd.)**

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

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

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

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

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

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

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

Place : Bengaluru

Date : August 12, 2020

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

**NOTES :**

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

## NOTICE (Contd.)

- (8) A Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
- (9) Members/Proxies should bring the Attendance Slip duly filled in, for attending the Meeting. The Attendance slip is accompanied with this Annual Report. Members, who hold shares in Electronic Form, are requested to bring their Depository ID Number and Client ID Number to facilitate their identification for recording Attendance at the forthcoming Annual General Meeting.
- (10) In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- (11) Documents pertaining to items referred to in the Notice are available for inspection by any member/s at the Registered Office of the Company on any working day from 2 p.m. to 6 p.m. upto the date of Annual General Meeting.
- (12) Register of Members/Transfer books of the Company will be closed from Saturday, September 19, 2020 to Saturday, September 26, 2020 (both days inclusive).
- (13) Members seeking any information/clarification concerning the Accounts for the year 2019-20 are requested to send their specific request addressed to the Company at its Registered Office of the Company at least seven days before the Annual General Meeting.
- (14) The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of Contracts or Arrangements in which the directors are interested maintained under Section 189 of the Act and the relevant documents will be available for inspection by the members during the AGM.
- (15) Please also refer "General Information to Shareholders" in the annexure to Corporate Governance Report forming part of this Annual Report.
- (16) In compliance with the provisions of section 108 of the Act and the Rules framed thereunder, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by NSDL, on all resolutions set forth in this Notice.
- (17) Members holding shares in physical mode are :
  - a) required to submit their Permanent Account Number (PAN) and bank account details to the Company / Canbank Computer Services Limited (RTA), if not registered with the Company, as mandated by SEBI.
  - b) advised to register nomination in respect of their shareholding in the Company. Nomination Form (SH-13).
  - c) requested to register / update their e-mail address with the Company / Canbank Computer Services Limited (RTA) for receiving all communications from the Company electronically.
- (18) Members holding shares in electronic mode are :
  - a) requested to submit their PAN and bank account details to their respective Depository Participants ("DPs") with whom they are maintaining their Demat accounts.
  - b) advised to contact their respective DPs for registering nomination.
  - c) requested to register / update their e-mail address with their respective DPs for receiving all communications from the Company electronically.
- (19) Non-Resident Indian Members are requested to inform Canbank Computer Services Ltd. / respective DPs, immediately of :
  - a) Change in their residential status on return to India for permanent settlement.
  - b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.
- (20) In terms of the provisions of Section 152 of the Act, Shri Naveen Rama Shetty (DIN: 00058779), Director of the Company, retire by rotation at the Meeting. Nomination and Remuneration Committee and the Board of Directors of the Company recommend his re-appointment.
- (21) SEBI vide its Notification No. SEBI/LAD-NRO/GN/2018/24 dated June 08, 2018 and further amended vide notification no. SEBI/LAD-NRO/GN/2018/49 dated November 30, 2018 requests for effecting transfer of securities (except in case of transmission or transposition of securities) shall not be processed from April 1, 2019 unless the securities are held in the dematerialized form with the depositories. Accordingly, the Company has stopped accepting any fresh lodgment of transfer of shares in physical form. Members holding shares in physical form are advised to avail of the facility of Dematerialisation.
- (22) **Transfer of Shares Pursuant to section 124(6) of the Companies Act, 2013 to the Investor Education and Protection Fund ("IEPF") :**
  - a) The Company has already transferred the unpaid or unclaimed dividends declared up to Financial years 2008-2009, from time to time , to the Investor Education and Protection Fund ("IEPF") established by the Central Government. Details of dividends so far transferred to the IEPF Authority are available on the website of IEPF Authority and the same can be accessed through the link : [www.iepf.gov.in](http://www.iepf.gov.in).

**NOTICE (Contd.)**

- b) Pursuant to section 124(6) of the Companies Act, 2013 and read with Investor Education and Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended from time to time ("the Rules"), all such shares in respect of which dividend has not been paid or claimed for seven consecutive years, are liable to be transferred to the Investor Education and Protection Fund. The Members who have not yet encashed the dividend warrants for any of the Financial Years 2008-2009 are therefore once again requested to make their claims immediately with the Company or the Company's Registrar & Share Transfer Agents for issuance of duplicate / revalidated dividend warrants. The list of unclaimed dividend for the Financial Years 2008-2009 and the list of members whose shares are liable to be transferred to the said Fund are available on the Company's website [www.naveentile.com](http://www.naveentile.com)
- c) The Shareholders whose dividend / shares is / will be transferred to the IEPF Authority may claim the shares or apply for refund by making an application to the IEPF Authority by following the procedure as detailed in the IEPF Rules and as enumerated on the website of IEPF Authority. <http://www.iepf.gov.in>
- (23) Please refer last page of Annual Report for AGM Location Map.
- (24) Voting through electronic means :
  - (a) Pursuant to Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended and Regulation 44 of the SEBI Listing Obligations and Secretarial Standards on General Meeting (SS-2) issued by the Institute of Company Secretaries of India, the Company is pleased to provide the facility to cast their vote electronically, through the e-voting services provided by NSDL on all resolutions set forth in this Notice, through remote e-voting to all members.
  - (b) Such remote e-voting facility is in addition to voting that may take place at the meeting venue on September 26, 2020. Members who have cast their votes by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again at the meeting.
  - (c) The Board of Directors has appointed Mr. Sunil J. Shah, Practicing Company Secretary (Membership No. ACS: 8717), (mail id: [sunil\\_j\\_shah@yahoo.com](mailto:sunil_j_shah@yahoo.com)) as the Scrutinizer to scrutinize the remote e-voting and the voting process at the AGM in a fair and transparent manner. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than two days of the conclusion of the AGM a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company [www.naveentile.com](http://www.naveentile.com) immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the Stock Exchanges.
  - (d) The remote e-voting period commences on September 23, 2020 (9.00 a.m. IST) and ends on September 25, 2020 (5.00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on September 18, 2020 (Cutoff date {record date}) may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, he shall not be allowed to change it subsequently.
  - (e) A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again in the AGM.
  - (f) The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on September 18, 2020 (Cutoff date {record date}).

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

- (a) Open the e-mail and also open PDF file namely "Remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for e-voting. Please note that the password is an initial password.
- (b) Open the internet browser and type the following URL: <https://www.evoting.nsdl.com>.
- (c) Click on Shareholder – Login.
- (d) If you are already registered with NSDL for e-voting then you can use your existing user ID and password.
- (e) If you are logging in for the first time, please enter the user ID and password provided in the PDF file attached with the e-mail as initial password.
- (f) The Password Change Menu will appear on your screen. Change to a new password of your choice, making sure that it contains a minimum of 8 digits or characters or a combination of both. Please take utmost care to keep your password confidential.
- (g) Once the e-voting home page opens, click on e-voting> Active Voting Cycles.
- (h) Select "EVEN" (E-Voting Event Number) of Murudeshwar Ceramics Limited. Now you are ready for E-voting as Cast Vote page opens.

**NOTICE (Contd.)**

- (i) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- (j) Upon confirmation, the message "Vote cast successfully" will be displayed.
- (k) Once the vote on the resolution is cast, the Member shall not be allowed to change it subsequently.
- (l) Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG format) of the relevant Board Resolution/Authority letter, etc., together with attested specimen signature of the duly authorized signatory (ies) who are authorized to vote, to the Scrutinizer through e-mail to sunil\_j\_shah@yahoo.com and investor@naveentile.com with a copy marked to evoting@nsdl.co.in
- (m) In case of any queries, you may refer the Frequently Asked Questions (FAQs) – Shareholders and e-voting user manual – Shareholders, available at the downloads section of www.evoting.nsdl.com

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

- (a) Initial password is provided in the enclosed Annual Report and Notice: EVEN (E-Voting Event Number), user ID and password/Pin.
- (b) Please follow all steps from Sl. No. A (b) to Sl. No. A (m) above, to cast vote.

**C. Other Instructions :**

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

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

1. Shri Satish Rama Shetty aged about 58 years is a graduate in Mechanical Engineering from Karnataka University. He is on the Board of this Company since December, 1987. Shri Satish Rama Shetty has taken a very active part in every expansion and diversification projects of the Company including establishment of Vitrified tile manufacturing unit at Karaikal and at Sira, Tumkur. He has been continuously involved in upgradation and value addition to the products manufacturing by adopting improved technology, body matrix, improved designs and varieties. He is a very successful industrialist since inception of his career.  
  
Shri Satish Rama Shetty is a member of the Executive Committee and the Chairman of the CSR Committee of the Company. Shri Satish Rama Shetty is a Director in RNS Infrastructure Ltd., Naveen Hotels Ltd., Naveen Mechanised Construction Co. Pvt. Ltd., Naveen Structurals & Engineering Co. Pvt. Ltd., Murudeshwar Power Corporation Ltd., Murudeshwar Developers Ltd., Murudeshwar Infosystems Ltd., Firebricks & Potteries Pvt. Ltd., SHP Auto Services Ltd., RNS Motors Ltd., Shri Murudeshwar Tiles Pvt. Ltd., Sairam Mines and Minerals Pvt. Ltd. and RNS Power Ltd.
2. There is no increment in the remuneration of Shri Satish Rama Shetty as the Managing Director of the Company. He has been appointed at existing remuneration which has been shown in the resolution itself with breakup. In comparison to other entity with same size and industry, Remuneration paid to Shri Satish Rama Shetty is less.
3. Since inception of the Murudeshwar Ceramics Limited he is looking after day to day business of Murudeshwar Ceramics Limited as an Executive Director. He has been appointed as the Managing Director in 1997. The various expansion projects of the Company since 1991 have been implemented under his technical supervision and guidance. He is not only looking after the production quality maintenance but also marketing, finance and other administration activities of the Company. Under the able leadership of Shri Satish Rama Shetty, Murudeshwar Ceramics Ltd. has been awarded ISO-9001:2008 Certificate by United Registrar of Systems (URS) in recognition of its commitment to quality.
4. The terms of appointment and remuneration for Shri Satish Rama Shetty: as nominated by Shri Rama Nagappa Shetty, The Chairman of the Company and as determined by the Nomination & Remuneration Committee of the Directors and approved by the Board of Directors at the Board Meeting held on June 26, 2020 as set forth in the resolution of this Notice of AGM.
5. Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any: Shri Satish Rama Shetty is the eldest son of Dr. R N Shetty – Chairman of the company and brother of Shri Sunil Rama Shetty and Shri Naveen Rama Shetty – Non Executive Directors of the Company and Father of Shri Karan Satish Shetty, the Whole Time Director of the Company.

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

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

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

Shri Annappayya (DIN: 03558522) aged around 74 years is retired Canara Bank employee. He did his B.com with Distinction and CAIIB. He joined Canara Bank as an officer in 1969 and serve in various parts of the country. He has exposure in all facets of Banking including Merchant Banking and International Banking. He received extensive training in critical areas of Banking and Finance in BTC RBI Mumbai, NIBM Pune, IIM Ahmedabad, Irving Trust Co at Sydney and Tokyo. He was Nominee Director in Canfin Homes Limited a subsidiary of Canara Bank for two years. He retired as General Manager in the year 2006 after 37 years of blemish less service in Canara Bank. He is not a member of the Company. He is the Chairman of Nomination and Remuneration Committee and Shareholder Grievance Committee of the Company. He is also a member of Audit Committee of the Company. Presently he is the Non-executive Independent Director of this Company and RNS Motors Limited. He is not holding any Share of the Company.

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

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

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

**1. General Information :**
**(1) Nature of the Industry :**

Murudeshwar Ceramics Limited (MCL) is engaged in the business of manufacture and sale of a wide range of Ceramic and Vitrified tiles and having its outlet in various states in India.

**(2) Incorporation Details :**

The Company was incorporated pursuant to a Certificate of Incorporation dated June 29, 1983 (bearing Registration No. 5401 and Corporate Identification Number L26914KA1983PLC005401 issued by Registrar of Companies, Karnataka, as a Public Limited Company under the provisions of the Companies Act, 1956, as amended under the name Murudeshwar Ceramics Limited. The Company commenced its business pursuant to a Certificate of the Commencement of Business dated July 19, 1983 issued by the Registrar of Companies, Karnataka. The name of the Company was changed to Murudeshwar Ceramics Limited pursuant to a Fresh Certificate of Incorporation Consequent to Change of Name dated December 2, 1987.

**(3) In case of new companies, expected date of commencement of activities as per project approved by financial Institutions appearing in the prospectus : Not Applicable**
**(4) Financial Performance :**

The financial performance (standalone) of the company for the past 3 years is given below : (₹ in lakhs)

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

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

Place : Bengaluru  
Date : August 12, 2020

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

## DIRECTORS' REPORT

Dear Members,

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

### FINANCIAL RESULTS OF THE COMPANY

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

(₹ In lakhs)

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

### OPERATIONAL PERFORMANCE IN SEGMENTS

During the year under review, the sale of products has marginally increased by 01.00% at ₹8,391.61 lakhs in compared to Rs. 8,309.33 lakhs of the previous year and sale of services has reduced by 54.89% at ₹1,925.61 lakhs in compare to ₹4,268.62 Lakhs of the previous year. Therefore, the company has marginally decreased its overall sale by 17.97% at ₹10,317.22 Lakhs in compare to ₹12,577.95 lakhs of previous year.

In spite of the above increase and decrease in sales of the products and services, the Company has managed to earn a profit of ₹144.87 lakhs (Previous year ₹483.84 lakhs) which leads to decrease of 70.06% as compared to previous year 2018-19.

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

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



## DIRECTORS' REPORT (Contd.)

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

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

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

### LIQUIDITY

The principal sources of liquidity of your Company consist of cash and cash equivalents, others (Balance in Current account) and the cash flow that we generate from our Business operations. We maintain sufficient cash to meet our strategic and operational requirements. We understand that liquidity in the Balance Sheet has to balance between earning adequate returns and the need to cover financial and business requirements. Liquidity enables us to be agile and ready for meeting unforeseen strategic and business needs. We believe that our working capital is sufficient to meet our current requirements. For the financial year ended March 31, 2020 your company has ₹327.09 lakhs in account of cash and cash equivalents.

### BASIC EPS

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

### DIVIDEND

The Board of Directors of your company, after considering holistically the relevant circumstances and financial performance of the company, has decided that it would be prudent, not to recommend any dividend for the year under review. Therefore, your Directors have decided to skip the dividend for the financial year 2019-20. Your directors are working towards achieving higher results during the fourth coming years and also your Directors intent to reduce the finance cost as early as possible.

### BRIEF DESCRIPTION OF THE COMPANY'S WORKING DURING THE YEAR / STATE OF COMPANY'S AFFAIR PROSPECTS/ MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION BETWEEN THE END OF THE FINANCIAL YEAR AND DATE OF THE REPORT

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

Except the above under review, there have been no any material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year to which the financial statements relate and the date of this Report and also no change in the nature of business of the Company.

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

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

#### Respond

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

#### Reflect

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

#### Reimagine

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

#### Rebound

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

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

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

### New Sales Channels :

Appointment of new potential dealers in tier 2 and tier 3 cities across South and Eastern India to penetrate the market better. The Company is constantly focusing on Brand building and accordingly advertisements are given on regular basis to increase the sales. The company primarily focuses on local market where it can gain, and the company has opened various showrooms. The Showroom sales is yielding satisfactory return in major urban and rural areas. The Company continues the strategy of both project and retail marketing. Depots located at various parts of the Country are helping us have superior supply chain and faster delivery time. The incentive based payment to the marketing staff are fetching better returns to the company. Advertisements in newspapers and on hoardings are given on regular basis.

### RESEARCH AND DEVELOPMENT (R & D)

The Research & Development wing of the Company is always trying to give new look and design of company's products to meet valued customers demand and to meet international standards and certification requirements and has successfully developed new varieties of tiles with improved body matrix, quality and cost effective product range. Efforts to upgrade variety, body matrix, shades and designs to suit market sentiments is being consistently pursued. R&D wing is also exploring ways and means to improve operating efficiency.

### DISCLOSURES RELATING TO SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the year under review the Company does not have any Subsidiary, Joint ventures and Associates Companies and neither company has become or ceased to be subsidiaries, associates and joint ventures during the financial year 2019-20.

### RESERVES

The Board of Directors of your company, has decided not to transfer any amount to the Reserves for the year under review. The particulars of reserves of the Company for FY: 2019-20 and the previous year are as follows :

(₹ in Lakhs)

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

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

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

### RISK MANAGEMENT

In terms of provisions of Section 134(3) (n) of the Companies Act, 2013, the Company has written Risk Management Policy and the policy has been placed on the Company's website at [www.naveentile.com](http://www.naveentile.com) also. The Risk Management Team of the company is constituted from time to time to look into various risks faced by it and various risks exist in the market and the team ensures that the Company has appropriate and effective risk management systems which carries out risk identification, assessment and ensures that risk mitigation plans are in place.

### BOARD DIVERSITY

Your Company believes that a diversified board will bring differences in thought, perspective, knowledge, skill, regional and industry experience, cultural and geographical backgrounds, age, ethnicity, race and gender that will help us retain our competitive advantage and as a collective is equipped to guide the business and strategy of the company.

At present, your company have an appropriate mix of executive, non-executive and independent directors to maintain the independence of the Board, and separate its functions of governance and management. As of March 31, 2020, the Board had ten members, two of whom are executive directors, three of whom are non-executive and non-independent directors and five are independent directors. One of the independent director of the Board is a women.