

BOARD OF DIRECTORS

Dr. R N SHETTY

Chairman

Shri K. SUNDER NAIK

Dr. S.S. HIREMATH

Shri ANNAPPAYYA K

Shri SANKAPPA K SHETTY

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 Thirtieth 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 28th day of September, 2013 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, 2013 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 Annappayya K, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Dr. S S Hiremath, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration.

Place : Bangalore

Date : July 30, 2013

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

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 21, 2013 to September 28, 2013 (both days inclusive).
- (6) Members seeking any information/clarification concerning the Accounts for the year 2012-13 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.

Place : Bangalore

Date : July 30, 2013

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 30th Annual Report of the Company for the year ended on March 31, 2013 :

FINANCIAL RESULTS

Particulars	(₹ In Lacs)	
Sales income	14413.55	14475.95
Other Income	62.40	
Total income		
Operational Expenditure	11629.81	14387.54
Increase/(Decrease) in stock	(301.16)	
Interest	2155.77	
Depreciation	903.12	88.41
Total Expenditure		
Profit/(Loss) for the year		
Less Provision for tax	11.45	4.70
Less MAT Credit	(11.45)	
Less Current Tax Expenses	(1.06)	
Add Deferred Tax Assets	5.76	83.71
Sub total		
Profit/(Loss) after tax		
Profit available for appropriation		83.71

OPERATIONAL PERFORMANCE

The unhealthy competition from various unorganized sector are increasing day by day. Even though construction industry has recovered the cost of input and various taxes has gone up during the year which has lead to reduction in profits margins.

During the year under report the Company has produced 31,05,861 Sq.mtrs., of Vitrified tiles and 2,68,968 Sq.mtrs., of Ceramic tiles. Compared to previous year Ceramic tile production has reduced by about 56.98%, Vitrified tile production has reduced by 10.60%. The sales income from Vitrified tiles has reduced by 7.68% at ₹12,030.95 lakhs compared to ₹13,031.50 lakhs for the previous year. Sales income from Ceramic tile segment has decreased by 46.17% at ₹1,528.98 lakhs compared to ₹2,840.15 lakhs for the previous year. The granite division did not produce any slabs during the year. The Company is finding it difficult to get quality granite blocks at reasonable prices.

In spite of the above hurdles the Company has managed to earn a profit of ₹83.71 lakhs during the year through various cost cutting measures and by adopting good marketing strategies. Since the Profits of the Company has decreased drastically and the Company is very keen to repay its debts, your Directors have decided to skip the dividend for the year 2012-13. Your directors are working towards achieving higher results during the forth coming years.

PROSPECTS

Demand for Vitrified tiles has been increased in Tier-II and III Cities. New Technology such as Digital tiles Technology Production where as Digital printing is used in printing technology which gives a very rich look. Such a technology leads to faster production in an economical way. Tiles while look exactly like stone, wood, granite etc can be printed using

DIRECTORS' REPORT (Contd.)

such technology. Such Tiles can be used both on wall and floors which shall be maintenance free in future years. Nano Technology goes well with Vitrified tiles double and multi charge tiles are moving fast in the market. Water Jet Technology offers various shapes like circles, waves etc on the tiles. Consumer likes such complex shapes. Cladding in a technology which is picking up very fast in the market. This tile goes well on exteriors such as lobby or staircases. The Somerset Rustic & Wood Series Ceramic Tiles in bigger formats and Cegress Series are also been well accepted in the market.

The Karaikal unit is functioning with improved gas allocation. Gas allocation for Hubli Unit is expected to arrive at December 2013. The Company is expecting a better growth in the near future.

MARKETING STRATEGY

Periodical review of the performance of the sales staff and SWOT analysis of the sales staff and dealers are being carried out and attempts are made to convert the weakness to strength and improve our brand image. Targets are set at the beginning of each year of operation based on the past performance and future market growth and potential. All Sales staff particularly of southern state have been instructed to identify new potential market and develop the same so that our distribution network will be widened. Sales of high margin items are to be identified and concentrated. Apart from big builders for bulk orders, we are now concentrating on small builders and dealers also, as Vitrified tile is no more considered as a luxury item and is commonly used by the middle class people. 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. On the product range the Company has introduced new varieties of Vitrified tiles and the Company has also introduced innovative shades and colors in Ceramic tile segment.

Your Directors are hopeful of achieving better results in the year 2013-14.

RESEARCH AND DEVELOPMENT

The R & D wing of the Company is successful in introducing New Fluxing material [Soap Stone] to reduce firing temperature and firing cycle. The 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 19,35,000 Equity Shares upon conversion of its first tranche of 19,35,000 Convertible Share Warrants into 19,35,000 Equity Shares to Murdeshwar Power Corporation Limited a promoter and promoter group Company, hence the Paid up Equity share capital of the Company increased from ₹3686.88 lakhs to ₹3880.38 lakhs.

DIRECTORS

Shri Annappayya Kundapur and Dr. S S Hiremath retire by rotation and being eligible offer themselves for reappointment. 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. R N Shetty, Shri K Sunder Naik and Shri Annappayya. K. Shri K Sunder Naik was the Chairman and Shri Lakshmisha Babu S, Company Secretary was the Secretary of the Committee.

DEPOSITS

As at the end of the year under report the Company had 7 deposit accounts for ₹13.40 lakhs. As on 31.03.2013, one (1) account for ₹25,000/- remained not claimed by the concerned depositor. Efforts are being made to locate the party and advise him to claim repayment by surrendering the original deposit receipt.

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 2012-13, the Company has followed the applicable accounting standards prescribed under Secn.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.

Place : Bangalore

Date : July 30, 2013

for and on behalf of the Board of Directors

Dr. R N SHETTY
Chairman

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 :

1) Additional surface calibration heads installed in polishing line to improve productivity and quality and speed.

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

1) Modification to swing type surface calibration in polishing line.

2) New breed of Diamond Fikets to improve productivity and conserve energy.

(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:

Improved in quality and productivity and decrease in revenue expenditure.

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

Previously from 7.0KW units /M2 to 6.7 KW units / M2 at present a marked 3% decrease in energy cost.

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:

Foreign Exchange Earnings : - Nil -

Foreign Exchange Outgo : ₹ 13.08 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

a. 100% grinding media sourced from nearby area to improve the productivity and reduce the grinding time and production cost and freight cost.

b. Feldspathic sands are introduced in place of Feldspar lumps for better grinding to reduce grinding time and cost of production.

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

a. Continuous productivity can be achieved.

b. Energy Costs reduced.

3. Future plan of action

1. Natural gas as fuel for Hubli Plant production.

2. New type of exterior tiles production in Vitrified tiles.

4. Expenditure on R & D

(₹ in lacs)

Particulars	2012-2013	2011-2012
a) Capital	-	-
b) Recurring	1.01	1.32
c) Total	1.01	1.32
d) Total R & D expenditure as percentage of total turnover	0.007	0.007

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

Swing type surface calibration head introduced in Polishing Line.

2. Benefits derived as a result of above efforts

Reduction in breakages and saving in Energy Cost.

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 place, reasons and future plans of action. | : N.A. |



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

INDUSTRY STRUCTURE AND DEVELOPMENT

The ceramic industry has undergone a period of significant change over the years, driven by the demands of a globalised economy. The ceramic industry is a highly energy intensive sector. Petroleum and raw material products together form the most critical component in the production of the sector. In any type of construction both dwelling and institutional, ceramic tile has become an integral as flooring and cladding material. The Indian tile industry, despite an overall slowdown of the economy continues to grow at a healthy 15% per annum. The Indian tile industry is divided into organized and unorganized sector. The organized sector comprises of approximately 14 players. The ceramic tiles industry in India has followed similar trends internationally which have been characterized by excess capacities and falling margins. The major change that took over the ceramic industry was the introduction of vitrified tiles in larger sizes with wider application specifically for floors because of less joints.

Murudeshwar Ceramics Limited started commercial production on 01.05.1988 with an installed capacity of 12,500 tons per annum (TPA) of Ceramic tiles at Hubli in Northern Karnataka. The Company undertook a major product diversification into manufacture of Vitrified tiles in the year 1993. The Vitrified tiles project was completed in a very short time and the production commenced on 01.03.1994. On considerations of quality, value addition, aesthetic looks and endurance, the said Vitrified tiles under the Brand Name of "NAVEEN DIAMONTILE" became very popular in domestic markets in a very short time. Encouraged by the response for Vitrified tiles in the Indian market, the company has established one more Vitrified tile manufacturing unit in Karaikal with an initial capacity of 6000 Sq.mtrs., per day which commenced its commercial production on 1st day of October 2003. Simultaneously the capacity expansion also was carried on side by side. On cost considerations the Company stopped production of Ceramic tiles in August 2002. But later on, as a support product, manufacturing of Ceramic tiles was once again started with an initial capacity of 8000 sq.mtrs per day at Hubli unit. The new Ceramic tile manufacturing unit became operational from January 2006 and the expansion project was undertaken simultaneously. New varieties of tiles in aesthetic colours, shades, body matrix and in different dimensions are being constantly added on in the product mix. On cost considerations, the Kilns in Hubli unit were modified to be fueled by Coal gas. The Coal gasification was completed in the year 2009. As on 2012-13 the Hubli Plant is under conversion process from Coal gas to Natural gas. As at the end of the financial year the installed capacity of Ceramic and Vitrified tiles are as follows:

Annual Capacity	VITRIFIED TILES		CERAMIC TILES
	Hubli	Karaikal	Hubli
Installed Capacity (in Sq. Mtrs.) per annum	24,00,000	42,00,000	48,00,000

OPPORTUNITIES

Demand for Ceramic and Vitrified tiles is going to increased at a rapid rate since there is an increased in various factors such as increase in population, burgeoning middle class, growing urbanization, affordable housing, nuclear families, Commercial Real estate, Retail sector growth, Hospitality sector Aviation sector. Improved technology and availability of Ceramic and Vitrified tiles in various shapes and sizes is providing variety of choices to the customers.

Taking advantage of the situation, we endeavour our best to achieve optimum production in our Karaikal plant, mainly concentrating on high value items such as Granite and Name Technology Production. With this we will be able to nullify the increase in cost of production due to increase of input cost particularly Gas and Electricity, both are regulated by Government. The Company has decided not to loose the market for want of supplies, we have ventured an outsourcing some varieties to retain our market share.

THREATS

Imported and unauthorized sectors are the major threats to Indian tile industry. Copying of design is also a threat to the Company. Ceramic tiles industry in India is suffering from low margin and profitability. Feldspar and quartz are rare minerals used for manufacturing of tiles. Since the industries are growing, demand for these minerals is increasing day by day. Depletion of these rare minerals will force domestic industry to relay on imports which will leads to escalation of prices. Such depictions may also lead to closure of industry for non availability of minerals which lead to loss in employment and bad return on investment.

The Ceramic Industry in highly energy intensive sector. Petroleum products and coal are most critical products for the industry. Increase in prices of such products leads to low profitability margins for ceramic Industries.

Non availability of skilled labour and increased rate of interest on borrowing is also major threat to the industries. Change in economic growth pattern and the impact of global recession is also a major concern for the industries.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT FORMING PART OF THE
DIRECTORS' REPORT (Contd.)**
SEGMENT-WISE PERFORMANCE AND DISCUSSION ON FINANCIAL/OPERATIONAL PERFORMANCE :

The Segment-wise performance for the year ended on 31.03.2013 is furnished hereunder:

SEGMENT	PRODUCTION (in Sq. Mtrs.)	SALES	
		Volume (Sq.Mtrs.)	Value (₹ in lacs)
Vitrified Tiles	31,05,861 (34,74,059)	33,08,602 (39,27,205)	12,030.95 (13,031.50)
Ceramic Tiles	2,68,968 (6,25,150)	5,48,654 (12,41,942)	1,528.98 (2,840.15)
Granite Slabs	- (-)	- (2,413)	- (-)
Earth Work (Sales receipts)	- (-)	- (-)	1,862.02 (3,128.98)

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

As may be seen from the above statement, production of Ceramic tiles has been reduced by 56.98% and Vitrified tiles production by 10.60% and Granite Division has not produced any slabs during the year. The sales revenue of the ceramic division has been reduced by 46.17% and vitrified division has grown by 7.68%. Where as for granite division it has been reduced by 100%. Overall sales revenue has reduced by 18.83% which is ₹15,421.96 lakhs for the year under report. With the result, the Company has incurred a profit of ₹83.71 lakhs for the year under report compared to profit of ₹377.05 lakhs for the previous year.

OUT-LOOK

The Company keeping in mind the additional availability and the increase in cost has decided to concentrate on production of high value items such as granite series, Nano Technology and Multi Charge varieties. These new varieties are well accepted by the market particularly by discerning customers. To keep up our market share and high sales value, we have also endeavoured to outsource the tiles with our brand name and the result is encouraging.

The Company has decided to slowly discontinue the low value tiles like Ceramic and smaller size, instead to concentrate on special variety such as Nano, Multi Charge and Digital Value added varieties. The R & D team is working hard to invent new product range, designs and sophisticated colors.

RISKS AND CONCERNS

Competition from various organized and unorganized sectors affects the revenues hence the company continues its brand promotion through various exhibitions, trade promotions and advertisements. The Company is also catering all types of customers in order to face competition. Innovations in technology leads to reduction of customers hence the Company has built a strong Research and Development Team with fully equipped laboratory. Research on reduction of expenditure with aim to invent upgraded technology is going on daily basis. Attrition rate of talented employees may affect the operations of the Company hence your company has adopted the best HR practices to retain talent. Both monetary and non monetary benefits are provided to hard working employees. The major concern of the Company is delay by the Government in installation of Natural Gas at Hubli Unit. However the Company is expecting installation by December 2013.

INTERNAL CONTROL SYSTEMS AND ADEQUACY

Day to day administration is looked after by the Managing Director under supervision, control and guidance of the Executive Committee of Directors headed by Dr. R N Shetty as Chairman. The Company has a separate internal audit department with experienced staff, placed under the supervision and control of the Vice President (Finance) & CFO. The system control of the Company is functioning efficiently with most of the branches electronically connected with the Head Office. The organizational set up and the system control have been efficient. The internal control procedures are adequate and efficient.

MATERIAL DEVELOPMENT IN HUMAN RESOURCES / INDUSTRIAL RELATIONS

As at the end of the year the Company had 415 employees on the rolls. The Company continued to engage services of senior level personnel even at branches level to ensure better control and coordination. Management also continues to give due importance for Manpower training and motivation. Customer care and Customer satisfaction are being ensured with meticulous care. The understanding between the Management and workers continues to be cordial.

CAUTION

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

Place : Bangalore
Date : July 30, 2013

for and on behalf of the Board of Directors
Dr. R N SHETTY
Chairman

CORPORATE GOVERNANCE REPORT

1. PHILOSOPHY AND CORPORATE GOVERNANCE

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

2. BOARD OF DIRECTORS

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

2.1 Non-Executive Directors

- | | | | |
|----|------------------------|---|-----------------------|
| 1) | Dr R N Shetty | : | Promoter and Chairman |
| 2) | Shri K Sunder Naik | : | Independent Director |
| 3) | Dr. S S Hiremath | : | Independent Director |
| 4) | Shri Annappayya K | : | Independent Director |
| 5) | Shri Sankappa K Shetty | : | Independent Director |
| 6) | Shri Sunil R Shetty | : | Director |
| 7) | Shri Naveen R Shetty | : | Director |

2.2 Executive Director

- | | | | |
|----|----------------------|---|-------------------|
| 8) | Shri Satish R Shetty | : | Managing Director |
|----|----------------------|---|-------------------|

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

None of the above said Non-Executive Directors has any pecuniary relationship or transaction with the Company excepting eligibility for Sitting Fees and reimbursement of expenses incurred for attending Board Meetings. Promoters Dr. R N Shetty, Shri Sunil R Shetty, Shri Naveen R Shetty and the Executive Director continue to not receive any kind of remuneration for attending any Board and/or Committee meetings as they have waived their entitlement for such remuneration.

2.3 Brief Particulars of Directors appointed / re-appointed

Pursuant to provisions of Clause 49 of the Listing Agreement, brief particulars of Directors appointed/reappointed are furnished hereunder:

- 2.3(a) **Shri Annappayya Kundapur** aged around 67 years is retired Canara Bank employee. He did his B.com with Distinction and CAIIB. He joined Canara Bank as officer in 1969 and serve in various parts of the country. He has exposure in all facts 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 blemishless service in Canara Bank. He does not have any shares in the Company. He is not on the Board of any other bodies corporate.

- 2.3(b) **Dr. S. S. Hiremath**, aged about 76 years is a Doctor by profession. He has been in active service to the people of Hubli for over 47 years and has good knowledge about the topography, local residents and the local business at Hubli. He has knowledge of stage by stage development achieved by this Company ever since its inception in

CORPORATE GOVERNANCE REPORT (Contd.)

1983. The Doctor has established two health institutions namely Dr.S S Hiremath Nursing Home in 1976 and Shivaleela Hospital in 1992. As a Professor in Obstetrics and Gynecology in KMC Hospital he was also a guiding force for many medical students. He is a member of various professional bodies. His services have been recognized by various institutions and also the Government of Karnataka. He has been honoured with various awards including the Karnataka Rajyotsava Day Award - HDMC 1992. Dr. S.S.Hiremath holds 2300 Equity Shares in the Company. Other Companies on the Boards of which Dr. S S Hiremath is associated as a Non executive Director in Naveen Hotels Limited and Murdeshwar Power Corporation Ltd.,

2.4 Meetings, Attendance and Membership of Committees

During the year under report six (6) Board Meetings were held on 14.05.2012, 30.07.2012, 22.09.2012, 30.10.2012, 31.01.2013 and 19.03.2013 the gap between any two consecutive Board Meetings has not exceeded four months.

The following are the particulars of attendance of directors at the Board/General Meetings of the Company and memberships of Committees and number of other directorships, of each director during the year 2012-13.

Sl. No.	Name of Director	BOARD MEETINGS		Whether attended last AGM	COMMITTEES		Other director -ships held
		held	Attended		Memberships	Chairman	
1	Dr. R.N.Shetty	6	4	No	2	1	12
2	Shri.K Sunder Naik	6	6	Yes	3	1	1
3	Dr S S Hiremath	6	6	Yes	1	0	2
4	Shri Annappayya K	6	6	Yes	1	2	0
5	Shri Sankappa K Shetty	6	5	Yes	0	0	3
6	Shri Satish R Shetty	6	6	Yes	1	0	13
7	Shri Sunil R Shetty	6	2	No	1	0	13
8	Shri. Naveen R Shetty	6	5	No	1	0	11

3. CODE OF CONDUCT

The Board of Directors has laid down Code of Conduct for all Board Members and senior management personnel of the Company. In the above context, Board Members and Senior Management Personnel have affirmed compliance with the said Code of Conduct for the year ended 31.03.2013 and necessary declaration from CEO is annexed forming part of this report.

4. AUDIT COMMITTEE

During the year under report four (4) Audit Committee Meetings were held on 14.05.2012, 30.07.2012, 30.10.2012, 31.01.2013. The meeting held on 30.07.2012 was for the purpose of considering audited accounts for the year ended on 31.03.2012.and the members were

1. Dr. R N Shetty - Member
2. Shri K Sunder Naik - Chairman
3. Shri Annappayya K - Member

All the three members of the Audit Committee are non-executive directors and two of them are independent directors. The Chairman, Shri K Sunder Naik is an independent non-executive director and having knowledge of financial and accounting matters and Shri Lakshmisha Babu S, Company Secretary is the Secretary of the Committee.

Audit Committee functions with reference to matters contained in Secn.292A of The Companies Act, 1956 read with Clause 49 of the Listing Agreement, inter-alia, monitoring, reviewing and reporting on (a) Accounting Policies, practices and procedures (b) Compliance with Accounting Standards (c) Related party transactions (d) Compliance with all applicable provisions of law (e) Internal Control procedures (f) Review of periodical accounts etc.

CORPORATE GOVERNANCE REPORT (Contd.)

5. REMUNERATION COMMITTEE

5.1 **Composition:** During the year under report the members of the Remuneration Committee were as follows:

- | | | |
|-----------------------|---|----------|
| 1. Shri Annappayya K | - | Chairman |
| 2. Dr S S Hiremath | - | Member |
| 3. Shri K Sunder Naik | - | Member |

During the year the Remuneration Committee met once on 14.05.2012 and all three Directors attended the meeting.

All the three members including the Chairman of the Committee are non-executive and independent directors Shri Lakshmisha Babu S, Company Secretary is the secretary. The terms of reference include scrutinizing and recommending from time to time on all aspects of remuneration and/or any other payments/allowances to Executive Directors.

5.2. **Remuneration Policy :** The Remuneration Committee reviews the remuneration package for Executive Directors periodically with reference to trends prevailing else where for similar industry for similar positions. Board of Directors decide on a suitable remuneration package to the Executive Directors based on recommendations of the Remuneration Committee and submit the same for approval of members.

5.3. (a) **Details of Remuneration paid/accrued to Executive Directors for the year ended 31.03.2013**

	Salary (₹)	Perquisites & Amenities (₹)	TOTAL (₹)
Shri Satish R Shetty, Managing Director	24,00,000	4,89,360	28,89,360
Shri Naveen R Shetty, Jt. Managing Director (upto 10.09.2012)	5,33,333	1,16,160	6,49,493
Total	29,33,333	6,05,520	35,38,853

NOTE :

- None of the abovesaid remuneration/benefits is performance linked.
- The Executive Directors shall discharge their duties under the supervision, control and directions of the Board of Directors from time to time. There is no service contract or agreement.
- The Term of office of the abovesaid Directors was for five years effective from their respective dates of re-appointment.
- Directors are entitled to sitting fee of ₹5000/- per meeting attended and reimbursement of travel and other incidental expenses. However the said Executive Directors continue to not receive any kind of remuneration for attending any Board and/or Committee meetings as they have waived their entitlement for such remuneration.

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

Non-Executive Directors of the Company have no pecuniary relationship or transaction with either the Company or with any Promoters of the Company. The Non-Executive Directors are entitled to sitting fees of ₹5,000/- for every meeting attended and reimbursement of travel and stay expenses for each meeting attended. However Chairman Dr. R N Shetty, Shri Sunil R Shetty and Shri Naveen R Shetty Directors continue to not receive any kind of remuneration for attending any Board and/or Committee meetings as they have waived their entitlement for such remuneration.

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

The remuneration package to Non-Executive Directors of the Company is within the limits prescribed under Secn.198 and 309 of the Companies Act, 1956 read with Schedule XIII thereunder. The Remuneration Committee shall examine and review payments, to Executive and Non-Executive Directors. As and when such recommendations are made by the Audit / Remuneration Committee, Board shall examine and adopt suitable remuneration package subject to compliance with applicable provisions of law and the Listing Agreement. The remuneration package for Non-Executive Directors is furnished in paragraph 5.3(b) above.

CORPORATE GOVERNANCE REPORT (Contd.)

5.3 (d) Share holding of Directors as on March 31, 2013

Name of Director	Nature of office of Director	Shares held	Percentage to Eq. Cap.
Dr R N Shetty	Non-Executive	26,808	0.07
Shri Satish R Shetty	Executive	11,10,402	2.86
Shri Sunil R Shetty	Non-Executive	11,11,102	2.87
Shri Naveen R Shetty	Non-Executive	11,10,502	2.86
Shri Annappayya K	Non-Executive	Nil	Nil
Shri K Sunder Naik	Non-Executive	Nil	Nil
Dr S S Hiremath	Non-Executive	2,300	0.01
Shri Sankappa K Shetty	Non-Executive	Nil	Nil

None of the above directors holds any convertible instruments of the Company.

6. SHAREHOLDERS GRIEVANCE COMMITTEE

6.1 Composition: During the year under report the members of the Shareholders Grievance Committee were as follows:

1. Dr. R N Shetty - Member
2. Shri Annappayya K - Chairman
3. Shri K Sunder Naik - Member

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

6.2 STATUS OF INVESTORS COMPLAINTS

During the year under report the Company has not received any valid Investor complaints. Investor grievances were attended on top priority. As on 31.03.2013 there were no complaints pending redressal. Share transfers were attended within the prescribed time limits.

7. OTHER COMMITTEES

In order to closely monitor the day to day administration and speed up the administrative procedures, the Sub-Committee of the Board called the "Executive Committee" is functioning under the overall control and supervision of the Board of Directors. Following Directors are members of the said Executive Committee :

1. Dr. R N Shetty - Chairman
2. Shri Satish R Shetty
3. Shri Sunil R Shetty
4. Shri Naveen R Shetty
5. Shri K Sunder Naik

The said Committee has been discharging all the functions and responsibilities vested in it by the Board of Directors from time to time. Decisions taken by the Committee will be referred to the Board for review and suggestions, if any.

CORPORATE GOVERNANCE REPORT (Contd.)

8. DISCLOSURES

- 8.1 **Materially significant related party transactions :** Related party transactions has been furnished in the annexure forming part of Note 24 in the statement of accounts. None of the transactions stated therein may be considered to have potential conflict with the interests of the Company and all transactions are in the usual course of business of the Company. The related party transactions, in the ordinary course of business are subject to periodical review by the audit committee.
- 8.2 **Board Disclosures and Risk Management :** The Company has regular procedure of reporting to the Board on quarterly basis about all significant transactions, developments, policies etc., concerning the Industry in general and the Company in particular. The Board reviews the same and also uses the same as tool of risk assessment, planning and control.
- 8.3 The Company has been regular in making timely disclosures prescribed under the Listing Agreement and by SEBI. The Company has not been subjected to any penalties or strictures either by SEBI or by Stock Exchanges in the last three years.

9. GENERAL BODY MEETINGS

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

Year Ended	Date of Meeting	Time
2011 - 2012	22.09.2012	4 p.m.
2010 - 2011	30.09.2011	4 p.m.
2009 - 2010	19.06.2010	4 p.m.

10. MEANS OF COMMUNICATION

- 10.1 Financial Results prescribed under Cl.41 of the Listing Agreement were published in Financial Express in English Version and Udayavani in Vernacular text.
- 10.2 Company's Website www.naveentiles.co.in regularly displays latest Annual Financial Statements, Quarterly Reports on Financial and Corporate Governance and Share holding pattern of the Company.
- 10.3 The Presentations made to Institutional Investors were mainly on case-to-case basis and purely related to matters concerning the Company and corresponding Lenders. No analysts were involved during the year.
- 10.4 The Management Discussion and Analysis report is separately annexed forming part of the Directors' Report.

11. GENERAL INFORMATION TO SHARE HOLDERS

General Information to Shareholders is furnished in the annexure to this report.

12. OTHER PROVISIONS

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

Place : Bangalore
Date : July 30, 2013

for and on behalf of the Board of Directors
Dr. R.N.SHETTY
Chairman

ANNEXURE TO CORPORATE GOVERNANCE REPORT (Contd.)

11. GENERAL INFORMATION TO SHAREHOLDERS

11.1 Annual General Meeting

- (a) Date and time : September 28, 2013 at 4 p.m.
 (b) Venue : Shri R N Shetty Kalyana Mantap, Opp. Indira Glass House, Hubli - 580 029.

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

11.3 Books Closure : September 21, 2013 to September 28, 2013 (both days inclusive)

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

11.5 Market Price Data

Month		BSE		NSE	
		Highest ₹	Lowest ₹	Highest ₹	Lowest ₹
April	2012	18.70	15.60	18.50	17.00
May	2012	17.90	16.05	18.50	16.20
June	2012	17.90	16.60	18.95	16.10
July	2012	17.90	16.85	17.75	16.85
August	2012	17.95	16.60	17.70	16.65
September	2012	17.90	16.60	20.00	16.60
October	2012	23.65	17.00	23.80	17.00
November	2012	19.80	18.00	19.80	18.00
December	2012	19.25	18.00	19.40	18.00
January	2013	24.50	18.40	24.00	18.40
February	2013	21.95	19.00	20.70	18.55
March	2013	20.70	16.00	19.25	16.00

11.6 Share Transfer System and Dematerialisation

As at the end of March 31, 2013 the Company had 11,873 share holders holding 3,68,43,922 equity shares of the Company. Out of the above 10,230 members (86.16%) held 3,59,47,289 shares (97.57%) in dematerialized form. The Balance of 1,643 members (13.84%) held 8,96,633 equity shares (2.43%) in physical form.

From the records it is clear that 1,643 (13.84%) of the total number of members holding in all 8,96,633 (2.43%) in physical form have still not taken action to dematerialize their shares, in spite of appeal by the Company in the interest of such members. Since the trading of shares of this Company is allowed by Stock Exchanges only in dematerialized form, members holding shares in physical form will loose the advantage of easy liquidity for their shares unless their share holding is dematerialized. Such members are requested to dematerialize their shares in their own interest. Members may please contact their Depository Participants or may contact the Company Secretary for guidance.

Note : a) The Company had allotted 19,35,000 Equity Shares to MPCL which was in the process of listing as on 31.03.2013, hence the same has not been included in calculating the percentages said above.

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

11.7(a) Distribution of Shareholding as on 31.03.2013

Nominal Value of Shares		No. of Holders	Share Amount	
			in ₹	% to Paid-up Capital
Upto	5,000	9,611	1,44,55,560	3.92
5,001 -	10,000	1,015	82,16,820	2.23
10,001 -	20,000	603	92,57,390	2.51
20,001 -	30,000	198	50,81,390	1.38
30,001 -	40,000	105	37,70,370	1.02
40,001 -	50,000	81	38,67,020	1.05
50,001 -	1,00,000	131	96,28,890	2.61
1,00,001 -	& Above	129	31,41,61,780	85.28
T O T A L		11,873	36,84,39,220	100.00

*The said amount does not include amount of 19,35,000 equity shares allotted since it was in the process of listing as on 31.03.2013

ANNEXURE TO CORPORATE GOVERNANCE REPORT (Contd.)

11.7(b) Shareholding Pattern as on 31.03.2013

Sl. No.	Category of Shareholder	No. of Shares	Percentage to Eq. Cap.
1	Financial Institutions Govt. Sponsored	2,11,087	0.55
2	Mutual Funds	700	0.00
3	Nationalized Banks	400	0.00
4	NRI's	41,24,749	10.64
5	Hindu Undivided Family	5,52,137	1.42
6	Foreign Institutional Investors	900	0.00
7	State Finance Corporation	2,200	0.01
8	Directors	33,58,814	8.66
9	Relative of Directors	30,61,330	7.89
10	Associated Companies**	1,64,03,552	42.30
11	R N Shetty on behalf of R N Shetty Family Trust	1,74,590	0.45
12	Other Bodies Corporate	40,06,077	10.33
13	Clearing Members	952	0.00
14	Resident Individuals	68,81,434	17.75
	Total	3,87,78,922*	100.00

** The Company has allotted 19,35,000 Equity shares to Murdeshwar Power Corporation Ltd, which was in the process of listing on stock exchanges as on 31.03.2013

* The above statement does not include 24,857 equity shares forfeited.

11.8 Compliance with non-mandatory requirements under Corporate Governance Provisions

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

- The Chairman is Non-Executive Director and is entitled to reimbursement of expenses incurred for the Business purposes of the Company. But the Chairman has waived his entitlement to remuneration for attending Board/ Committee Meetings.
- The Company has constituted a Remuneration Committee with 3 non-executive independent directors to examine and recommend to the Board on all aspects of remuneration package to Executive Directors.

11.9 General

- Members of the Company may nominate a person to whom share(s) held by such Member/s shall vest in the event of the death of such member/s. Such Nomination should be in Form No.2B prescribed under The Companies Act, 1956.
- Members holding shares in physical form may please furnish their change of address, if any, and Bank Account details to the Company from time to time to enable the Company to update such particulars in the corresponding ledger folios for prompt delivery of any communication from the Company.
- It is noticed that some of the members holding shares in dematerialized form have not updated address, email, phone numbers and Bank account details with their Depositories through their DPs. Some members holding dematerialized shares request the Company for updating the particulars. Members may please note that the Company has no access to their Demat accounts and all such corrections have to be updated by the members in their Demat accounts through their respective DPs.

11.10 Address for Communication :

- Members may contact Company Secretary at the Registered Office of the Company at 604/B, Murudeshwar Bhavan, Gokul Road, Hubli - 580 030 [Phone: 0836 - 2331615 (upto 18)], Fax: 0836 - 4252583 or at 7th Floor, Naveen Complex, 14, M G Road, Bangalore-560001 (Phone-080-25584181. Fax : 080-25584017) for clarifications or grievances if any.
- In respect of members holding shares in physical form, all correspondences relating to share transfers, transmissions, issue of certificates on split-up/consolidation/ replacement, change of address and dematerialisation requests may be addressed to the Share Transfer Agents - **Canbank Computer Services Limited at its Office at No.218, "J.P.ROYALE", 1st Floor, 2nd Main, Sampige Road, Near 14th Cross, Malleswaram, Bangalore 560003.** Phone: 080-23469661-62, Fax 080 - 23469667 - 68.
- In pursuance of the provisions of Cl.49 of the Listing Agreement the Company has designated a separate E-mail Id : investor@naveentile.com for the benefit of members to report their grievances, if any, regarding their share holding, transfers/transmissions and dividends.

Place : Bangalore
Date : July 30, 2013

for and on behalf of the Board of Directors
Dr. R. N. SHETTY
Chairman

AUDITORS' CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE PROVISIONS

To,

**The Members,
Murudeshwar Ceramics Limited**

We have reviewed the compliance of conditions of Corporate Governance by **Murudeshwar Ceramics Limited** for the year ended 31st March 2013 as stipulated in Clause 49 of the Listing Agreement with Stock Exchanges, with the relevant records and documents maintained by the Company and furnished to us.

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

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

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

Place : Bangalore
Date : July 30, 2013

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



AUDITORS' REPORT

To

**The Members
MURUDESHWAR CERAMICS LIMITED**

Report on the Financial Statements

We have audited the accompanying financial statements of **Murudeshwar Ceramics Limited** ('the Company') which comprise the Balance Sheet as at **31 March, 2013**, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March, 2013.
- (ii) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date.
- (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ('the Order'), as amended, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. As required by Section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the Balance Sheet, Statement of Profit and Loss dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss, comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956
 - e. On the basis of written representations received from the directors as on 31 March, 2013, and taken on record by the Board of Directors, none of the directors are disqualified as on 31 March, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

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

Place : Bangalore

Date : 30-05-2013

ANNEXURE TO THE AUDITORS REPORT

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

- I. (a) The company has maintained proper records showing full particulars including quantitative details and situations of fixed assets.
- (b) As explained to us physical verification of major portion of fixed assets as at 31st March 2013 was conducted by the Management during the year. In our opinion, the frequency of physical verification is reasonable. Having regard to the size of the operations of the company and on the basis of explanations received, in our opinion, the net difference found on physical verification were not significant.
- (c) During the year the Company has not disposed off any major part of plant and machinery.
- II. (a) The inventories except for clay, owing to its nature, have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and book records were not material.
- III. The company has not granted any loans to any company, firm or other parties covered in the register maintained under Section 301 of the Act.
- IV. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to the purchases of inventory fixed assets and with regard to sale of goods. During the course of audit, we have not observed any continuing failure to correct major weakness in internal controls.
- V. (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupee Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- VI. In our opinion according to the information and explanations given to us, the company has complied with the provisions of Section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptances of deposits) Rules, 1975, with regard to the deposits accepted from the public. No order has been passed by the Company law Board in this regard.
- VII. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- VIII. We have broadly reviewed the cost records maintained by the company pursuant to Companies (Cost Accounting Records) Rules, 2011 prescribed by the central government under Section 209(1)(d), of the companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- IX. The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education fund, employees state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues applicable to it. According to the information and explanations given to us, there are no dues outstanding as at the year end for a period or more than six months from the date they became payable in respect of Income tax, Wealth tax, Sales tax, Customs duty, Excise duty and cess.



ANNEXURE TO THE AUDITORS REPORT (Contd.)

- X. The company has not got any accumulated losses.
- XI. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institution or banks.
- XII. The company has not granted any loans and advances on the basis of the security by way of pledge of shares, debentures and other securities.
- XIII. In our Opinion, the company is not a chit fund or a nidhi mutual benefit fund/ society. Therefore, the provisions of Clause 4(xiii) of the companies (Auditors Report) Order, 2003 are not applicable to the company.
- XIV. In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the companies (Auditors Report) Order, 2003 are not applicable to the company.
- XV. The company has not given any guarantees for loans taken by others from banks or financial institutions.
- XVI. The term loans were applied for the purpose for which the term loans were obtained.
- XVII. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that no funds raised on short - term basis have been used for long term investment. No long term funds have been used to finance short term assets except permanent working capital.
- XVIII. The company has made preferential allotment of shares and warrants during the year under review to parties and companies covered in the register maintained under section 301 of the Act as per the SEBI guidelines.
- XIX. The company has not issued any debentures.
- XX. The company had not raised any money by way of public issue during the year.
- XXI. According to the information and explanations given to us, no fraud on or the company has been noticed or reported during the year.

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

Place : Bangalore
Date : 30-05-2013

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

To

The Members of Murudeshwar Ceramics Ltd.

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

This is also to confirm that the members of the Board of Directors and senior management personnel within the meaning of the said Code of Conduct have affirmed compliance with the said Code of Conduct applicable to them for the year ended 31.03.2013.

Place : Bangalore
Date : July 30, 2013

SATISH R SHETTY
Managing Director & CEO

BALANCE SHEET AS AT 31st MARCH 2013

Particulars		Note No.	As at 31-03-2013	As at 31-03-2012
A	EQUITY AND LIABILITIES		₹ in lacs	₹ in lacs
1	Shareholders' funds			
	(a) Share capital	3	3878.67	3685.17
	(b) Reserves and surplus	4	26443.28	26224.12
	(c) Money received against share warrants		86.49	168.73
			30408.44	30078.02
2	Share application money pending allotment		-	-
3	Non-current liabilities			
	(a) Long-term borrowings	5	5488.75	5957.37
	(b) Deferred tax liabilities (net)		595.23	589.47
	(c) Other long-term liabilities		-	-
	(d) Long-term provisions		-	-
			6083.98	6546.84
4	Current liabilities			
	(a) Short-term borrowings	6	7844.71	7617.06
	(b) Trade payables	7	2511.12	2399.54
	(c) Other current liabilities	8	1017.42	1209.82
	(d) Short-term provisions	9	13.58	17.14
			11386.83	11243.56
	TOTAL		47879.25	47868.42
B	ASSETS			
1	Non-current assets			
	(a) Fixed assets			
	(i) Tangible assets	12.A	27698.11	27936.68
	(ii) Intangible assets		-	-
	(iii) Capital work-in-progress		210.31	204.19
			27908.42	28140.87
	(b) Non-current investments	10	365.73	300.37
	(c) Deferred tax assets (net)		-	-
	(d) Long-term loans and advances	11	81.93	70.48
	(e) Other non-current assets		-	-
			447.66	370.85
2	Current assets			
	(a) Current Investments		-	-
	(b) Inventories	12	13624.07	13637.09
	(c) Trade receivables	13	3831.14	3746.77
	(d) Cash and cash equivalents	14	515.62	523.94
	(e) Short-term loans and advances	15	1499.42	1378.98
	(f) Other current assets	16	52.92	69.92
			19523.17	19356.70
	TOTAL		47879.25	47868.42
	See accompanying notes forming part of the financial statements			
<div> <p>In terms of our report attached For M.A.NARASIMHAN & CO., Chartered Accountants ICAI FIRM REG NO:002347S M.A. PARTHANARAYAN Partner Membership No:028994 Place : Bangalore Date : 30-05-2013</p> </div> <div> <p>For and on behalf of the Board of Directors MURUDESHWAR CERAMICS LIMITED R.N.SHETTY Chairman K.SUNDER NAIK Director LAKSHMISHA BABU S. Company Secretary</p> </div> <div> <p>SATISH R. SHETTY Managing Director & CEO S.S. HIREMATH Director</p> </div> <div> <p>SUNIL R. SHETTY Director ANNAPPAYYA K. Director</p> </div> <div> <p>NAVEEN R. SHETTY Director SANKAPPA K. SHETTY Director N.M. HEGDE Vice President (Finance) & CFO</p> </div>				

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2013

Particulars		Note No.	For the year ended 31st March 2013	For the year ended 31st March 2012
A	CONTINUING OPERATIONS		₹ in lacs	₹ in lacs
1	Revenue from operations (gross)	17	15437.39	19037.34
	Less : Excise duty		1023.84	1130.28
	Revenue from operations (net)		14413.55	17907.06
2	Expenses			
	(a) Cost of materials consumed	18.a	2707.85	3361.47
	(b) Purchases of stock-in-trade	18.b	1431.72	1766.79
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	18.c	(301.16)	252.12
	(d) Employee benefits expense	19	1435.88	1655.31
	(e) Other expenses	20	6054.36	6656.03
	TOTAL		11328.65	13691.72
3	Earnings before exceptional items, extraordinary items, interest, tax, depreciation and amortisation (EBITDA) (1-2)		3084.90	4215.34
4	Finance cost	21	2155.77	2355.71
5	Depreciation and amortisation expense	12.B	903.12	1691.28
6	Other Income	22	62.40	96.54
7	Profit / (Loss) before exceptional and extra-ordinary items and tax (3-4-5+6)		88.41	264.89
8	Exceptional items		-	-
9	Profit / (Loss) before extraordinary items and tax (7-8)		88.41	264.89
10	Extraordinary items		-	-
11	Profit / (Loss) before tax (9-10)		88.41	264.89
12	Tax expense:			
	(a) Current tax expense for current year		11.45	53.95
	(b) (Less) : MAT credit entitlement		(11.45)	(55.78)
	(c) Current tax expense relating to prior years		(1.06)	-
	(d) Net current tax expense		(1.06)	(1.83)
	(e) Deferred tax Assets		5.76	110.33
	TOTAL		4.70	(112.16)
13	Profit/(Loss) from continuing operations (11-12)		83.71	377.05
14	Profit/(Loss) for the year		83.71	377.05
15	Earnings per share (of ₹10/- each) :		₹ in Lacs	₹ in Lacs
	(a) Basic			
	(i) Continuing operations	24.4 a	0.22	1.02
	(ii) Total operations		0.22	1.02
	See accompanying notes forming part of the financial statements			

In terms of our report attached
For M.A.NARASIMHAN & CO.,
Chartered Accountants
ICAI FIRM REG NO:002347S
M.A. PARTHANARAYAN
Partner
Membership No:028994
Place : Bangalore
Date : 30-05-2013

For and on behalf of the Board of Directors
MURUDESHWAR CERAMICS LIMITED
R.N.SHETTY Chairman
SATISH R. SHETTY Managing Director & CEO
K.SUNDER NAIK Director
S.S. HIREMATH Director
LAKSHMISHA BABU S. Company Secretary

SUNIL R. SHETTY
Director
ANNAPPAYYA K.
Director

NAVEEN R. SHETTY
Director
SANKAPPA K. SHETTY
Director
N.M. HEGDE
Vice President (Finance) & CFO

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)
Note : 1 Corporate Information :

Murudeshwar Ceramics Limited (the Company) was established during the year 1983. The Company is manufacturing Ceramic and Vitrified Tiles. The registered office of the Company is at 604/B, Murudeshwar Bhavan, Gokul Road, Hubli - 580 030 and the Corporate Office is at Naveen Complex, 7th Floor, 14, M.G. Road, Bangalore - 560 001. The Company is having 2 manufacturing plants at Krishnapur Village, Hubli and Karaikal, Pondicherry. The Company started Trading activities for outsourcing of Vitrified Tiles and Ceramic Tiles. The Company's products are branded as 'Naveen Ceramic Tiles' and 'Naveen Diamontile'. The Company is having well established marketing network all over the country.

Note : 2 Significant Accounting Policies :
1. Basis of Preparation :

The Company adopts generally accepted Accounting policies excepting those which have been specifically stated herein. The Financial statements have been drawn up according to the accounting standards prescribed under Section 211(3C) of The Companies Act, 1956.

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

2. Income :

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

3. Expenses :

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

4. Fixed Assets :

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

Depreciation is provided on straight line basis at the rate as prescribed under Schedule XIV of The Companies Act, 1956 as amended by Notification issued by the Department of Company Affairs in this regard dated 16.12.1993.

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

5. Inventories :

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

6. Investments :

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

7. Gratuity :

Gratuity has been paid through an approved gratuity fund managed by the LIC of India. Premium paid thereon is accounted as expenditure.

8. Bonus :

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

9. Leave Encashment :

Leave encashment has been determined based on the available leave entitlement at the end of each calendar year. The incremental amount so calculated each year is debited to Salaries and Wages - leave encashment.

10. Deferred Income Tax :

Deferred income tax is provided using the liability method on all timing differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the tax rates and tax laws substantively enacted at the balance sheet date.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Note 3 Share Capital

Particulars	As at 31-03-2013		As at 31-03-2012	
	No. of Shares	₹ in lacs	No. of Shares	₹ in lacs
(a) Authorised :				
Equity Shares of ₹ 10/- each with voting rights	5,56,20,000	5,562.00	5,56,20,000	5,562.00
Redeemable Preference Shares of ₹100/- each	16,00,000	1,600.00	16,00,000	1,600.00
	5,72,20,000	7,162.00	5,72,20,000	7,162.00
(b) Issued :				
Equity Shares of ₹ 10/- each with voting rights	3,88,03,779	3,880.38	3,68,68,779	3,686.88
	3,88,03,779	3,880.38	3,68,68,779	3,686.88
(c) Subscribed and fully paid up :				
Equity Shares of ₹ 10/- each with voting rights	3,88,03,779	3,880.38	3,68,68,779	3,686.88
	3,88,03,779	3,880.38	3,68,68,779	3,686.88
(d) Subscribed but not fully paid up :				
Less : Equity Shares of ₹ 10/- each with voting rights not paid up forfeited	24,857	2.49	24,857	2.49
Add : Amount received against forfeited shares	24,857	0.78	24,857	0.78
	24,857	1.71	24,857	1.71
TOTAL	3,87,78,922	3,878.67	3,68,43,922	3,685.17

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

Particulars	Opening Balance	Fresh Issue	Bonus	ESOP	Conversion	Buy Back	Other Changes (give details)	Closing Balance
Equity shares with voting rights								
Year ended 31-03-2013								
- Number of shares	3,68,43,922	19,35,000	-	-	-	-	-	3,87,78,922
- Amount (₹ in Lacs)	3,685.17	193.50	-	-	-	-	-	3,878.67
Year ended 31-03-2012								
- Number of shares	3,50,03,922	18,40,000	-	-	-	-	-	3,68,43,922
- Amount (₹ in Lacs)	3,501.17	184.00	-	-	-	-	-	3,685.17

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

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

Class of Shares	As at 31-03-2013		As at 31-03-2012	
	No. of Shares held	% holding in that Class	No. of Shares held	% holding in that Class
Equity Shares with voting rights				
RNS Infrastructure Limited	1,21,40,466	31.31	1,21,40,466	34.68
Murdeswar Power Corporation Ltd.	37,75,000	9.73	-	-
Details of calls unpaid				
Particulars	No. of Shares	(₹ in Lacs)	No. of Shares	(₹ in Lacs)
Equity Shares with voting rights				
Aggregate of calls unpaid				
- by others	24,857	2.49	24,857	2.49
Details of forfeited shares				
Class of Shares	No. of Shares	Amount Originally (₹ in Lacs)	No. of Shares	Amount Originally (₹ in Lacs)
Equity Shares with voting rights	24,857	2.49	24,857	2.49
Amount received partly against forfeited shares	24,857	0.78	24,857	0.78

Note 4 Reserves and Surplus

Particulars	31st March 2013	31st March 2012
	(₹ in Lacs)	(₹ in Lacs)
(a) Capital reserve		
Opening balance	15.02	15.02
Add : Additions during the year (give details)	-	-
Less : Utilised / transferred during the year (give details)	-	-
Closing balance	15.02	15.02
(b) Capital redemption reserve		
Opening balance	1,600.00	1,600.00
Add : Additions during the year	-	-
Less : Utilised during the year (give details)	-	-
Closing balance	1,600.00	1,600.00
(c) Securities premium account		
Opening balance	10,906.63	10,777.83
Add : Premium on shares issued during the year	135.45	128.80
Less : Utilised during the year	-	-
Closing balance	11,042.08	10,906.63
(d) General reserve		
Opening balance	12,795.85	12,795.85
Add : Transferred from surplus in Statement of Profit & Loss	-	-
Less : Utilised / transferred during the year for :		
Issuing bonus shares	-	-
Others (give details)	-	-
Closing balance	12,795.85	12,795.85
(e) Profit & Loss Account		
Opening balance	906.62	529.57
Add : Profit / (Loss) for the year	83.71	377.05
Closing balance	990.33	906.62
TOTAL	26,443.28	26,224.12

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Note 5 Long-term borrowings

Particulars	31st March 2013	31st March 2012
	(₹ in Lacs)	(₹ in Lacs)
(a) Term loans		
From banks		
Secured	5,100.00	5,315.74
Unsecured	-	-
	5,100.00	5,315.74
From other parties		
Secured	34.43	329.54
Unsecured	340.92	298.69
	375.35	628.23
(b) Deposits		
Secured	-	-
Unsecured	13.40	13.40
	13.40	13.40
TOTAL	5,488.75	5,957.37

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

Particulars	Terms of repayment and Security	As at 31-03-2013		As at 31-03-2012	
		Secured	Unsecured	Secured	Unsecured
Term loans from Banks:					
Canara Bank	The Term Loans from Banks are repayable in quarterly instalments. Interest is payable on monthly basis. The Term Loans from Banks, namely Canara Bank, State Bank of India, Bank of Baroda, Indian Bank & The Lakshmi Vilas Bank Ltd are secured by first charge created on the immovable/Fixed Assets of the Company and by charges on the other movables including machinery, spares, tools, accessories and movable plant and machinery both present and future, save and except book debts and other Deferred Payment Guarantee equipments, assets hypothecated to concerned institutions/bankers against specific finance for the same. The said charge on the movable properties of the Company in favour of these Bankers is subject to prior charges created in favour of Company's Bankers for working capital requirements. Loans from ICICI Bank Ltd, Tata Finance Ltd, Sundaram Finance Ltd, HDFC Bank Ltd for specific assets are secure against hypothecation of specific items of assets financed for. Loan from LIC of India is against pledge of Key-Man policy. All the secured and unsecured loans other than public deposits have been further secured by way of Personal Guarantees of two Promoter Directors of the Company to the extent applicable.	2,453.55	-	2,588.77	-
State Bank of India		1,620.58	-	1,662.52	-
Bank of Baroda		602.76	-	610.74	-
Indian Bank		371.51	-	390.58	-
The Lakshmi Vilas Bank Ltd		51.60	-	63.13	-
TOTAL-Term loans from Banks		5,100.00	-	5,315.74	-

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

Particulars	Terms of repayment and Security	As at 31-03-2013		As at 31-03-2012	
		Secured	Unsecured	Secured	Unsecured
Term loans from other parties:					
ICICI Ltd		-	104.88	3.50	108.50
Kotak Mahindra Ltd		-	-	1.26	-
Sundaram Finance Ltd.		32.80	-	58.86	-
H D F C Bank		1.63	-	3.20	-
Tata Motor Finance Ltd		-	-	-	-
SBI Global Factors Ltd		-	-	262.72	-
L I C of India		-	236.04	-	190.19
Axis Bank Ltd.,		-	-	-	-
Total-Term loans from other parties		34.43	340.92	329.54	298.69
Deposits :					
Public deposits		-	13.40	-	13.40
Inter-corporate deposit 1		-	-	-	-
Inter-corporate deposit 2		-	-	-	-
TOTAL - Deposits		-	13.40	-	13.40
TOTAL		5,134.43	354.32	5,645.28	312.09

Note 6 Short-term borrowings

Particulars	31st March 2013	31st March 2012
(a) Loans repayable on demand	(₹ in Lacs)	(₹ in Lacs)
From Banks		
Secured	7,844.71	7,617.06
Unsecured	-	-
	7,844.71	7,617.06

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

Particulars	Nature of Security	As at 31-03-2013	As at 31-03-2012
		(₹ in Lacs)	(₹ in Lacs)
Loans repayable on demand from Banks:			
Canara Bank	The Cash Credit and other working capital facilities from the consortium of Bankers namely, Canara Bank, State Bank of India, Bank of Baroda, Axis Bank Ltd., Oriental Bank of Commerce & The Lakshmi Vilas Bank Ltd, are secured by way of hypothecation of Raw materials, Stock in Process, Finished Goods, Book Debts and Goods meant for export on pari-passu basis and further secured by way of second & subsequent charge on the whole of the immovable/Fixed Assets of the Company. These borrowings are further secured by way of Personal Guarantees of two Promoter Directors of the Company to the extent applicable.	2,022.17	2,024.55
State Bank of India		1,463.94	1,625.44
Bank of Baroda		1,065.01	1,063.97
Axis Bank Ltd.,		2,454.41	2,040.85
Oriental Bank of Commerce		609.94	604.45
The Lakshmi Vilas Bank Ltd		229.24	257.80
TOTAL - from Banks		7,844.71	7,617.06

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Note 7 Trade Payables

Particulars	As at 31-03-2013	As at 31-03-2012
	(₹ in Lacs)	(₹ in Lacs)
Trade Payables :		
Acceptances	2,511.12	2,399.54
Other than Acceptances	-	-
TOTAL	2,511.12	2,399.54

Note 8 Other Current Liabilities

Particulars	As at 31-03-2013	As at 31-03-2012
	(₹ in Lacs)	(₹ in Lacs)
(a) Interest accrued but not due on borrowings	4.48	4.18
(b) Unpaid dividends	20.41	24.10
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax etc.)	168.51	362.87
(ii) Contractually reimbursable expenses	3.77	4.13
(iii) Trade / security deposits received	82.82	88.85
(iv) Advances from customers	322.10	320.94
(v) Salary & Wages payable	137.73	152.91
(vi) Outstanding Liabilities for Expenses	276.56	251.84
(vii) Gratuity Recovery Payable	1.04	-
TOTAL	1,017.42	1,209.82

Note 9 Short - term Provisions

Particulars	As at 31st Mar. 2013	As at 31st Mar. 2012
	(₹ in Lacs)	(₹ in Lacs)
(a) Provision for employee benefits :		
(i) Provision for bonus	13.58	17.14
	13.58	17.14
(b) Provision - Others :		
(i) Provision for tax (net of advance tax ₹ Nil (As at 31st March, 2012 ₹ Nil Lacs)	-	-
	-	-
TOTAL	13.58	17.14

Note 10 Non-Current Investments

(₹ in Lacs)

Particulars	31st March 2013			31st March 2012		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
	₹	₹	₹	₹	₹	₹
(a) Investment in equity instruments						
(i) of associates						
14,89,400 (As at 31st March, 2012: 14,89,400) shares of ₹10/- each fully paid up in Murdeshwar Power Corporation Ltd.,	-	297.88	297.88	-	297.88	297.88
3,600 (As at 31st March, 2012 Nil) shares of ₹10/- each fully paid up in RNS Power Ltd.,	-	0.36	0.36	-	-	-

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

(₹ in Lacs)

Particulars	31st March 2013			31st March 2012		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
	₹	₹	₹	₹	₹	₹
(ii) of other entities 20,000 (As at 31st March, 2012: 20,000) shares of ₹10/- each fully paid up in Murudeshwar Décor Ltd.,	-	2.00	2.00	-	2.00	2.00
(b) Other non-current investments - National Savings Certificate	-	300.24	300.24	-	299.88	299.88
(c) Share Application money pending Allotment in RNS Power Ltd.,	-	0.49	0.49	-	0.49	0.49
	-	65.00	65.00	-	-	-
TOTAL	-	365.73	365.73	-	300.37	300.37
Less : Provision for diminution in value of investments			-			-
TOTAL			365.73			300.37
Aggregate amount of quoted investments			-	-	-	-
Aggregate market value of listed and quoted investments			-	-	-	-
Aggregate value of listed but not quoted investments			365.73	-	-	300.37
Aggregate amount of unquoted investments			-	-	-	-

Note 11 Long- term Loans and Advances

Particulars	As at 31.03.2013	As at 31.03.2012
	(₹ in lacs)	(₹ in lacs)
(a) MAT credit entitlement - Unsecured, considered good Opening Balance	55.78	55.78
Add : Provided for the year	11.45	-
Closing Balance	67.23	55.78
(b) Other loans and advances Secured, considered good	-	-
Unsecured, considered good	14.70	14.70
	81.93	70.48
Less : Provision for other doubtful loans and advances	-	-
TOTAL	81.93	70.48

Note 12 INVENTORIES

(At lower of cost and net realisable value)

Particulars	As at 31.03.2013	As at 31.03.2012
	(₹ in Lacs)	(₹ in Lacs)
(a) Raw materials	3,358.87	3,670.78
(b) Work-in-progress (Refer Note below)	3,158.84	3,203.85
(c) Finished goods (other than those acquired for trading)	5,377.48	4,910.49
(d) Stock-in-trade (acquired for trading)	77.69	198.51
(e) Stores and spares	1,644.15	1,646.82
(f) Loose tools	7.04	6.64
TOTAL	13,624.07	13,637.09
Note : Details of inventory of work-in-progress		
Ceramic Tiles	139.63	228.90
Vitrified Tiles	2,865.34	2,737.33
Natural Granite	153.86	237.62
	3,158.83	3,203.85

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)										
Note 12 Fixed Assets										
A.	TANGIBLE ASSETS	GROSS BLOCK								
		Balance as at 1 April 2012 (₹ in Lacs)	Additions (₹ in Lacs)	Disposals (₹ in Lacs)	Acquisitions through Business Combinations (₹ in Lacs)	Reclassified as held for Sale (₹ in Lacs)	Revaluation Increase (₹ in Lacs)	Effect of Foreign Currency Exchange differences (₹ in Lacs)	Borrowing Cost Capitalised (₹ in Lacs)	Other Adjustments (₹ in Lacs)
	(a) Land Freehold Leasehold	257.65 9.61	- -	- -	- -	- -	- -	- -	- -	- -
	(b) Buildings Own use	9,185.74	565.43	-	-	-	-	-	-	-
	(c) Plant and Equipment Owned	42,656.67	122.53	674.20	-	-	-	-	-	-
	(d) Furniture and Fixtures Owned	703.57	33.00	0.80	-	-	-	-	-	-
	(e) Vehicles Owned	426.95	12.45	4.52	-	-	-	-	-	-
	(f) Office equipment Owned	105.67	6.01	0.54	-	-	-	-	-	-
	(g) Computers Owned	245.87	1.77	2.66	-	-	-	-	-	-
	TOTAL	53,591.73	741.19	682.72	-	-	-	-	-	-
	Previous year	52,982.53	614.40	5.19	-	-	-	-	-	-

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NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Note 13 Trade receivables

Particulars	As at 31.03.2013 (₹ in Lacs)	As at 31.03.2012 (₹ in Lacs)
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Secured, considered good	-	-
Unsecured, considered good	1,259.50	767.62
Doubtful	-	-
	1,259.50	767.62
Less : Provision for doubtful trade receivables	-	-
	1,259.50	767.62
Other Trade receivables		
Secured, considered good	-	-
Unsecured, considered good	2,571.64	2,979.15
Doubtful	-	-
	2,571.64	2,979.15
Less : Provision for doubtful trade receivables	-	-
	2,571.64	2,979.15
TOTAL	3,831.14	3,746.77
Note: Trade receivables include debts due from :		
Private companies in which any director is a director or member		
- RNS Infrastructure Limited	1,352.45	2,116.89
- Murdeshwar Power Corporation Ltd.,	163.65	-
- Naveen Hotels Ltd.,	49.26	94.79
- RNS Motors Ltd.,	-	3.82
	1,565.36	2,215.50

Note 14 Cash and Cash Equivalent

Particulars	As at 31.03.2013 (₹ in Lacs)	As at 31.03.2012 (₹ in Lacs)
(a) Cash on hand	33.70	21.49
(b) Balances with Banks		
(i) In current accounts	136.13	213.95
(ii) In deposit accounts	7.85	7.78
(iii) In earmarked accounts		
- Unpaid dividend accounts	20.49	24.14
- Balances held as margin money or security against borrowings, guarantees and other commitments	317.45	256.58
TOTAL	515.62	523.94

Note : (i) Balances with banks include deposits amounting to ₹ 7.85 Lacs (As at 31 March, 2012 ₹ 7.78 Lacs) which have an original maturity of more than 12 months.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)
Note 15 Short Term Loans and Advances

Particulars	As at 31.03.2013 (₹ in Lacs)	As at 31.03.2012 (₹ in Lacs)
(a) Security deposits		
Secured, considered good	-	-
Unsecured, considered good	566.62	520.63
Doubtful	-	-
	566.62	520.63
Less : Provision for doubtful deposits	-	-
	566.62	520.63
(b) Loans and advances to employees		
Secured, considered good	-	-
Unsecured, considered good	225.04	358.28
Doubtful	-	-
	225.04	358.28
Less : Provision for doubtful loans and advances	-	-
	225.04	358.28
(c) Prepaid expenses - Unsecured, considered good	52.33	51.26
(d) Balances with government authorities		
Unsecured, considered good		
(i) CENVAT credit receivable	83.90	64.30
(ii) VAT credit receivable	25.31	3.09
(iii) Service Tax credit receivable	144.83	108.31
(iv) Income Tax Refund Receivable	6.28	-
	260.32	175.70
(e) Others - Advances		
Unsecured, considered good		
For supply of goods and rendering services	329.20	245.05
Advance Payment of Income Tax	65.91	28.06
	395.11	273.11
Less : Provision for other doubtful loans and advances	-	-
	395.11	273.11
TOTAL	1,499.42	1,378.98

Note 16 Other Current Assets

Particulars	As at 31.03.2013 (₹ in Lacs)	As at 31.03.2012 (₹ in Lacs)
(a) Unamortised expenses		
(i) Miscellaneous Expenses	22.73	34.10
(b) Accruals		
(i) Interest accrued on deposits	30.19	27.25
(c) Others		
(i) Contractually reimbursable expenses	-	8.57
TOTAL	52.92	69.92

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Note 17 Revenue from Operations

	Particulars	For the year ended 31st March 2013	For the year ended 31st March 2012
		(₹ in Lacs)	(₹ in Lacs)
(a)	Sale of products	13,559.93	15,871.65
(b)	Sale of services	1,862.02	3,128.98
(c)	Other operating revenues	15.44	36.71
		15,437.39	19,037.34
	<u>Less:</u>		
(d)	Excise duty	1,023.84	1,130.28
	TOTAL	14,413.55	17,907.06
Note			
(i)	Sale of products comprises		
	MANUFACTURED GOODS		
	Ceramic Tiles	765.08	1,594.65
	Vitrified Tiles	10,893.56	12,042.96
	Granite Slabs	-	-
	Total - Sale of manufactured goods	11,658.64	13,637.61
	TRADED GOODS		
	Vitrified Tiles	1,137.39	988.54
	Ceramic Wall Tiles	763.90	1,245.50
	TOTAL - Sale of traded goods	1,901.29	2,234.04
	TOTAL - Sale of products	13,559.93	15,871.65
(ii)	Sale of services comprises		
	Service - Earth Work	453.66	2,815.09
	Service - Road Work	1,408.36	313.89
	TOTAL - Sale of services	1,862.02	3,128.98
(iii)	Other operating revenues comprise :		
	Sale of Scraps	15.13	34.39
	Transportation, Loading & Unloading	0.31	2.32
	TOTAL - Other operating revenues	15.44	36.71

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)
Note 18 a Cost of Materials Consumed

Particulars	For the year ended 31st March 2013	For the year ended 31st March 2012
	(₹ in Lacs)	(₹ in Lacs)
Opening stock	3,670.78	3,783.15
Add : Purchases	2,395.94	3,249.10
	6,066.72	7,032.25
Less : Closing stock	3,358.87	3,670.78
Cost of material consumed	2,707.85	3,361.47
Material consumed comprises :		
Clay	1,975.88	2,578.14
Glaze & Pigments	442.81	412.95
Packing Material	284.76	300.71
Other items	4.40	69.67
TOTAL	2,707.85	3,361.47

Note 18.b Purchase of traded goods

Particulars	For the year ended 31st March 2013	For the year ended 31st March 2012
	(₹ in Lacs)	(₹ in Lacs)
Traded goods - Vitrified Tiles	827.70	770.74
Traded goods - Ceramic Wall Tiles	604.02	996.05
TOTAL	1,431.72	1,766.79

Note 18.c Changes in inventories of finished goods, work-in-progress & stock-in-trade

Particulars	For the year ended 31st March 2013	For the year ended 31st March 2012
	(₹ in Lacs)	(₹ in Lacs)
INVENTORIES AT THE END OF THE YEAR :		
Finished goods	5,377.48	4,910.49
Work-in-progress	3,158.84	3,203.85
Stock-in-trade	77.69	198.51
	8,614.01	8,312.85
INVENTORIES AT THE BEGINNING OF THE YEAR :		
Finished goods	4,910.49	5,214.01
Work-in-progress	3,203.85	3,046.53
Stock-in-trade	198.51	304.43
	8,312.85	8,564.97
Net (increase) / decrease	(301.16)	252.12

Note 19 Employee Benefits Expense

Particulars	For the year ended 31st March 2013	For the year ended 31st March 2012
	(₹ in Lacs)	(₹ in Lacs)
Salaries and Wages	909.48	1,093.52
Contributions to provident fund and other funds	95.95	119.42
Staff welfare expenses	430.45	442.37
TOTAL	1,435.88	1,655.31

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Note 20 Other Expenses

Particulars	For the year ended 31st March 2013	For the year ended 31st March 2012
	(₹ in Lacs)	(₹ in Lacs)
Consumption of stores and spare parts	938.37	1035.41
Consumption of loose tools	0.25	0.94
Consumption of packing materials	-	-
Increase / (decrease) of excise duty on Inventory	16.18	102.39
Subcontracting	599.09	180.43
Power and Fuel	2403.01	3034.80
Rent including lease rentals	192.15	217.76
Repairs and maintenance - Buildings	26.84	19.37
Repairs and maintenance - Machinery	33.69	28.48
Repairs and maintenance - Others	165.61	154.47
Insurance	144.66	136.55
Rates and taxes	76.29	60.70
Communication	45.93	56.66
Travelling and conveyance	302.18	371.85
Printing and stationery	24.30	34.48
Freight and forwarding	788.97	960.69
Sales commission	43.18	55.57
Sales discount	45.07	63.28
Business promotion	1.53	3.53
Donations and contributions	0.49	1.19
Legal and professional	44.71	25.84
Payments to auditors	5.00	5.00
Directors Sitting Fees	1.70	1.35
Advertisement & Publicity	4.77	9.16
Sales Promotion Expenses	1.65	10.86
Selling & Distribution expenses-Others	38.13	32.48
Security charges	12.49	10.67
Amortisation of share issue expenses and discount on shares	11.37	13.80
Loss on fixed assets sold / scrapped	35.57	2.46
Miscellaneous expenses	51.18	25.86
TOTAL	6054.36	6656.03
Notes		
(i) Payments to the Auditors comprises		
As auditors - statutory audit	2.50	2.50
For taxation matters	0.50	0.50
For management services	0.50	0.50
Reimbursement of expenses	1.50	1.50
TOTAL	5.00	5.00

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)
Note 21 Finance Cost

Particulars	For the year ended 31st March 2013	For the year ended 31st March 2012
	(₹ in Lacs)	(₹ in Lacs)
(a) Interest expenses on :		
(i) Borrowings	1,889.81	2,006.68
(ii) Trade payables	131.33	158.41
(iii) Others		
- Interest on delayed / deferred payment of income tax	-	-
- Security deposits	5.19	5.59
(b) Other borrowing costs	129.44	185.03
TOTAL	2,155.77	2,355.71

Note 22 Other Income

	Particulars	For the year ended 31st March 2013	For the year ended 31st March 2012
		(₹ in Lacs)	(₹ in Lacs)
(a)	Interest income	27.43	30.56
(b)	Dividend income : associates	29.79	7.45
(c)	Other non-operating income (net of expenses directly attributable to such income)	5.18	58.53
	TOTAL	62.40	96.54

Note	Particulars	For the year ended 31st March 2013	For the year ended 31st March 2012
		(₹ in Lacs)	(₹ in Lacs)
(i)	Interest income comprises :		
	Interest from banks on : deposits	27.43	30.56
	TOTAL - Interest income	27.43	30.56
(ii)	Other non-operating income comprises :		
	Insurance Claim received	3.39	2.63
	Profit on sale of fixed assets (net of expenses directly attributable)	0.85	0.03
	Prior period items (net) (Refer Note (iii) below)	-	55.82
	Miscellaneous income (net of expenses directly attributable)	0.94	0.05
	TOTAL - Other non-operating income	5.18	58.53
(iii)	Details of prior period items (net)		
	Prior period income - VAT Refund	-	55.82
	Prior period expenses	-	-
	TOTAL	-	55.82

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Note 23 Additional Information to the Financial Statements

Note	Particulars	As at 31st March 2013 (₹ in Lacs)	As at 31st March 2012 (₹ in Lacs)
23.1	Monies received against share warrants As approved by the shareholder at the Extra Ordinary General Meeting held on March 14, 2012, the Board of Directors at their meeting held on March 21, 2012 allotted 39,70,000 Convertible Share Warrants at a price of ₹17/- per Convertible Share Warrants in accordance with SEBI Guidelines at Murdeshwar Power Corporation Ltd. 25% price of convertible Share Warrants which amounts to ₹1,68,72,500/- was received by them. On 19.03.2013, Murdeshwar Power Corporation Limited converted its first tranche of 19,35,000 Convertible Share Warrants into 19,35,000 Equity shares by paying the balance 75% amount to ₹2,46,71,250/-. The remaining Convertible Share warrants may be converted into equivalent number of shares on payment of the balance amount at any time on or before eighteen months from the date of issue of warrant. In the remaining Convertible Share warrants are not converted into shares within the said period, the Company is eligible to forfeit the amount received towards the warrants.		
23.2	Contingent liabilities and commitments (to the extent not provided for) (i) Contingent liabilities (a) Claims against the Company not acknowledged as debt (give details) (b) Guarantees (c) Letters of Credit established with Banks (ii) Commitments (a) Estimated amount of contracts remaining to be executed on capital account and not provided for Tangible assets	- 232.41 1,540.77 2.56	- 255.90 1,272.07 25.22
23.3	Details of unutilised amounts out of issue of securities made for specific purpose The Company had issued securities (Equity Share and Share Warrants) amounting to ₹ Nil for purposes of clearing high cost debt and working capital needs of the Company.		
23.4	Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006		
	(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year (ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year (iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day (iv) The amount of interest due and payable for the year (v) The amount of interest accrued and remaining unpaid at the end of the accounting year (vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	150.53 - - - - -	203.86 - - - - -
	Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.		

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)
Note 23 Additional Information to the Financial Statements (Contd.)

23.5	Disclosure as per Clause 32 of the Listing Agreements with the Stock Exchanges Loans and advances in the nature of loans given to subsidiaries, associates and others and investment in shares of the Company by such parties:			
	Name of the Party	Relationship	Amount outstanding as at 31.03.2013	Maximum Balance Outstanding during the year
			(₹ in Lacs)	(₹ in Lacs)
	Murudeshwar Power Corporation Ltd.		363.37 (297.88)	297.88 (297.88)
	RNS Power Ltd.,		0.36	-
	Note: Figures in bracket relate to the previous year.			
	ii. The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below :			
	As at 31st March 2013		As at 31st March 2012	
	Payable	Payable in Foreign Currency	Payable	Payable in Foreign Currency
	(₹ in Lacs)	(indicate amount with Currency)	(₹ in Lacs)	(indicate amount with Currency)
	629.76	US\$ 11,66,213	480.01	US\$ 9,43,508
	10.88	Euro 13,949		
	Particulars		For the year ended 31st March 2013	For the year ended 31st March 2012
			(₹ in Lacs)	(₹ in Lacs)
23.6	Value of imports calculated on CIF basis :			
	Raw materials		640.39	1,004.77
	Components		326.67	233.30
	Spare parts		189.83	162.69
	Total Components and spare parts		516.50	395.99
	Capital goods		38.21	35.00
23.7	Expenditure in foreign currency :			
	Travel		13.08	3.81
23.8	Details of consumption of imported and indigenous items *		For the year ended 31st March 2013	
			(₹ in Lacs)	%
	IMPORTED			
	Raw materials		915.58 (1,020.94)	59.18% (62.97%)
	Components		419.54 (404.01)	27.12% (24.92%)
	Spare parts		212.06 (196.35)	13.70% (12.11%)
	TOTAL		1,547.18 (1,621.30)	100.00% (100.00%)
	INDIGENOUS			
	Raw materials		1,792.27 (2,336.21)	85.37% (84.27%)
	Components		143.55 (222.26)	6.84% (8.02%)
	Spare parts		163.47 (213.74)	7.79% (7.71%)
	TOTAL		2,099.29 (2,772.21)	100.00% (100.00%)

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Note 24 Disclosures under Accounting Standards

Note			
24.1	Employee benefit plans		
24.1.a	DEFINED CONTRIBUTION PLANS The Company makes Provident Fund and Superannuation Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹30.45 lacs (Year ended 31st March, 2012 ₹39.41 lacs) for Provident Fund contributions and ₹8.36 lacs (Year ended 31st March, 2012 ₹8.72 lacs) for Superannuation Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of schemes.		
24.1.b	DEFINED BENEFIT PLANS The Company offers the following employee benefit schemes to its employees : i. Gratuity : The following tables sets out the funded status of the defined benefit schemes and the amount recognised in the financial statements :		
	Particulars	Year ended 31st March 2013	Year ended 31st March 2012
		Gratuity	Gratuity
	Components of employer expense		
	Current service cost	9.81	14.08
	Interest cost	14.47	14.36
	Expected return on plan assets	(10.73)	(9.18)
	Curtailment cost / (credit)	-	-
	Settlement cost / (credit)	-	-
	Past service cost	-	-
	Actuarial losses/(gains)	16.97	(13.75)
	Total expense recognised in the Statement of Profit and Loss	(3.12)	4.30
	Actual contribution and benefit payments for year		
	Actual benefit payments	40.99	18.14
	Actual contributions	38.15	9.05
	Net asset / (liability) recognised in the Balance Sheet		
	Present value of defined benefit obligation	143.98	152.66
	Fair value of plan assets	122.97	115.38
	Funded status [Surplus / (Deficit)]	(21.01)	(37.28)
	Unrecognised past service costs	-	-
	Net asset / (liability) recognised in the Balance Sheet	(21.01)	(37.28)
	Change in defined benefit obligations (DBO) during the year		
	Present value of DBO at beginning of the year	152.66	156.22
	Current service cost	9.81	14.08
	Interest cost	14.47	14.36
	Curtailment cost / (credit)	-	-
	Settlement cost / (credit)	-	-
	Plan amendments	-	-
	Acquisitions	-	-
	Actuarial (gains) / losses	(16.97)	(13.86)
	Past service cost	-	-
	Benefits paid	(40.99)	(18.14)
	Present value of DBO at the end of the year	143.98	152.66
	Change in fair value of assets during the year		
	Plan assets at beginning of the year	115.38	114.19
	Acquisition adjustment	-	-
	Expected return on plan assets	10.73	9.18
	Actual company contributions	38.15	9.05
	Actuarial gain / (loss)	(0.29)	1.10
	Benefits paid	(40.99)	(18.14)
	Plan assets at the end of the year	122.97	115.38
	Actual return on plan assets	-	-
	Composition of the plan assets is as follows:		
	Government bonds	-	-
	PSU bonds	-	-
	Equity Mutual funds	-	-
	Others	122.97	115.38
	Actuarial assumptions		
	Discount rate	8.25%	8.00%
	Expected return on plan assets	9.00%	8.00%
	Salary escalation	5.00%	5.00%

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)								
Note 24 Disclosures under Accounting Standards (Contd.)								
Note	For the Year ended 31 March, 2013							
24.2	Segment information The Company has identified business segments as its primary segment and geographic segments as its secondary segment. Business segments are primarily Ceramic Tiles and Vitrified Tiles. Revenues and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to each reportable segment have been allocated on the basis of associated revenues of the segment and manpower efforts. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable. Fixed assets that are used interchangeably amongst segments are not allocated to primary and secondary segments. Geographical revenues are allocated based on the location of the customer. Geographic segments of the Company are Americas (including Canada) and South American countries), Europe, India and others.	PARTICULARS	For the Year ended 31 March, 2013				Total	
			Business Segments					
			Ceramic Tiles (₹ in Lacs)	Vitrified Tiles (₹ in Lacs)	Trading (₹ in Lacs)	Granite Slab (₹ in Lacs)	Services (₹ in Lacs)	
		Revenue	765.08	10893.56	1901.30	-	1862.02	15421.96
		Inter-segment revenue	-	15.44	-	-	-	15.44
		Total	765.08	10909.00	1901.30	-	1862.02	15437.40
		Less : Central Excise	72.35	951.48	-	-	-	1023.83
		Net Revenue	692.73	9957.52	1901.30	-	1862.02	14413.57
		Segment result	-139.35	63.39	51.77	-	61.56	37.38
		Unallocable expenses (net)	-	-	-	-	-	11.37
		Operating income	-	-	-	-	-	-
		Other income (net)	-	-	-	-	-	62.40
		Profit before taxes	-	-	-	-	-	88.41
		Tax expense	-	-	-	-	-	4.70
		Net profit for the year	-	-	-	-	-	83.71
		Segment assets	7338.95	36397.35	947.74	1578.40	1227.85	47490.29
		Unallocable assets	-	-	-	-	-	-
		Total assets	7338.95	36397.35	947.74	1578.40	1227.85	47490.29
		Segment liabilities	2187.14	22767.86	580.38	-	427.55	25962.93
		Unallocable liabilities	-	-	-	-	-	-
		Total liabilities	2187.14	22767.86	580.38	-	427.55	25962.93
		OTHER INFORMATION						
		Capital expenditure (allocable)	5535.24	20791.27	-	1075.02	505.69	27907.22
		Capital expenditure (unallocable)	-	-	-	-	-	-
		Depreciation and amortisation (allocable)	40.72	757.72	-	-	104.68	903.12

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Note 24 Disclosures under Accounting Standards (Contd.)

Note	Particulars				
24.3	Related party transactions				
	Details of related parties:				
	Description of relationship				
	Associates		RNS Infrastructure Ltd Muradeshwar Power Corporation Ltd. Naveen Hotels Ltd RNS Motors Ltd R N Shetty Trust R N S Trust		
	Key Management Personnel (KMP)		Dr. R N Shetty Shri Satish R Shetty Shri Sunil R Shetty Shri Naveen R Shetty		
	Key Management Personnel / Relatives of Key Management Personnel		Shri Satish R Shetty, Shri Sunil R Shetty and Shri Naveen R Shetty are sons of Dr. R N Shetty		
	Company in which KMP / Relatives of KMP can exercise significant influence		Above mentioned Associate Companies		
	Note : Related parties have been identified by the Management.				
	Details of related party transactions during the year ended 31 March, 2013 and balances outstanding as at 31 March, 2013 :		Associates	Relatives of Key Management Personnel	Total
	Purchase of goods		36.06 (381.02)		36.06 (381.02)
Sale of goods		79.09 (126.34)		79.09 (126.34)	
Purchase of fixed assets		- (-)		- (-)	
Rendering of services :					
- RNS Infrastructure Limited		245.71 (2,411.28)		245.71 (2,411.28)	
- Others		198.87 (347.94)		198.87 (347.94)	
Receiving of services		5.02 (6.23)		5.02 (6.23)	
Share Applicaton Money					
- RNS Power Limited		65.36 (-)		65.36 (-)	
<u>Balances outstanding at the end of the year</u>					
Trade receivables		1,522.51 (2,277.81)		1,522.51 (2,277.81)	
Trade payables		30.67 (133.07)		30.67 (133.07)	
Note: Figures in bracket relates to the previous year					

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)
Note 24 Disclosures under Accounting Standards (Contd.)

Note	Particulars	For the year ended 31st March 2013	For the year ended 31st March 2012
		(₹)	(₹)
24.4	Earnings per share Basic		
24.4a	Continuing operations		
	Net profit / (loss) for the year from continuing operations	83,70,630	3,77,05,321
	Less: Preference dividend and tax thereon	-	-
	Net profit / (loss) for the year from continuing operations attributable to the equity shareholders	83,70,630	3,77,05,321
	Weighted average number of equity shares	3,87,78,922	3,68,43,922
	Par value per share	10	10
	Earnings per share from continuing operations - Basic	0.22	1.02
		(₹ in Lacs)	(₹ in Lacs)
24.5	Deferred tax (liability) / asset	589.47	589.47
	Tax effect of items constituting deferred tax liability	155.79	-
	On difference between book balance and tax balance of fixed assets	-	-
	On expenditure deferred in the books but allowable for tax purposes	-	-
	On items included in "Reserves and surplus pending amortisation into the Statement of Profit and Loss	-	-
	Others	-	-
	Tax effect of items constituting deferred tax liability	155.79	589.47
	Tax effect of items constituting deferred tax assets		
	Provision for compensated absences, gratuity and other employee benefits	12.12	-
	Provision for doubtful debts / advances	-	-
	Disallowances under Section 40(a)(i), 43B of the Income Tax Act, 1961	-	-
	On difference between book balance and tax balance of fixed assets	137.91	-
	Unabsorbed depreciation carried forward	-	-
	Brought forward business losses	-	-
	On items included in Reserves and surplus pending amortisation into the Statement of Profit and Loss	-	-
	Others	-	-
	Tax effect of items constituting deferred tax assets	150.03	-
	Net deferred tax (liability) / asset	595.23	589.47
	The Company has recognised deferred tax asset on unabsorbed depreciation to the extent of the corresponding deferred tax liability on the difference between the book balance and the written down value of fixed assets under Income Tax.		

Note 25 Previous Year's Figures

Note	PARTICULARS
25	The revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

**CASH FLOW STATEMENT ANNEXED TO BALANCE SHEET
FOR THE PERIOD FROM APRIL 2012 to MARCH 2013**

(₹ in lacs)

	2012-13		2011-12	
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Net profit before tax and extraordinary items	88.40		264.89	
Adjustments for :				
Depreciation	903.12		1,691.28	
Interest paid	2,019.24		2,355.71	
Preliminary Expenses Written off	11.37		11.37	
Loss on Sale of fixed assets	35.57		2.46	
Profit on sale of Assets	(0.85)		(0.03)	
Interest Income on Investments	(27.43)		(30.56)	
Dividend received	(29.79)		(7.45)	
Operating profit before working capital changes	2,999.63		4,287.68	
Adjustments for :				
Decrease / (Increase) in Inventories	13.02		673.10	
Decrease/(increase) in Trade receivables	(84.38)		(1,613.09)	
Increase / (decrease) in Trade Payables	111.58		(96.19)	
Decrease / (Increase) in Short term loans & advances	(88.01)		(254.09)	
Decrease / (Increase) in Other Current Assets	16.99		3.38	
Decrease / (Increase) in Long Term Loans & Advances	-		-	
Increase / (decrease) in Other Current Liabilities	(188.69)		141.75	
Increase/(decrease) in Short Term Provisions	(3.56)		(0.01)	
Cash generated from operations	2,776.58		3,142.53	
Taxes paid	(54.54)		(139.16)	
Net cash from Operating Activities (before extra-ordinary item)		2,722.04		3,003.37
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of fixed assets	(747.30)		(658.32)	
Sale of Fixed Assets	41.90		-	
Interest received	27.43		30.56	
Dividend received	29.79		7.45	
Sale of Investment	(65.36)		0.02	
Net cash flow from investing activities		(713.54)		(620.29)

**CASH FLOW STATEMENT ANNEXED TO BALANCE SHEET
FOR THE PERIOD FROM APRIL 2012 to MARCH 2013 (Contd.)**

(₹ in lacs)

	2012-13		2011-12	
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Long term Borrowings repaid	(468.62)		(126.83)	
Short term Borrowings repaid	227.66		(402.18)	
Proceeds from issue of Share Capital	246.71		312.80	
Issue of Share Warrants	-		168.73	
Dividend paid	(3.69)		-	
Interest paid	(2,019.24)		(2,355.71)	
Net Cash used in Financial activities		(2,017.18)		(2,403.19)
Net Increase in cash and cash Equivalents		(8.68)		(20.11)
Cash and Cash Equivalents as at 01.04.2012		523.95		544.06
Cash and Cash Equivalents as at 31.03.2013		515.27		523.95

NOTES TO THE CASH FLOW STATEMENT

CASH AND CASH EQUIVALENT :

Cash and cash equivalents consists of cash on hand and balances with Banks and Investments in money market instruments. Cash and cash equivalents in the cash flow statement comprise the following Balance Sheet amounts.

	<u>2012-13</u>	<u>2011-12</u>
Cash on hand and balances with Banks	515.27	523.95
Short Term investments	-	-
Cash and cash equivalents effect of changes in Exchange rates	-	-
Cash and cash equivalents as restated	515.27	523.95

By Order of the Board

For MURUDESHWAR CERAMICS LIMITED

R.N.SHETTY
Chairman

SATISH R. SHETTY
Managing Director & CEO

SUNIL R. SHETTY
Director

NAVEEN R. SHETTY
Director

K.SUNDER NAIK
Director

S.S. HIREMATH
Director

ANNAPPAYYA K.
Director

SANKAPPA K. SHETTY
Director

Place : Bangalore
Date : 30-05-2013

LAKSHMISHA BABU S.
Company Secretary

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

CERTIFICATE

We have examined the above Cash Flow Statement of Murudeshwar Ceramics Ltd., for the year ended 31.03.2013 and certify that the said statement has been prepared by the Company in accordance with Accounting Standard-3 issued by the Institute of Chartered Accountants of India and as per requirements of Listing Agreements with Stock Exchanges and is based on and is in agreement with the Profit & Loss Account and Balance Sheet of the Company for the year ended on 31.03.2013.

Place : Bangalore
Date : 30-05-2013

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

ATTENDANCE SLIP

MURUDESHWAR CERAMICS LIMITED

Registered Office : 604/B, Murudeshwar Bhavan, Gokul Road, HUBLI - 580 030

DPID* : Folio No. :

Client ID* No. of Shares :

Name and address of the Shareholder :

I/We hereby record my/our presence at the 30th ANNUAL GENERAL MEETING of the Company held on Saturday the 28th September 2013 at 4 p.m. at Shri R N Shetty Kalyana Mantap, Opp. Indira Glass House, Hubli 580 029.

Signature of the Shareholder or Proxy : _____

*Applicable for investors holding shares in Electronic Form.

PROXY FORM

MURUDESHWAR CERAMICS LIMITED

Registered Office : 604/B, Murudeshwar Bhavan, Gokul Road, HUBLI - 580 030

DPID* : Folio No. :

Client ID* No. of Shares :

I/We

_____ of _____ being a member / members of MURUDESHWAR CERAMICS LIMITED, hereby appoint _____ of

_____ of failing him / her _____

_____ of _____

as my/our proxy to vote for me/us and on my/our behalf at the 30th ANNUAL GENERAL MEETING to be held on Saturday, the 28th September 2013 at 4 p.m. at Shri R N Shetty Kalyana Mantap, Opp. Indira Glass House, Hubli 580 029 or at any adjournment thereof.

Signed this _____ day of _____ 2013.

* Applicable for investors holding Shares in Electronic Form.

₹ 1
Revenue
Stamp

Note : 1. The Proxy Form must be deposited at the Registered Office of the Company at 604/B, Murudeshwar Bhavan, Gokul Road, Hubli - 580 030 not less than 48 hours before the time for holding the meeting.

2. In case of institution/s, Bank/s, Body/ies Corporate etc., holding shares in the Company, the proxy form should accompany the resolution of the Board of Directors delegating the Authority to the signatory in the proxy form to sign the proxy form and to delegate the powers to exercise voting rights at the Annual General Meeting on behalf of such institution / Body Corporate / Banks etc.,