

MCL: SEC: MAR: 2025

DATE: 18.03.2025

**National Stock Exchange of India Limited,
The Listing Compliance Department,
Exchange Plaza, Bandra Kurla Complex,
Bandra (East), Mumbai - 400051.
STOCK CODE: MURUDCERA**

**BSE Limited,
The Listing Compliance Department,
Floor 25, P J Towers, Dalal Street,
Mumbai - 400 001.
STOCK CODE: 515037**

Dear Sir/ Madam,

Sub: Disclosure pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015.

This is with reference to the aforesaid regulation we would like to inform that National Stock Exchange of India Limited ("NSE") and BSE Limited ("BSE") have, vide their letter dated 17th March, 2025, imposed a fine on the Company with respect to delayed compliance/ non-compliance of Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company wish to clarify that imposition of fine by BSE and NSE is totally improper, since the Company has not violated the provision of Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 since the shareholders' approval was obtained by the Company within prescribed time limit.

1. Clarification and response for Non-compliance with the regulation 17(1A) of the SEBI (Listing Obligations Disclosure Requirements) Regulations, 2015:

We wish to draw your attention that the regulation 17 (1) deals with the composition of the Board of Directors of the Listed Companies and as of the date of appointment of Shri Vittal Kadekar Menaka Shetty as an Additional Director on the Board, the Company was fully complied with this regulation, and regulation 17 (1A) deals with the appointment of Independent Director attaining the age of 75 years in the Board of the Company and regulation 17 (1C) deals with the requirement of shareholder's approval for appointment of the Board Directors of the Listed Companies.

Regulation 17 (1A) specifically states that "No listed entity shall appoint a person as non-executive director who has attained the age of 75 years unless a special resolution is passed to that effect and a justification for such appointment has been stated in the notice for such motion".

The word unless used under Regulation 17 (1A) does not clearly signifies a meaning for whether the shareholder's approval for appointment of such director requires prior approval or not.

However, the Stock Exchange has inserted a proviso w.e.f. 13.12.2024 as "Provided that the listed entity shall ensure compliance with this sub-regulation at the time of appointment or re-appointment or **any time prior to the non-executive director attaining the age of seventy- five years**".

An ISO 9001-2008 Certified Company

As the above clarification of the Stock Exchange has been inserted w.e.f. 13.12.2024 and the Company has appointed an additional director on the Board w.e.f. 01.08.2024. Therefore, the above said proviso shall not apply on the Company and shall not be considered as violation of the Regulation 17 (1A) of the SEBI (LODR) Regulations, 2015 because clarification of the word "prior" approval has been inserted on 13.012.2024 as above.

However, in Regulation 17 (1C), it is further stated that the listed entity shall ensure that the approval of shareholders for appointment of board of directors is taken in the next general meeting or within a period of 3 months from the date of appointment, whichever is earlier.

Further, Regulations 17(1A) and 17(1C) has to be read harmoniously which make it clear that such appointment is required to be approved within the period of 3 months by a special resolution in the next general meeting by the members of the Company which in our case has been done within the prescribed time period.

As such the Company has complied the provisions of Regulation 17, Regulation 17 (1A) and Regulation 17 (1C) at the time of appointment of Shri Vittal Kadekar Menaka Shetty a non-executive director on the Board of the company.

2. Non-compliance with the Para 12 of NSE FAQ dated April 10, 2023:

We wish to draw your attention that Shri Vittal Kadekar Menaka Shetty was appointed as additional Director by the Board under the powers conferred under Sec 161(1) of the Companies Act, 2013 which was subject to the approval of the Shareholders.

Further as the Board do not have powers to appoint non-executive director without shareholder's approval, the Shareholders of the Company in its meeting held on 21.09.2024 i.e. in the next meeting held within 3 months of appointment by the Board has approved the appointment of Shri Vittal Kadekar Menaka Shetty as a non-executive director on the Board of the company and necessary filing were done with ROC for change of his designation from Additional Director to Non-Executive Director post approval by the Shareholders.

As such the appointment of Shri Vittal Kadekar Menaka Shetty as non-executive director into the board of the company, who is already exceeding the age of 75 years has been made after the shareholders' approval only which is compliance of regulation 17(1A) and 17(1C) of the SEBI (LODR) Regulations, 2015 and the Para 12 of NSE FAQ dated April 10, 2023 released in this regard and the date of appointment of Shri Vittal Kadekar Menaka Shetty as non-executive director into the board of the company may kindly be treated as 21.09.2024 (date of approval by the Shareholders) and not from the date of appointment by the Board as additional director.

3. Reference of similar matter of NSE Vs. Nector Lifescience and NSE Vs 20 Microns:

We would also like to draw your kind attention in the matter of NSE Vs. Nector Lifescience and NSE Vs. 20 Microns vide the SAT order issued on matter, has refunded the penalty collected for the similar non-compliance of Sec 17 (1A) for which the exchange has levied and collected the penalty from the respective entities.

Further, in the case of NSE Vs. SAT, the matter is Sub-judice in the Hon'ble Supreme Court, we would request the NSE to rely on the response as provided above until the Hon'ble Supreme Court is passed against the order of the SAT passed earlier on this matter.

Although the Supreme Court has stayed the order of the SAT in the matter of Nectar Life Sciences Ltd & 20 Microns Limited then the Stock Exchange should wait to pronouncement of final verdict by the Supreme Court on this matter and in case the Supreme Court give its verdict in favour of the Stock Exchange then only, stock exchange can impose the penalty on similar non-compliance by the Company.

We would like to further take on record that the provisions recently inserted under Regulation 17 (1A) of SEBI (LODR) w.e.f. 13.12.2024 is effective from the issue date and now requires the listed entity to ensure compliance at the time of appointment which we shall ensure to comply in future.

Further, we would like to inform that the Company is in the process of making applications to NSE and BSE with detailed justifications highlighting that the Company is in due compliance of provisions of Regulation 17(1A) of the SEBI Listing Regulations and requesting for waiver of fines, imposed by BSE and NSE.

However, if our aforesaid position is not acceptable by the exchanges then we are willing to pay the penalty under protest, and the same shall be subject to the final outcome of Civil Appeal No. 1305/2024 pending before the Hon'ble Supreme Court of India.

The details as required under SEBI Listing Regulations read with SEBI Circular No. SEBI/HO/CFD/CFD-PoD1/P/CIR/2023/123 dated 13th July, 2023 are enclosed in Annexure-1.

You are requested to take the same on your records.

Thanking you.

Yours sincerely,

For Murudeshwar Ceramics Limited


Ashok Kumar
Company Secretary and
Compliance Officer



18.03.2025, Bengaluru

ANNEXURE 1

Name of Authority	BSE and NSE
Nature and details of the action(s) taken, initiated or order(s) passed.	Fine of Rs.1,02,000/- plus GST @18% each by BSE and NSE
Date of receipt of direction or order, including any ad-interim or interim orders, or any other communication from the authority	March 17, 2025 (BSE at around 19:26 hours and NSE at around 11:30 hours)
Details of the violation(s)/ contravention(s) committed or alleged to be committed.	Regulation 17(1A) of the SEBI Listing Regulations, pertaining to delayed approval for appointment or continuation of Non-Executive Director who attained the age of seventy-five years.
Impact on financial, operation or other activities of the listed entity, quantifiable in monetary terms to the extent possible.	NIL except the fine mentioned above if not Waived off.