

# Annual Report

2012-13

WHERE **GROWTH** HAS BECOME A HABIT.....

# CERA

**Cera Sanitaryware Limited**

नैनं छिन्दन्ति शस्त्राणि नैनं दहति पावकः ।  
न चैनं क्लेदयन्त्यापो न शोषयति मारुतः ।

Weapons cannot cut the soul, fire cannot burn it,  
water cannot drench it nor can wind dry it.

**CERA**  
Cera Sanitaryware Limited

ANNUAL REPORT 2012-2013



**Shri Vidush Somany**

09/03/1981 - 25/08/2012

Your guiding spirit will give us the strength to  
fulfil your vision into eternal reality.

**Board of Directors**

Shri Vikram Somany	- Chairman and Managing Director
Shri Sajan Kumar Pasari	
Dr. K. N. Maiti	
Shri Ashok Chhajed	
Shri Shree Narayan Mohata	
Shri Govindbhai P. Patel	
Shri Mahendrakumar Bhandari	- Director - Technical

**Bankers**

State Bank of India

**Auditors**

M/s. H. V. Vasa & Co.,  
Chartered Accountants,  
B-2, "Usha Kiran", Opp. Khanpur Gate,  
Ahmedabad - 380 001.

**Registered Office**

9, GIDC Industrial Estate, Kadi-382 715,  
Dist. Mehsana, Gujarat, India.

**Marketing Office**

"Madhusudan House", Opp. Navrangpura Telephone Exchange, Ahmedabad - 380 006.

**Works**

- 1) Sanitaryware and Faucetware Plants :  
9, GIDC Industrial Estate, Kadi-382 715, Dist. Mehsana, Gujarat.
- 2) Wind Farms :
  - a) Vill. Lamba & Patelka, Tal. Kalyanpur, Dist. Jamnagar, Gujarat.
  - b) Vill. & Tal. Kalyanpur, Dist. Jamnagar, Gujarat.
  - c) Vill. Kadoli, Tal. Abdasa, Dist. Kutchh, Gujarat.

**Registrar & Share Transfer Agent**

MCS Limited,  
101, Shatdal Complex, 1st Floor,  
Opp. Bata Show Room, Ashram Road,  
Ahmedabad - 380 009.

**President & Company Secretary**

Narendra N. Patel

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**Annual General Meeting at 11.30 a.m. on Thursday,  
the 11th day of July, 2013 at the Registered Office.**

## NOTICE

Notice is hereby given that the Fifteenth Annual General Meeting of the Members of **CERA SANITARYWARE LIMITED** will be held at 11.30 a.m. on Thursday, the 11<sup>th</sup> day of July, 2013 at the Registered Office of the Company at 9, GIDC Industrial Estate, Kadi – 382 715, Dist. Mehsana, to transact the following business:

**ORDINARY BUSINESS**

1. To consider and adopt statement of Audited Profit and Loss Account for the year ended 31st March, 2013 and Balance Sheet as at that date and the Directors' and Auditors' Reports thereon.
2. To declare dividend on Equity Shares.
3. To appoint a director in place of Shri Mahendra Kumar Bhandari, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a director in place of Shri Govindbhai P. Patel, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

**SPECIAL BUSINESS**

6. To consider and, if thought fit, to pass with or without modification the following resolution as a special resolution:

RESOLVED THAT approval of the members be and is hereby accorded in terms of Sections 198, 269, 309, 311, 349, 350, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 for the re-appointment of and for the remuneration payable to Mr. Mahendra Kumar Bhandari as Director – Technical of the Company for a period of one (1) year w. e. f. 01.04.2013 in terms of agreement entered into by the Board of Directors of the Company with Mr. Mahendra Kumar Bhandari.

RESOLVED FURTHER THAT Mr. Mahendra Kumar Bhandari, Director – Technical will be liable to retire by rotation.

RESOLVED FURTHER THAT the Director – Technical is also entitled to the benefits as per the rules of the Company, which the other employees of the Company are entitled to.

RESOLVED FURTHER THAT total remuneration payable to Mr. Mahendra Kumar Bhandari shall not exceed 5% of the net profit of the Company and total remuneration payable to all the working directors including Mr. Mahendra Kumar Bhandari shall not exceed 10% of the net profit of the Company in any financial year, calculated in accordance with the provisions of Sections 198, 269, 309, 311, 349, 350, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956.

RESOLVED FURTHER THAT in the event of absence or inadequacy of profit in any financial year during the tenure of his appointment, total remuneration payable shall not exceed the maximum limit prescribed under Schedule XIII of the Companies Act, 1956 and any amendment thereof from time to time, if and to the extent with necessary approvals.

RESOLVED FURTHER THAT Mr. Mahendra Kumar Bhandari, Director – Technical re-appointed herein above shall be

re-appointed as an "Occupier" of the Company as defined under Section 2 of the Factories Act.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to alter and vary the terms and conditions of the said appointment and / or agreement in such a manner in terms of Sections 198, 269, 309, 311, 349, 350 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and any amendments made thereafter in this regard from time to time.

7. To consider and, if thought fit, to pass with or without modification the following resolution as a special resolution:

RESOLVED THAT pursuant to Sections 309(1), 314 (1) and other applicable provisions, if any of the Companies Act, 1956, and subject to the opinion / consent of the Central Government, the company do hereby accord consent to the retaining of the services of Dr. Kedar Nath Maiti, who is ceramic scientist and is a director on the Board of Directors of the company at a consultancy fee in the range of ₹ 1,75,000/- - ₹ 4,50,000/- per month for five years from 01.04.2014 to 31.03.2019, for rendering from time to time such advice and services as he may give in his capacity as a ceramic scientist.

RESOLVED FURTHER THAT this resolution shall be deemed to confer necessary authority to the Chairman and Managing Director at his discretion, to decide the remuneration within the above range as may be deemed fit and proper.

Regd. Office :  
9, GIDC Industrial Estate,  
Kadi – 382 715  
25th April, 2013

By Order of the Board of Directors  
  
**Narendra N. Patel**  
President & Company Secretary

**NOTES**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIM SELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Members are requested to notify immediately the change of address, if any, to the Company or M/s. MCS Limited, Registrar and Share Transfer Agent.
3. The Register of Members and Share transfer book of the Company will remain closed from 24.06.2013 to 05.07.2013 (both days inclusive).
4. The Board of Directors has recommended a dividend of ₹ 4.00 (80%) per fully paid equity share of ₹ 5/- each for the year ended 31.03.2013.
5. Members / Proxies should bring the attendance slip sent herewith duly filled in for attending the meeting.
6. Members are requested to send their queries at least ten days before the date of the meeting so that the information can be made available at the meeting.
7. Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 is annexed hereto.

8. Pursuant to the provisions of Sections 205A and 205C of the Companies Act, 1956, the Company has transferred the unpaid or unclaimed dividends up to the financial year 2004-05 to the Investor Education and Protection Fund (the IEPF) established by the Central Government.
9. Shareholders holding shares in Electronic Form may note that their bank account details as furnished by their depositories to the Company will be printed on their dividend warrants as per the applicable regulations of the depositories and the Company will not entertain any direct request from
10. All the documents, if any, referred to in this notice and explanatory statement are available for inspection of the members at the registered office of the Company on any working day except Saturday, between 11:00 a.m. to 1:00 p.m. up to the conclusion of this meeting.
11. Brief resume of directors, who are proposed to be appointed / re-appointed at this meeting are given below:

Name of Director	Shri Mahendra Kumar Bhandari	Shri Govindbhai P. Patel
Date of Birth	13.11.1951	01.08.1933
Date of Appointment	19.04.2010	16.07.2010
Expertise in Specific Functional Areas	Production, R&D and Technical aspects	Labour Matters and Administration
List of other Directorships	—	—
Chairman / Member of the Committees of the Board of other Companies	—	—
Shareholding in the Company	—	—

#### Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.

##### Item No. 6

Mr. Mahendra Kumar Bhandari has been re-appointed as Director - Technical of the Company for a period of one (1) year w.e.f. 01.04.2013, by the Board of Directors at their meeting held on 01.04.2013 subject to approval of members of the Company at the general meeting. Mr. Mahendra Kumar Bhandari, designated as Director - Technical, shall discharge duties and functions as specified in the agreement executed with him subject to the superintendence, direction and control of the Board of Directors and / or Chairman and Managing Director of the Company. The Company has entered into agreement with Mr. Mahendra Kumar Bhandari for his re-appointment as Director - Technical.

Mr. Mahendra Kumar Bhandari, Director - Technical shall be liable to retire by rotation.

However, Mr. Mahendra Kumar Bhandari shall not exercise the following powers as Director - Technical:

- make calls on shareholders in respect of moneys unpaid on the shares of the Company
- buy back shares of the Company
- issue debentures, and
- except as may be specifically delegated by the Board under Section 292 of the Companies Act, 1956, invest the funds of the Company or make loans and borrow moneys.

Mr. Mahendra Kumar Bhandari, Director - Technical re-appointed herein above shall be appointed as an "Occupier" of the Company as defined under Section 2 of the Factories Act.

The principle terms and conditions of appointment of Mr. Mahendra Kumar Bhandari - Director - Technical are as follows:

- Period of Appointment:** One (1) year w.e.f. 01.04.2013.

##### 2. Remuneration

- Salary: In the range of ₹ 3,55,100/- to ₹ 4,50,000/- per month, w.e.f. 01.04.2013.

- Perquisites:

##### Category – A

- Accommodation: Free furnished housing accommodation and / or house rent allowance as per rules of the Company.
- Medical benefit: Medical reimbursement including Mediclaim for self and family subject to one month's salary in a year or three months' salary over a period of three years.
- Leave Travel Concession: For self and family once in a year to and fro any place in India in accordance with the Rules of the Company.
- Club Fees: Annual fee of one club. This, however, will not include admission and life membership fee.
- Insurance: Personal Accident Insurance of an amount annual premium of which does not exceed ₹ 6,000/-
- Bonus: As per rules of the Company as applicable to other executives/employees of the Company.
- Special Allowance: As may be decided by Board of Directors and / or the Chairman and Managing Director.
- Performance Incentive: As may be decided by Board of Directors and/or Chairman and Managing Director.

##### Category - B

- Contribution to Provident Fund or Annuity Fund: As per the rules of the Company as applicable to other executives / employees of the Company.

- b) Gratuity: Gratuity payable in accordance with the company's scheme thereof as applicable to other executives / employees of the Company.

#### Category – C

- a) Free telephone facility at residence and a mobile telephone. Personal long distance calls on telephone will be billed by the Company to the appointee.
- b) Free use of Car with driver for Company's work only. The use of car for private purpose shall be billed by the Company to the appointee.

Others:

- a) The Director - Technical is also entitled to the benefits as per the rules of the Company, which the other executives / employees of the Company are entitled to.
- b) He will not be entitled to Sitting Fee for attending the meetings of the Board of Directors or Committee(s) thereof.

The Board or Committee thereof, in its absolute discretion will fix within the range stated above the remuneration payable to the Director – Technical depending on his performance.

However, total remuneration payable to Mr. Mahendra Kumar Bhandari shall not exceed 5% of the net profit of the Company and total remuneration payable to all the working directors including Mr. Mahendra Kumar Bhandari shall not exceed 10% of the net profit of the company in any financial year, calculated in accordance with the provisions of Sections 198, 269, 309, 311, 349, 350, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956. In the event of absence or inadequacy of profit in any financial year during the tenure of his appointment, total remuneration payable shall not exceed the maximum limit prescribed under Schedule XIII of the Companies Act, 1956 and any amendment thereof from time to time, if and to the extent with necessary approvals.

3. The terms and conditions of the said appointment and / or agreement may be altered and varied from time to time by the Board as it may, in its discretion deem fit, including the maximum remuneration payable to the Director - Technical in accordance with Sections 198, 269, 309, 311, 349, 350, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 or any amendments made thereafter in this regard from time to time.
4. If at any time Mr. Mahendra Kumar Bhandari ceases to be a Director of the Company for any cause whatsoever, he will cease to be the Director - Technical.
5. If at any time Mr. Mahendra Kumar Bhandari ceases to be in the employment of the Company for any cause whatsoever, he will cease to be a Director and Director - Technical of the Company and if at anytime Mr. Mahendra Kumar Bhandari ceases to be a Director or Director - Technical for any cause whatsoever, he will cease to be in the employment of the Company.
6. Mr. Mahendra Kumar Bhandari, Director - Technical, may resign from the service of the Company by giving three months notice in advance. Similarly, the Company has the right to terminate his service as Director - Technical

at any time by giving three months notice in writing or salary in lieu thereof.

The copy of agreement entered into with Mr. Mahendra Kumar Bhandari is open for inspection at the registered office of the company between 11.00 a.m. to 1.00 p.m. on any working day except, Saturday upto the date of ensuing Annual General Meeting.

Appointment of Mr. Mahendra Kumar Bhandari as Director - Technical and remuneration payable to him is approved by the Remuneration Committee by a resolution at the meeting held on 01.04.2013.

Your directors commend the resolution as per item no. 6 of the notice for passing by members.

Except, Mr. Mahendra Kumar Bhandari, none of your directors is concerned or interested in the said resolution.

#### Item No. 7

Dr. Kedar Nath Maiti, M.Tech, Ph.D, FIMMM, Chartered Scientist (UK) is a well known ceramic scientist having rich experience in ceramic industry due to his long tenure in Central Glass and Ceramic Research Institute (CGCRI). His extraordinary acumen and scientific attitude is very helpful to the Company. He is assisting the R&D department for development of a new body and glazes to meet the international standards in sanitaryware industry as well as production department in reducing losses. He has consented to continue to make his services available to the Company. He has been working on the said assignment since May 2007. He has undertaken trial of more than 50 formulations at R&D level and has been successful in some areas and still working relentlessly on the said project. He will also undertake other projects after completion of present assignment.

Members at their Annual General Meeting held on 16.09.2009 had approved his appointment at a remuneration up to ₹ 1,80,000/- p.m. over a period of 5 years upto 31.03.2014.

He is working at a moderate remuneration of ₹ 1,50,000/- per month. It is proposed to pay him remuneration upto ₹ 4,50,000/- per month over a period of 5 years upto 31.03.2019, depending upon his valuable and expert services, results attained by him and its impact on overall efficiency and performance of the Company. The Central Government in its letter No. SRN/A59204081 – CL-VII dated 09.07.2009 has expressed the opinion under proviso to Sub-section (1) of Section 309 of the Companies Act, 1956 that Dr. Kedar Nath Maiti has the requisite qualification for rendering professional services to the Company as consultant / advisor upto 31.03.2014. The Company again proposes to apply to the Central Government for expressing its opinion that Dr. Kedar Nath Maiti possesses qualification necessary for rendering professional services and payment of remuneration upto ₹ 4,50,000/- per month for five years from 01.04.2014 to 31.03.2019.

Letter received from the Central Government dated 09.07.2009 is available for inspection at the registered office of the Company.

Your directors commend the resolution as per item no.7 of the notice for passing by the members.

Except, Dr. Kedar Nath Maiti, none of your directors is concerned or interested in the said resolution.

Regd. Office :  
9, GIDC Industrial Estate,  
Kadi – 382 715  
25th April, 2013

By Order of the Board of Directors  
  
**Narendra N. Patel**  
President & Company Secretary

## Directors' Report

To  
The Members,

The Directors have pleasure in submitting the Annual Report together with the Statement of Accounts of your Company for the year ended 31<sup>st</sup> March, 2013.

**Performance**

The summary of your Company's financial performance is given below:

	(₹ in lacs)	
	Year ended March 31, 2013	Year ended March 31, 2012
Profit before Depreciation and Taxes & Exceptional item	<b>7723.22</b>	5620.60
Deducting there from Depreciation of	<b>942.23</b>	770.52
Profit before Tax	<b>6780.99</b>	4850.08
Deducting there from taxes of:		
- Current Tax	<b>1900.40</b>	1670.00
- Deferred Tax	<b>260.00</b>	(23.57)
Profit after Tax	<b>4620.59</b>	3203.65
Add: Balance brought forward from previous year	<b>1400.00</b>	1100.00
Amount available for Appropriations	<b><u>6020.59</u></b>	<u>4303.65</u>
The proposed appropriations are:		
1. Proposed Dividend	<b>506.19</b>	379.64
2. Tax on Proposed Dividend	<b>82.12</b>	61.59
3. General Reserve	<b>3532.28</b>	2462.42
4. Balance carried forward	<b>1900.00</b>	1400.00
<b>Total</b>	<b><u>6020.59</u></b>	<u>4303.65</u>

Your Company has continued to grow substantially due to the concerted marketing efforts in brand building and distribution initiatives.

The well-entrenched distribution network of your Company is being supplemented with an array of CERA Style Galleries in different towns, which showcase your Company's products in an exclusive ambience.

**Sanitaryware Unit**

Your Company has expanded its production capacity, to meet the increasing demand. The production capacity has increased to 2.7 million pieces per annum from 2.0 million pieces on completion of expansion programme.

**Faucetware Unit**

The plant is now producing high end single lever series also. Installation of automatic CNC machines and automatic polishing machine has facilitated the plant to produce more such premium ranges.

**Bathware Unit**

Your Company continues to import and market, under the brand name CERA, wellness range, consisting of products like shower cubicles, shower panels, steam cubicles, and whirlpools in addition to high end sanitaryware.

Your Company has also added other products like kitchen sinks, mirrors and sensor products to its range under Bathware.

**Power Unit**

The non-conventional wind power generation in the year was 52,74,331 kWh against 52,55,614 kWh in the previous year. The installed capacity of wind power unit of the Company is 4.975 M.W.

**Corporate Governance and Management discussion and Analysis**

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Report on Corporate Governance along with the Auditors' statement on its compliance and Management discussion and Analysis have been included in this Annual Report as a separate annexure.

**Corporate Social Responsibility**

A report on CSR has been included in this Annual Report as a separate annexure.

**Directors' Responsibility Statement**

In compliance of Section 217 (2AA) of the Companies Act, 1956, the Directors of your Company confirm:

- ❖ that in the preparation of annual accounts, the applicable accounting standards have been followed and there are no material departures;
- ❖ that such accounting policies have been selected and applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2013 and of the Profit of the Company for the year ended on that date;
- ❖ that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- ❖ that the annual accounts have been prepared on a going concern basis.

**Dividend**

Your Directors recommend a dividend of ₹ 4/- per share (80%) (Previous year ₹ 3/- per share (60%) on 1,26,54,874 equity shares of ₹ 5/- each fully paid for the year ended 31.03.2013, to be paid subject to approval by the members at the ensuing Annual General Meeting.

**Energy Conservation, Technology Absorption, R & D Cell and Foreign Exchange Earnings & Outgo**

The details required under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 are annexed to this report.

**Annual Report 2012-2013****Exchequer**

The Company has contributed ₹ 96.29 Crores to the exchequer by way of excise duty, customs duty, service Tax, income tax, VAT, sales tax, and other fiscal levies.

**Fixed Deposit**

Fixed deposits from the Public outstanding as on 31.03.2013 was ₹ 2.74 lacs. There were 6 Fixed Deposit holders with ₹ 2.74 lacs of unclaimed / unrenewed deposits as on 31.03.2013. The Company, on the basis of the working results during the year under review can accept deposits from the Public as well as from the shareholders to the extent of ₹ 62.83 cr.

**Finance**

During the year under review, the Company repaid loans of ₹ 607.63 lacs to Financial Institutions and Banks.

**Employees**

Information as per Sub-section (2A) of Section 217 of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 forming part of the Directors' Report for the year ended 31<sup>st</sup> March, 2013 is annexed.

**Directors**

Your Directors inform with deep sorrow the sudden and sad demise of Shri Vidush Somany, Executive Director of the Company on 25.08.2012. He was one of the promoters of the Company. Your Directors express their gratitude for the invaluable services rendered by him to the Company and also note that due to his enormous efforts in last few years the Company has reached to its present level.

The Faucetsware plant is a tribute to Shri Vidush Somany's ambitious and visionary plans. His passion to steer the Company to great heights saw the capacity expansion of the Sanitaryware plant to 2.7 million pieces per annum. His constant quest to make the brand modern and youthful reflected in the new logo and thus charted new paths of growth for the brand. As a peoples person he has touched a million hearts, be it dealers, architects, employees or financial analysts.

Shri Mahendra Kumar Bhandari and Shri Govindbhai P. Patel are due to retire at the end of ensuing Annual General Meeting and,

being eligible, offered themselves for re-appointment. Brief resumes of Shri Mahendra Kumar Bhandari and Shri Govindbhai P. Patel as required under clause-49 of the Listing Agreement executed with the Stock Exchanges are provided in the notice convening the Annual General Meeting of the Company.

**Auditors**

M/s H.V. Vasa & Co., Statutory Auditors of the company retire at the end of forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. The Board recommends their re-appointment at the ensuing Annual General Meeting.

**Cost Auditors**

The Company has appointed M/s K.G. Goyal & Co., as Cost Auditors for conducting cost audit for the year.

**Insurance**

Your Company has adequately insured all its properties including Plant and Machinery, Buildings and Stocks.

**Industrial Relations**

Your Company's relations with its employees remained cordial throughout the year. The Directors wish to place on record their deep appreciation for the services rendered by workers, staff members and executives of the Company.

Your Company has taken adequate steps for the health and safety of its employees, as required under the Gujarat Factories Rules, 1963.

**Appreciation**

Your Directors thank the Financial Institutions and Bankers for extending timely assistance in meeting the financial requirements of the Company. They would also like to place on record their gratitude for the co-operation and assistance given by State Bank of India, ICICI Bank Limited, Yes Bank Ltd and various departments of both State and Central Governments.

For and on behalf of the Board of Directors,

Ahmedabad.  
25<sup>th</sup> April, 2013

**Vikram Somany**  
Chairman and Managing Director

**Annexure to the Directors' Report**

Disclosure of particulars with respect to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo as required under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Report of the Board of Directors for the year ended 31<sup>st</sup> March, 2013.

**A. Energy Conservation**

**Form - A : Not Applicable**

**B. Technology Absorption**

**Form B**

**Research and Development (R & D)**

- Specific areas in which R & D is carried out : The Company's Research & Development Unit recognized by the Department of Scientific and Industrial Research (DSIR), Government of India, since 1989 has been relentlessly working for the improvement in quality of sanitaryware products, cost reduction through the use of new and cheaper raw materials, changes incorporated in their quality



specifications, minimizing wastes and losses at different stages of production, recycling of unfired and fired wastes generated in production as well as pollution abatement to keep the company ahead of market competition. Some innovative R & D activities carried out and fully/partly commenced commercial production during the year under report are :-

- ❖ An Opaque Glaze named as "Snow White" developed earlier and voted as the product of the year in Sanitaryware category for successive two years since 2011 in a row has been further upgraded through replacement of costly zircon opacifier by cheaper one and still maintaining the high quality standard as achieved previously.
- ❖ Several dark colored glazes have been developed utilizing colorants/ stains from indigenous source through import substitution and commenced commercial production minimizing several teething problems.
- ❖ Development of a new cost effective body utilizing increased quantity of fired waste (pitcher) in the body composition and commenced commercial production during the year under report. The said development has thus helped not only on consumption of increased quantity of solid wastes but also in conserving the same quantity of fresh raw materials for future use.
- ❖ Development of an Antimicrobial glaze, utilizing the indigenously developed antimicrobial material available in the market, has been completed and showed promising result in the R & D Scale of operation. The up-scaling activity leading to commercial production is under progress.
- ❖ Development of a new and innovative crack resistant body utilizing a new and an unconventional raw material initiated at R & D sometimes back has been completed successfully with promising result. The said body and also other bodies incorporating indigenous raw materials are under trial in the pilot plant. On successful completion of pilot plant production, the said bodies would be introduced for commercial production.

2.	Benefit derived as a result	:	With the introduction of new and cheaper raw materials from new sources and import substitution of raw materials, colors and other inputs, the cost of production has reduced significantly.
3.	Future plan of action	:	<ul style="list-style-type: none"> <li>❖ To minimize imports through utilization of raw materials and other inputs from indigenous sources for better inventory management and cost reduction.</li> <li>❖ To develop various eco-friendly glazes matching to the international standards of quality.</li> <li>❖ To initiate further innovation in the areas of development of bodies and glazes as R &amp; D is a never ending process for making improvement in both once-fired and refire recovery as well as energy conservation.</li> </ul>
4.	Expenditure on R & D		
	a) Capital	:	₹ 56.85 Lacs
	b) Recurring	:	₹ 61.96 Lacs
	c) Total	:	₹118.81 Lacs
	d) Total R & D Expenditure as a percentage of total turnover	:	0.24%

**Technology Absorption, Adaptation & Innovation :** Nil

### C. Foreign Exchange earnings and outgo

The Company has continued to maintain focus and avail of export opportunities based on economic considerations. During the year the Company has exports (FOB value) worth ₹ 532.71 Lacs.

Total foreign exchange used	:	₹ 9074.11 Lacs
Total foreign exchange earned	:	₹ 532.71 Lacs

## Annexure to the Directors' Report

Information as per Section 217 (2A) read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31<sup>st</sup> March, 2013.

**A. Names of Employees employed through out the year and were in receipt of remuneration of not less than ₹ 60,00,000/- during the year:**

Sr. No.	Name & Age (Years)	Designation/ Nature of Duties	Remuneration (₹)	Qualifications & Experience (Years)	Date of commencement of employment	Last Employment, Name of employer, Post held and period (Years)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Shri Vikram Somany (63 years)	Chairman and Managing Director	3,29,47,750	B.Sc., FCMI (U.K.) (39 years)	13.08.2002	Madhusudan Industries Limited Chairman cum Managing Director (1 year)
2	Shri M.K.Bhandari (61 years)	Director - Technical	86,20,852	B.E (Mech.) (39 years)	13.06.1992	Willard India Limited V.P. (Operations) (3 years)

**B. Names of employees employed for part of the year and were in receipt of remuneration of not less than ₹ 5,00,000/- per month:**

Sr. No.	Name & Age (Years)	Designation/ Nature of Duties	Remuneration (₹)	Qualifications & Experience (Years)	Date of commencement of employment	Last Employment, Name of employer, Post held and period (Years)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Shri Vidush Somany (32 years)	Executive Director	2,46,14,659	Bachelors Degree in Management Studies (U.S.A.)(8 years)	15.06.2004	—
2	Shri Subhash Chandra Kothari (68 years)	C E O	53,16,675	B.Com., LLB, FCA (40 years)	12.09.2012	Cera Sanitaryware Ltd. (Whole Time Director) (24 years)

**Notes :**

- Gross remuneration as above includes Salary, Incentives, Company's contribution to Provident & Gratuity Funds, Gratuity, Leave Encashment, Leave Travel Reimbursement, Medical Expenses Reimbursement, House Rent Allowance, Housing Accommodation and Monetary value of perquisites calculated in accordance with the provisions of Income Tax Act, 1961 and Rules made there under.
- Shri Vikram Somany is father of Shri Vidush Somany, Executive Director of the Company.

## Annexure to the Directors' Report

### Management Discussion and Analysis

At CERA, *growth* has become a habit. Your Company continues to record healthy growth rate year after year and this fiscal the growth has surpassed the expectations of many industry watchers.

The unprecedented growth of your Company, much above the market growth, despite the ups and downs in construction sector, is largely on account of leveraging the high brand value and product optimization besides deeper penetration in some additional markets. These efforts are further backed by strong and structured marketing efforts, good product quality and after-sales service.

Your Company also shifted its CERA Style Studios, the Company-managed touch-and-feel experience centres, to premium areas in several cities. The CERA Style Studio in Mumbai started functioning from the more upmarket Andheri suburb. Similarly, the CERA Style Studio in Bengaluru was opened in the posh Indiranagar, while in Delhi NCR, the CERA Style Studio started functioning from an independent building in Gurgaon. In Hyderabad, the CERA Style Studio moved to larger premises.

While Bollywood celebrity Ms Dia Mirza continues to be CERA's brand ambassador, in-film branding done in the movie Heroine, where Ms Kareena Kapoor played the lead role, has helped CERA in its brand equity. Television commercials, print advertisements and in-shop branding featuring Ms Dia Mirza continued during the year also.

Your Company also strengthened CERA Care, its after-sales division with induction of technicians for taking care of its services in all key cities of the country.

#### a) Industry Structure and Developments

Your Company's brand CERA, with its impeccable legacy of over three decades, continues to grow, much above the industry rate, despite the competition from peer brands—both domestic and international. Your Company's well-entrenched and loyal distribution network, nation-wide sales and service teams, immaculate product quality and continuous advertising and promotional activities through television, print, OOH and POP have helped place CERA in an enviable platform in the minds of the customers.

Your Company's brand extension to other related categories like showers, faucets, PVC cisterns and seat covers, etc. has also helped in accelerating the growth.

This year, your Company forayed into tiles in a modest way and launched digital wall and floor tiles, vitrified tiles in both soluble salt and double charge and also regular porcelain tiles.

Such brand extensions will continue in the coming years as well, which will help CERA establish itself as a total home solutions brand.

The industry structure remains unchanged with domestic and International brands continuing their efforts to gain the larger share of the pie of Indian market. Some of them have even set up their manufacturing bases.

#### b) Opportunities and Threats

Even though there was significant drop in construction sector in the fiscal under review. Your Company is unaffected by sporadic upheavals in construction activities because of its well-established mid-segment product positioning in the market. The demand in mid-segment housing is likely to be least affected by any impending slow-down and hence your Company is confident of maintaining the growth rate.

#### c) Outlook

Your Company's brand CERA has strong brand equity, loyal and dedicated network. The width of distribution network is also being increased continuously across India to reach out to tier-two towns, where huge untapped potential exists.

In addition, your Company has been continuously present in television and print media and today, CERA enjoys top-of-mind recall amongst architects, interior designers and builders.

Your Company has also been fortifying its rapport with housing developers and influencers like architects, interior designers and plumbing consultants. This is being done through personal contacts by your Company's sales team as well as through sponsorship of events and get-togethers and participation in exhibitions organized by various apex bodies such as CREDAL, IIA, IIID and IPA.

Your Company's growth continues to be much above the industry growth, year after year, which is a testimony to its product quality and marketing success.

The successful concept of the company display centres, introduced through CERA Style Studios, has now been extended to more cities like Delhi NCR.

The CERA Style Galleries opened in several cities in collaboration with CERA dealers have been a success, with many more dealers coming forward for opening such Galleries. Over 50 such CERA Style Galleries are already functional all over the country.

Together, the CERA Style Studios and CERA Style Galleries have made a great impact in improving the retail experience for prospective customers, institutional buyers and influencers of CERA.

#### d) Risks and Concerns

Any drastic change in Government policy may affect Sanitaryware and Faucetware manufacturers.

#### (e) Internal Control Systems and their adequacy

The Company has an adequate system of internal control relating to the purchase of stores, raw materials, plant & machineries, equipments and various components and for the sale of goods commensurate with the size of the Company and the nature of business.

The system of internal control of the Company is adequate keeping in mind the size and complexity of your Company's business. Systems are regularly reviewed to ensure effectiveness.

(f) Financial performance with respect to operational performance is discussed in the main part of the Report.

#### (g) Material Developments in Human Resources, Industrial Relations, Environment, Health & Safety

Faced with the shortage of quality manpower, the thrust of your Company has been on talent improvement through training programmes.

Your Company continues to invest in training and development of its employees and has been organizing various training programmes from time to time. CERA's manpower strength as on March 31, 2013 stands at 2099.

The Company is ISO 9001, 14001 and BS 18001 certified. Your Company is also a member of Indian Green Building Council (IGBC), promoted by Confederation of Indian Industry (CII).

## Annexure to the Directors' Report

**Corporate Social Responsibility (CSR)****Empowering Society; Empowering Ourselves**

Real progress occurs when privileges are balanced with the responsibilities towards society. Your Company has always laid emphasis on progress with a social commitment. We believe strongly in our core values of empowerment and betterment of not only the employees but also our communities. Following this principle, our Late Shri Vidush Somany had laid the foundation of a comprehensive approach towards promoting and facilitating various aspects of our surrounding communities.

**Vidush Somany Education Programme**

Education is an important prerequisite for the development of our communities. The youth holds the potential of bringing about fundamental changes in our society. This potential can be unleashed with proper educational facilities.

The **Vidush Somany Education Programme** was launched with the aim of empowering young students by facilitating basic education of high standards. With the support of Government schools, the Programme has been successful in benefitting nearly 960 students in Kadi Town, Mehsana district of Gujarat during the last five months. Understanding the need of the new generation of students, basic training in computer skills and other courses have been provided to primary and secondary schools in Kadi and surrounding areas.

An important aspect of this overreaching Programme is to facilitate and augment the basic formal education provided to students in Government schools. With the approval of District Education Officer (Primary), Mehsana District, the Programme holds special coaching classes for school students of classes from 5<sup>th</sup> to 8<sup>th</sup> standards in Kadi and Kundal at no extra charges. The special classes are conducted within the school premises by qualified tutors supported under the Programme with an emphasis towards providing personal attention and hence limiting each batch to 30 students only. The special classes offer additional training to students in the subjects of Mathematics, Science, English and Elementary Computer skills. Under the aegis of the Programme, five Municipal schools in Kadi and nearby village Kundal have been provided with about 150 computers and associated accessories like printers and mouse pads along with tables, chairs and stationery for providing quality education in basic computer skills to young students of secondary classes. Conducted by qualified instructors appointed under the Programme, the computer education facilities are helping the

students gain access to higher skills and knowledge opportunities. The Programme also supports the setting up of more computer education facilities in Mehsana district in the near future. For encouraging education for girls, exclusive classes are also held for girl students from 9.30 am to 10.30 am, while classes for boys are held from 5.30 pm to 6.30 pm. Facilitating the young students in all aspects including availability of stationary items, the Programme provides educational support and from the nutritional point of view as well by providing regular refreshments.

Apart from assisting in the formal education of students, your Company in collaboration with Maya Foundation shows compassion towards the children of construction workers and made significant efforts in ensuring a better future for them. With the support extended towards the education of children of 23 construction workers working at the Kadi factory, the Programme has expanded its approach to an integrated level by facilitating the education, health, nutrition and skilled training of the children of the construction workers.

The Programme also supports the children of the Kadi workers in realising their aspirations of higher education. Recognising their potential and aspirations, the Programme will encourage meritorious students of the workers by offering full education expenses for their higher education in the fields of Engineering, Medical and Pharma.

Within the short duration of five months, the activities undertaken by the Programme have benefitted students in various dimensions. This success has encouraged your Company to extend the efforts to other villages of Mehsana District.

**Promoting Style in Art**

Your Company has followed the principles of style in its products. Following the same philosophy in its social responsibilities, the Company promotes art and young artists in an endeavour to spread style across the globe.

In collaboration with the Calcutta Arts Club, the Company has promoted several art shows at national and international levels. With these activities, your Company aims to provide a supportive platform to young and talented artists at a global scale. The emerging artists have received the opportunity of exhibiting their works at international art shows in Europe and Singapore and are now showcasing their talents in India too. The art shows have been appreciated by art lovers, critics and patrons. Showcasing a diversified form of style through the works of emerging artists, your Company aims to broaden the concept of style by reaching out to the field of art.

## Annexure to the Directors' Report

## CORPORATE GOVERNANCE REPORT

## (As required by Clause 49 of the Listing Agreement of the Stock Exchanges)

## 1) Company's Philosophy

The Company believes in the practice of good Corporate Governance and acting as a good corporate citizen.

The spirit of Corporate Governance has been prevailing in the Company. The Company believes in the values of transparency, professionalism and accountability. The Company recognizes the accountability of the Board and importance of its decisions on its customers, dealers, employees, shareholders, and with every individual, who comes in contact with the Company.

## 2) Board of Directors

The Board comprises of a Chairman and Managing Director, a Director – Technical and five non-executive directors.

The Company did not have any pecuniary relationship or transactions with the non-executive directors during the period under review.

During the year, six Board Meetings were held – on 24.04.2012, 11.07.2012 (two meetings), 12.09.2012, 10.10.2012 and 10.01.2013.

None of the directors on the Board are members in more than ten committees and they do not act as Chairmen of more than five committees across all companies in which they are directors.

The composition of Board of Directors and their attendance at the Board meetings during the year and at the last Annual General Meeting as also number of other directorships and Committee Memberships are given below:

Sr. No.	Name of Director	Category of Directorship	No. of Board Meetings attended	Attendance At last AGM	No. of Other directorships	No. of Other Committee Memberships
1.	Shri Vikram Somany	Chairman and Managing Director	6	Yes	1	—
2.*	Shri Vidush Somany	Executive Director	3	No	—	—
3.	Shri Sajjan Kumar Pasari	Non-Executive Director	—	No	9	—
4.	Shri Shree Narayan Mohata	Non-Executive Director	—	No	2	4
5.	Shri Ashok Chhajed	Non-Executive Director	3	Yes	—	—
6.	Dr. K. N. Maiti	Non-Executive Director	6	Yes	—	—
7.	Shri Govindbhai P. Patel	Non-Executive Director	6	Yes	—	—
8.	Shri M. K. Bhandari	Director-Technical	6	Yes	—	—

\*Ceased to be a director w.e.f. 25.08.2012.

## Code of Conduct

The Company has finalized model code of conduct for the Board members and senior Officers of the Company. The code of conduct has been posted on the website of the Company [www.cera-india.com](http://www.cera-india.com)

## CEO/CFO certification

As per clause 49 of listing agreement entered with the stock exchanges, a certificate from CEO/CFO has been obtained.

## Whistle Blower Policy

The Company has not implemented a whistle-Blower policy.

## 3) Audit Committee

The Audit Committee, consists of 6 (Six) directors, namely Shri Ashok Chhajed – Chairman (independent), Shri Vikram Somany, Shri Sajjan Kumar Pasari (independent), Shri Shree Narayan Mohata (independent), Shri Govindbhai P. Patel (independent) and Dr. K. N. Maiti (independent). During the year, five Audit Committee Meetings were held i.e. on 24.04.2012, 11.07.2012 (two meetings), 10.10.2012 and 10.01.2013.

## Terms of reference

The role and terms of reference of the Audit Committee cover the matters specified for Audit Committees under Clause 49 of Listing Agreement and Section 292A of the Companies Act, 1956.

## 4) Remuneration Committee

The Remuneration Committee, consists of five independent directors namely, Shri Shree Narayan Mohata – Chairman, Shri Sajjan Kumar Pasari, Shri Ashok Chhajed, Dr. K. N. Maiti and Shri Govindbhai P. Patel.

The Committee fixes the Remuneration of Whole Time Directors, which include all elements of remuneration package i.e. salary, benefits, bonus, incentives, pension, retirement benefits and such other benefits.

The Committee also decides the fixed component and performance linked incentives, performance criteria, service contracts, notice period, severance fees etc. of the remuneration package of working directors, as may be necessary. During the year under review, two meetings were held i.e. on 24.04.2012 and on 11.07.2012.

## 5) Remuneration Policy

Remuneration of employees largely consists of basic remuneration and perquisites.

The component of the total remuneration varies for different grades and is governed by Industry pattern, qualifications and experience of the employee, responsibilities handled by him and his individual performance, etc.

The objectives of the remuneration policy are to motivate employees to excel in their performance, recognize their contribution and to retain talent in the organization and accord merit.

## 6) Details of remuneration for the year ended 31.03.2013

## (i) Managing Director / Whole-time Director(s)

Name	Remuneration (₹)	Perquisites and Retirement benefits (₹)
Shri Vikram Somany Chairman and Managing Director	3,02,95,413/-	26,52,337/-
*Shri Vidush Somany Executive Director	2,37,20,235/-	8,94,424/-
Shri M. K. Bhandari Director-Technical	82,09,262/-	4,11,590/-

\*Ceased to be a director w.e.f. 25.08.2012.

Whole-time Directors are entitled to the performance incentives as per the performance criteria as may be decided by the Chairman and Managing Director and/or remuneration committee and/or Board of Directors from time to time.

The Company has entered into contract with the above directors. Their appointments are for a period up to 3 years. The Whole Time Directors may resign from the service of the Company by giving three months notice in advance. The Company has the right to terminate the service of Whole Time Director/s except Chairman and Managing Director at any time by giving three months notice in writing or salary in lieu thereof.

The Whole-time Directors are also entitled to the benefits as per the Rules of the Company which the other employees / executives of the Company are entitled to.

Employees Stock Option Scheme does not form a part of contract with the Company.

The Whole Time Directors are not entitled to the sitting fees for attending the Board Meetings.

#### (ii) Non-Executive Directors

The Company has passed the resolution at the Annual General Meeting held on 12.09.2008 for the payment of commission not exceeding 1% p.a. of the net profit of the Company. The commission will be distributed among the directors not in whole time employment of the Company in such manner, as the Board of directors may determine from time to time. The commission will be paid to the Non-Executive Directors on approval of accounts by the members of the Company at ensuing AGM. The details of remuneration to be paid to them for the year 2012-13 are as under:

Name	Commission (₹)
Shri Sajan Kumar Pasari	2,00,000
Dr. K. N. Maiti	2,00,000
Shri Shree Narayan Mohata	2,00,000
Shri Ashok Chhajed	2,00,000
Shri Govindbhai P. Patel	2,00,000
<b>Total</b>	<b>10,00,000</b>

#### (iii) Shareholding of Non-Executive Directors

Name	No. of Shares held	% of total shareholding
Shri Sajan Kumar Pasari	2,45,140	1.94
Dr. K. N. Maiti	Nil	Nil
Shri Shree Narayan Mohata	500	0.00
Shri Ashok Chhajed	600	0.00
Shri Govindbhai P. Patel	Nil	Nil

#### 7) Share Transfer Committee

In accordance with the Listing Agreement with the Stock Exchanges, the Board had delegated the powers of share transfers to the Share Transfer Committee. In order to expedite

the process of share transfers / transmissions/ splits / consolidation, the Committee meets at least once in a 10 days.

The Share transfer committee, consists of three directors namely Shri M. K. Bhandari – Chairman, Shri Govindbhai P. Patel and Dr. K. N. Maiti.

#### Share Transfer Agent

The Company has appointed MCS Limited, Ahmedabad, a SEBI registered Share Transfer Agent as Registrar and Share Transfer Agent w.e.f. 01.03.2003.

#### 8) Shareholders' / Investors' Grievance Committee

The Shareholders' / Investors' Grievance Committee, consists of three directors namely Shri M. K. Bhandari – Chairman, Dr. K. N. Maiti and Shri Govindbhai P. Patel.

All investor complaints, which cannot be settled at the level of Company Secretary and Compliance Officer, are forwarded to the Shareholders' Grievance Committee for final settlement.

During the year 2012-13, the Company had received 54 complaints / queries from the Shareholders.

All the complaints received from the Shareholders were resolved. There is no complaint pending as of 31.03.2013, which is not attended / replied by the Company.

The Company confirms that there were no share transfers lying pending as on date which were received upto 31.03.2013 and all requests for dematerialisation and rematerialisation of shares as on that date were confirmed / rejected into the NSDL/ CDSL system.

During the year, one meeting was held on 11.07.2012.

#### 9) General Body Meetings

The last three Annual General Meetings were held as under:

Financial Year ended	Date	Time	Venue
31.03.2012	12.09.2012	11.30 a.m.	9, GIDC Industrial Estate Kadi-382 715, Dist. Mehsana.
31.03.2011	06.09.2011	11.30 a.m.	9, GIDC Industrial Estate Kadi-382 715, Dist. Mehsana.
31.03.2010	23.08.2010	10.30 a.m.	9, GIDC Industrial Estate Kadi-382 715, Dist. Mehsana.

No resolution is required to be passed during current year and up to the date of Annual General Meeting through postal ballot.

#### 10) Disclosures

1. There were no transactions of material nature with the directors or the management or their subsidiaries or relatives etc. during the year, which could have potential conflict with the interests of the Company at large.
2. There were no instances of non-compliance of any matter related to the capital market, during the last three years.

3. In terms of clause 5A of the Listing Agreement, the Company has issued notices to the Shareholders for the shares issued in physical form in past, which remained unclaimed. The details of the same were as under:

	Number of share holders	Number of equity shares
Aggregate number of shareholders and shares outstanding as on April 1, 2012.	511	93,286
Number of shareholders who approached the Company for shares during the year.	31	4,371
Number of shareholders to whom shares were issued during the year.	31	4,371
Aggregate number of shareholders and shares outstanding as on March 31, 2013.	480	88,915

The voting rights on unclaimed shares will remain frozen till the rightful owner claims such shares.

#### 11) Means of Communication

- Quarterly results are published in leading daily newspapers viz. Financial Express / Economic Times / Times of India / Business Standard and a local language newspaper viz. Economic Times/ Jai Hind/ Divya Bhaskar / Financial Express. The annual results (Annual Reports) are posted to all the members of the Company either electronically or in physical form.
- Management Discussion & Analysis forms part of this Annual Report, which is also being posted to all the members of the Company.
- The official news releases, if any, are given directly to the press.
- The Company sends its financial results, Shareholding pattern and other information to BSE Limited and National Stock exchange of India Limited. They upload these information on their website <http://www.bseindia.com> and <http://www.nseindia.com>. The said information is also available on our website [www.cera-india.com](http://www.cera-india.com).

#### 12) General Shareholders' Information

- Annual General Meeting :**  
Date and Time : 11<sup>th</sup> July, 2013: 11.30 a.m.  
Venue : 9, GIDC Industrial Estate,  
Kadi – 382 715, Dist. Mehsana.
- Financial Calendar 2013-14 (tentative) :**  
Annual General Meeting 3rd/4th week of  
September, 2014  
Results for quarter ending By 15th day of  
June 30, 2013 August, 2013  
September 30, 2013 November, 2013  
December 31, 2013 February, 2014  
March 31, 2013 (Audited) By 30th May, 2013
- Book Closure date** 24th June, 2013 to  
05th July, 2013.  
(both days inclusive)

#### 4. Dividend Payment

Dividend for the year ended 31.03.2013 will be paid to the members whose names will appear in the register of members of the Company, on 05.07.2013 after giving effect to all valid transfer of shares in physical form lodged with the Company on or before 23<sup>rd</sup> June, 2013 at the end of business hours, and

in respect of shares held in De-mat form, the members whose names appear on the statement of beneficial ownership furnished by NSDL and CDSL at the end of business hours on 23<sup>rd</sup> June, 2013.

Dividend will be paid within 30 days from the date of approval by the members at the Annual General Meeting either by posting of dividend warrants or by direct credit in to the members bank accounts through ECS/ NECS.

#### 5. Listing on Stock Exchanges

The Company's shares are listed at BSE Limited and National Stock Exchange of India Limited. The Company has paid listing fees for the year 2012-13 and 2013-14 to the Stock Exchanges.

BSE Limited

Scrip Code :532443 Scrip ID : CERASAN

National Stock Exchange of India Limited

Trading Symbol: CERA.

#### 6. Share price at BSE and NSE

Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2012	275.00	229.00	276.00	228.90
May 2012	270.90	236.00	267.70	235.00
June 2012	300.00	246.50	299.40	240.00
July 2012	306.00	275.00	338.00	274.00
August 2012	373.90	287.00	381.00	285.20
September 2012	361.75	325.00	364.50	325.00
October 2012	405.95	331.00	406.50	330.10
November 2012	432.50	370.00	435.00	363.10
December 2012	454.85	397.00	453.50	395.00
January 2013	463.15	403.00	463.80	400.50
February 2013	427.00	385.50	429.95	386.05
March 2013	477.70	410.00	477.00	407.00

#### 7. Share Transfer

Entire Share Transfer and dematerialisation / rematerialisation job is assigned to R & T Agent, MCS Limited, Ahmedabad, a SEBI registered Share Transfer Agent. Request for Share transfer, dematerialisation and rematerialisation should be sent directly to MCS Limited, 101, Shatdal Complex, 1<sup>st</sup> Floor, Opp. Bata Show Room, Ashram Road, Ahmedabad-380 009. Shareholders have option to open their accounts with either NSDL or CDSL as the Company has entered into agreements with both of these depositories.

#### 13) Share Transfer System

The share transfer/s is normally effected within a period of 10-15 days from the date of receipt, provided the documents being complete in all respects. The Company has formed Share Transfer Committee of directors, which meets atleast once in 10 days for effecting transfer of shares and other related matters.

**14) Distribution of Shareholding as on 31.03.2013**

Shares	No. of Shareholders	Total No. of Shares
1 – 500	7181	1084643
501 – 1000	364	277230
1001 – 2000	170	253027
2001 – 3000	56	139126
3001 – 4000	29	105842
4001 – 5000	23	107639
5001 – 10,000	39	281940
10,001 – 50,000	27	598941
50,001 – 1,00,000	8	612437
1,00,001 And above	15	9194049
<b>Total</b>	<b>7912</b>	<b>12654874</b>

**15) Pattern of Shareholding as on 31.03.2013**

Sr. No.	Category	No. of Shares	(%)
1.	NRIs	221035	1.75
2.	FII's	1424579	11.27
3.	Financial Institutions/Banks	8090	0.06
4.	Mutual Funds	4310	0.03
5.	Promoters	7024180	55.50
6.	Bodies Corporate	615748	4.87
7.	Indian Public	3356932	26.52
	<b>Total</b>	<b>12654874</b>	<b>100.00</b>

**16) Dematerialisation of Shares as on 31.03.2013**

As on 31.03.2013, 95.19% of the Company's total shares representing 1,20,45,599 Shares were held in dematerialized form and the balance 4.81% representing 6,09,275 shares were in paper form.

The ISIN Number in NSDL and CDSL is "INE 739E01017".

**17) Plant Locations**

The Company's plants are located at the following places:

- Sanitaryware and Faucetware Plants :  
9, GIDC Industrial Estate, Kadi – 382 715, Dist. Mehsana, Gujarat.
- Wind Farms :
  - Village Patelka & Lamba, Taluka Kalyanpur, District Jamnagar, Gujarat.
  - Village & Taluka Kalyanpur, District Jamnagar, Gujarat.
  - Village Kadoli, Taluka Abdasa, District Kutchh, Gujarat.

**18) Address for Correspondence**

The Company's Registered Office is situated at 9, GIDC Industrial Estate, Kadi-382715, District Mehsana, Gujarat. Shareholders' correspondence should be addressed either to the Registered Office of the Company as stated above or Ahmedabad Office at "Madhusudan House", Opp. Navrangpura Telephone Exchange, Ahmedabad - 380 006 or to the Registrar and Share Transfer Agent, MCS Limited, 101, Shatdal Complex, 1<sup>st</sup> Floor, Opp. Bata Show Room, Ashram Road, Ahmedabad-380009.

**AUDITOR'S CERTIFICATE**

To,  
The Members of **Cera Sanitaryware Limited**

We have examined the compliance of conditions of Corporate Governance by **Cera Sanitaryware Limited** for the year ended 31st March, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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 the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has generally complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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.

For and on Behalf of  
**H. V. Vasa & Co.**  
Firm Reg. No. 131054W  
Chartered Accountants  
**Tushar H. Vasa**  
Proprietor  
Membership No. 16831

Ahmedabad  
25th April 2013



## Auditors' Report to the Members

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

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956. 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.

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 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.

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:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
  - b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
  - c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") 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 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, and Cash Flow Statement 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, and Cash Flow Statement 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 March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed

as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

- f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under Section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For and on Behalf of

**H. V. Vasa & Co.**

Firm Reg. No. 131054W

Chartered Accountants

**Tushar H. Vasa**

Proprietor

Membership No. 16831

Ahmedabad

25<sup>th</sup> April 2013

**The Annexure referred to in paragraph 1 of the Our Report of even date to the members of CERA SANITARYWARE LIMITED on the accounts of the Company for the year ended 31<sup>st</sup> March, 2013.**

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

1. In respect of its fixed assets:
  - (a) The company has maintained proper records, showing full particulars including quantitative details and situation of its fixed assets on the basis of available information, other than furniture and fixtures.
  - (b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and the nature of its assets. No material discrepancies between the book records and the physical inventory have been noticed in respect of the assets physically verified.
  - (c) In our opinion, there was no substantial disposal of fixed assets during the year, which would affect the going concern of the company.
2. In respect of its inventories :
  - (a) As explained to us, inventories have been physically verified by the management at reasonable intervals during the year.
  - (b) In our opinion and according to the information and explanations given to us, 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) The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventories as compared to book records.
3. In respect of loans, secured or unsecured, granted or taken by the Company to / from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 :
  - (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the provisions of clauses iii (b), iii(c) and iii (d) of the order are not applicable to the Company.
  - (b) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has taken loans aggregating to ₹ 27.35 Lacs from the companies covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount during the year was ₹ 27.92

Lacs and the year end balance of loans taken from such companies was ₹ 27.35 Lacs.

- (c) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions on which the loans have been taken from companies listed in the register maintained under Section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with its size of the company and the nature of business for the purchase of inventories, fixed assets and also for sale of goods and services. Further, on the basis of our examination, and according to the information and explanations given to us, we have neither come across nor have we have been informed of any instance of major weakness in the aforesaid internal control systems.
5. In respect of transactions covered under Section 301 of the Companies Act, 1956 :
- a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered into the register maintained under that section.
- 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 rupees five lacs in respect of each party have been made at prices which appear reasonable having regard to the prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, in this regard, no order under the aforesaid sections has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company.
7. In our opinion, the internal audit system of the Company is commensurate with its size and the nature of its business.
8. We have broadly reviewed the books of account maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, related to the maintenance of manufacture of certain products, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
9. In respect of statutory dues:
- (a) According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess and other statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31<sup>st</sup> of March, 2013 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, following disputed statutory dues have not been deposited on account of disputed matter pending before appropriate authorities are as under :

Sr. No.	Name of Statute	Nature of Dues	Amount ₹ (Lacs)	Period to which the amount relates	Forum where dispute is Pending
1	Income-tax Act, 1961	Penalty	7.61	2004-05	Income-tax Appellate Tribunal
2	Income-tax Act, 1961	Penalty	11.35	2006-07	Income-tax Appellate Tribunal
3	Income-tax Act, 1961	Income-tax	16.82	2008-09	Income-tax Appellate Tribunal
4	Income-tax Act, 1961	Income-tax	1.95	2009-10	Commissioner of Income-tax (Appeals)

10. The Company does not have accumulated losses at the end of the financial year and has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
11. As per the Books and records maintained by the company and according to the information and explanations given to us, we are of the opinion that, the Company has not defaulted in repayment of dues to bank.
12. In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, clause 4(xii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
14. In our opinion and according to the information and explanations given to us, the Company has not dealt in or is trading in Shares, securities, debentures and other investments. The company has invested surplus funds in marketable securities and mutual funds. According to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The Investments in the marketable securities and mutual funds have been held by the company in its own name.
15. According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from bank or financial institutions.
16. In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were raised.
17. According to the cash flow statement and other records examined by us and the information and explanations given to us, on the 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 (fixed assets, etc.)
18. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. As the Company has not issued any debentures, clause (xix) of the order is not applicable to the company.
20. The Company has not raised any money by public issue during the year.
21. In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year, that causes the financial statements to be materially misstated.

For and on Behalf of  
**H. V. Vasa & Co.**  
 Firm Reg. No. 131054W  
 Chartered Accountants  
**Tushar H. Vasa**  
 Proprietor  
 Membership No. 16831

Ahmedabad  
 25<sup>th</sup> April 2013

## Balance Sheet as at 31st March, 2013

Particulars	Note No.	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' Funds</b>			
(a) Share Capital	1	6,32,74,370	6,32,74,370
(b) Reserves and Surplus	2	1,73,17,62,206	1,32,85,34,563
		<b>1,79,50,36,576</b>	<b>1,39,18,08,933</b>
<b>2. Non - current Liabilities</b>			
(a) Long-term Borrowings	3	14,89,16,663	11,62,16,659
(b) Deferred Tax Liabilities (Net)	4	16,21,82,493	13,61,82,493
(c) Other Long-term Liabilities	5	7,06,46,242	5,55,06,779
(d) Long-term Provisions	6	19,74,80,391	16,67,52,536
		<b>57,92,25,789</b>	<b>47,46,58,467</b>
<b>3. Current Liabilities</b>			
(a) Short-term Borrowings	7	40,04,86,828	29,59,53,373
(b) Trade Payables	8	27,61,01,975	18,95,59,574
(c) Other Current Liabilities	9	61,07,53,457	48,99,29,537
(d) Short-term Provisions	10	13,50,05,184	10,40,61,489
		<b>1,42,23,47,444</b>	<b>1,07,95,03,973</b>
<b>Total</b>		<b>3,79,66,09,809</b>	<b>2,94,59,71,373</b>
<b>II ASSETS</b>			
<b>1. Non-current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	11	1,25,05,22,425	90,26,01,941
(ii) Intangible Assets	11	-	-
(iii) Capital Work-in-progress	11	4,33,32,471	10,94,69,608
(iv) Intangible Assets under development	11	-	-
(b) Non-current Investments	12	13,000	13,000
(c) Long-term Loans and Advances	13	21,34,75,682	15,16,64,999
		<b>1,50,73,43,578</b>	<b>1,16,37,49,548</b>
<b>2. Current Assets</b>			
(a) Current Investments	14	1,38,07,692	1,09,31,385
(b) Inventories	15	94,02,37,549	91,75,42,022
(c) Trade Receivables	16	83,13,05,448	45,45,46,955
(d) Cash and Cash equivalents	17	40,35,34,652	31,29,51,078
(e) Short-term Loans and Advances	18	9,36,21,335	7,93,01,476
(f) Other Current Assets	19	67,59,555	69,48,909
		<b>2,28,92,66,231</b>	<b>1,78,22,21,825</b>
<b>Total</b>		<b>3,79,66,09,809</b>	<b>2,94,59,71,373</b>

Significant Accounting Policies

Notes to Accounts on Financial Statements

29 to 40

As per our report of even date attached

For and on behalf of

**H. V. Vasa & Co.**

Firm Registration No. : 131054W

Chartered Accountants

**Tushar H. Vasa**

Proprietor

Membership No. 16831

Ahmedabad

25th April, 2013

**Rajesh B. Shah**

C F O

C O O (Fin. &amp; Comm.)

**Narendra N. Patel**

President &amp; Company Secretary

**Vikram Somany**

Chairman and Managing Director

**Ashok Chhajed**

Director

**Dr. K. N. Maiti**

Director

**Govindbhai P. Patel**

Director

**M. K. Bhandari**

Director-Technical

Ahmedabad

25th April, 2013

## Statement of Profit and Loss Account for the year ended 31st March, 2013

Particulars	Note No.	2012-13 ₹	2011-12 ₹
I Revenue from Operations	20	4,87,86,71,122	3,19,38,97,405
II Other Income	21	8,99,36,518	6,84,68,987
III <b>Total Revenue (I + II)</b>		<b>4,96,86,07,640</b>	<b>3,26,23,66,392</b>
IV Expenses :			
Cost of Materials Consumed	22	49,67,56,462	40,02,06,300
Purchases	23	1,63,73,35,271	1,14,20,82,384
Changes in Inventories of Finished Goods, Stock-in-process and Stock-in-Trade	24	44,51,119	(34,99,70,990)
Employee Benefits Expenses	25	57,98,40,250	43,13,32,214
Finance Costs	26	7,09,24,263	4,00,57,651
Depreciation and Amortization Expenses		9,42,23,481	7,70,51,581
Other Expenses	27	1,40,69,77,293	1,03,65,98,970
<b>Total Expenses</b>		<b>4,29,05,08,139</b>	<b>2,77,73,58,110</b>
V Profit before tax (III-IV)		67,80,99,501	48,50,08,282
VI Tax expense:			
(1) Current tax (including for earlier years)		19,00,40,614	16,70,00,000
(2) Deferred tax		2,60,00,000	(23,57,047)
		<b>21,60,40,614</b>	<b>16,46,42,953</b>
VII Profit for the period (V - VI)		<b>46,20,58,887</b>	<b>32,03,65,329</b>
VIII Earnings per equity share of face value of ₹ 5/- each	28		
(1) Basic		36.51	25.32
(2) Diluted		36.51	25.32
Significant Accounting Policies Notes to Accounts on Financial Statements	29 to 40		

As per our report of even date attached

For and on behalf of

**H. V. Vasa & Co.**

Firm Registration No. : 131054W

Chartered Accountants

**Tushar H. Vasa**

Proprietor

Membership No. 16831

Ahmedabad

25th April, 2013

**Rajesh B. Shah**

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**Narendra N. Patel**

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Chairman and Managing Director

**Ashok Chhajed**

Director

**Dr. K. N. Maiti**

Director

**Govindbhai P. Patel**

Director

**M. K. Bhandari**

Director-Technical

Ahmedabad

25th April, 2013

## Cash Flow Statement for the year ended 31st March, 2013

	Year ended March 31, 2013		Year ended March 31, 2012	
	₹	₹	₹	₹
<b>A. Cash flow from operating activities</b>				
Profit before tax		67,80,99,501		48,50,08,282
Interest received	(2,56,71,112)		(2,45,92,779)	
Dividend received	(6,57,062)		(7,22,472)	
Foreign Exchange Variation loss / (gain)	1,78,235		(22,37,848)	
Profit on Sale of Investments	(5,40,091)		(18,47,326)	
Amortisation of Lease hold Land	59,870		59,870	
(Profit)/Loss on Sale of Fixed Assets (Net)	40,07,909		(9,30,233)	
Employee Stock Options written back	-		(2,554)	
		<u>(2,26,22,251)</u>		<u>(3,02,73,342)</u>
Net profit before tax & Extra-ordinary items		65,54,77,250		45,47,34,940
Adjusted for				
Depreciation	9,42,23,481		7,70,51,581	
Foreign Exchange (loss) / gain	(1,78,235)		22,37,848	
Provision for diminution in value of Investments	39,300		66,318	
Interest Charged	6,80,51,086		3,85,85,851	
		<u>16,21,35,632</u>		<u>11,79,41,598</u>
Operating profit before working capital changes		81,76,12,882		57,26,76,538
Adjusted for				
Trade and other Receivable	(41,25,26,422)		(7,94,95,866)	
Inventories	(2,26,95,527)		(41,72,14,747)	
Trade and other Payable	24,15,09,793		15,65,58,149	
Other Current Assets	1,89,354		3,61,826	
		<u>(19,35,22,802)</u>		<u>(33,97,90,638)</u>
Cash generated from operations		62,40,90,080		23,28,85,900
Interest paid	(6,80,51,086)		(3,85,85,851)	
Direct taxes paid	(19,96,75,370)		(15,48,26,486)	
Cash flow before extra-ordinary items		35,63,63,624		3,94,73,563
Extra ordinary Items		-		-
Net cash from operating activities Total (A)		<u>35,63,63,624</u>		<u>3,94,73,563</u>
<b>B. Cash flow from Investing activities</b>				
Purchase of fixed assets	(38,59,06,681)		(24,59,88,089)	
Proceeds from sale of fixed assets	58,32,072		22,22,359	
Current Investments	(1,38,46,992)		(1,09,97,703)	
Sale of investments (Net of loss)	1,14,71,476		7,95,58,187	
Interest received	2,56,71,112		2,45,92,779	
Dividend received	6,57,062		7,22,472	
Net cash used in investing activities Total (B)		<u>(35,61,21,951)</u>		<u>(14,98,89,995)</u>
<b>C. Cash flow from financing activities</b>				
Proceeds from issue of share capital	-		-	
Right issue expenses	-		-	
Proceeds from borrowings/Repayment of Loan	13,44,65,334		9,81,44,765	
Dividend paid	(4,41,23,433)		(3,67,69,527)	
Interest paid	-		-	
Net cash used in financing activities Total (C)		<u>9,03,41,901</u>		<u>6,13,75,238</u>
<b>Net changes in cash &amp; cash equivalents (A+B+C)</b>		9,05,83,574		(4,90,41,194)
<b>Cash &amp; cash equivalent-Opening Balance</b>		31,29,51,078		36,19,92,272
<b>Cash &amp; cash equivalent-Closing Balance</b>		40,35,34,652		31,29,51,078

As per our report of even date attached

For and on behalf of

**H. V. Vasa & Co.**

Firm Registration No. : 131054W

Chartered Accountants

**Tushar H. Vasa**

Proprietor

Membership No. 16831

Ahmedabad

25th April, 2013

**Rajesh B. Shah**

C F O

C O O (Fin. &amp; Comm.)

**Narendra N. Patel**

President &amp; Company Secretary

**Vikram Somany****Ashok Chhajed****Dr. K. N. Maiti****Govindbhai P. Patel****M. K. Bhandari**

Ahmedabad

25th April, 2013

Chairman and Managing Director

Director

Director

Director

Director-Technical

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
<b>1. Share Capital</b>		
<b>A Authorised, Issued, Subscribed &amp; Paid up Share Capital</b>		
<b>Authorised</b>		
2,00,00,000 (2,00,00,000) Equity shares of ₹ 5/- each	<b>10,00,00,000</b>	10,00,00,000
Total	<b>10,00,00,000</b>	10,00,00,000
<b>Issued, Subscribed &amp; Paid Up</b>		
1,26,54,874 (1,26,54,874) Equity shares of ₹ 5/- each fully paid up	<b>6,32,74,370</b>	6,32,74,370
Total	<b>6,32,74,370</b>	6,32,74,370
<b>Terms / rights attached to equity shares :</b>		
The company has only one class of Equity Shares having a par value of ₹ 5/- per share. Each holder of Equity Shares is entitled to one vote per share and each equity share carries an equal right to dividend.		
<b>B Issue of Bonus Shares</b>		
	<b>As at 31st March, 2013 No. of Shares</b>	<b>As at 31st March, 2012 No. of Shares</b>
Equity Shares allotted as fully paid by way of Bonus Shares During the year ended March 31, 2011 company had issued 63,27,437 number of equity shares of ₹ 5/- each by way of fully paid up bonus shares by capitalisation of Securities Premium.	<b>63,27,437</b>	63,27,437
<b>C Reconciliation of the number of Equity Shares outstanding is set out below :</b>		
<b>Particulars</b>		
Shares at the beginning of the year	<b>1,26,54,874</b>	1,26,54,874
<b>D Details of shareholders holding more than 5% of the aggregate shares :</b>		
	<b>As at 31st March, 2013</b>	
<b>Name of Shareholder</b>	<b>No. of Shares held</b>	<b>% of Holding</b>
Vikram Investment Co. Ltd	<b>29,00,275</b> (29,00,275)	<b>22.92</b> (22.92)
Shri Vidush Somany	-	-
	(13,75,020)	(10.87)
Shri Vikram Somany	<b>9,95,453</b> (9,88,453)	<b>7.87</b> (7.81)
Smt Smiti Somany	<b>17,42,240</b> (3,63,220)	<b>13.76</b> (2.87)
HSBC Bank (Mauritius) Limited A/c - Jwalamukhi Investment Holdings	<b>10,81,127</b> (-)	<b>8.54</b> (-)
<b>E Share options granted under the Employee Stock Option Scheme</b>		
	<b>As at 31st March, 2013 No. of Options</b>	<b>As at 31st March, 2012 No. of Options</b>
Outstanding at the beginning of the year	-	32
Granted during the year	-	-
Lapsed during the year	-	32
Excercised during the year	-	-
Outstanding at the end of the year	-	-
Excercisable at the end of the year	-	-
Exercise Price (₹)	-	61

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
<b>2. Reserves &amp; Surplus</b>		
<b>a. Securities Premium Reserve</b>		
As per last Balance Sheet	10,53,12,106	10,53,12,106
<b>b. Employee Stock Option Outstanding</b>		
As per last Balance Sheet	-	2,554
Add : Addition during the year	-	-
Less : Deletion during the year	-	(2,554)
Balance at the end of the year	-	-
<b>c. General Reserve</b>		
As per last Balance Sheet	1,08,32,22,457	83,69,80,561
Add : Transferred from Profit & Loss Account	35,32,27,643	24,62,41,896
Balance at the end of the year	1,43,64,50,100	1,08,32,22,457
<b>d. Profit &amp; Loss Account</b>		
As per last Balance Sheet	14,00,00,000	11,00,00,000
Add : Net Profit for the year	46,20,58,887	32,03,65,329
Less : Proposed Dividend	(5,06,19,496)	(3,79,64,622)
Tax on Proposed Dividend	(82,11,748)	(61,58,811)
Transfer to General reserve	(35,32,27,643)	(24,62,41,896)
Balance at the end of the year	19,00,00,000	14,00,00,000
<b>Total</b>	<b>1,73,17,62,206</b>	<b>1,32,85,34,563</b>
<b>3. Long Term Borrowings</b>		
<b>Secured :</b>		
<b>Term Loans from Banks :</b> (Refer note no-9(a))		
<b>(i) From Yes Bank</b>	<b>2,29,16,663</b>	<b>4,79,16,659</b>
(Secured by mortgage of Display Centre) repayable in 48 monthly installments, from March, 2011 to February, 2015.		
<b>(ii) From State Bank of India</b>	<b>12,60,00,000</b>	<b>6,83,00,000</b>
(Secured by mortgage of Fixed Assets situated at 9,GIDC Industrial Estate, Residential Colony at Kadi and charge by hypothecation of movable assets and windmills), repayable in 20 quarterly installments, from November, 2012 to February, 2018.		
<b>Total</b>	<b>14,89,16,663</b>	<b>11,62,16,659</b>
<b>4. Deferred Tax Liability (Net)</b>		
Deferred Tax Liabilities on account of :		
Depreciation	18,47,96,831	14,43,98,849
Deferred Expenses	1,04,538	57,558
	18,49,01,369	14,44,56,407
Less : Deferred Tax Assets on account of :		
Expenses allowable on payment basis	2,27,18,876	(82,73,914)
<b>Total</b>	<b>16,21,82,493</b>	<b>13,61,82,493</b>
<b>5. Other Long Term Liabilities</b>		
Deposits by Dealers	6,12,03,616	4,60,88,321
Other liabilities	94,42,626	94,18,458
<b>Total</b>	<b>7,06,46,242</b>	<b>5,55,06,779</b>
<b>6. Long Term Provisions</b>		
Provision for Taxation	19,74,80,391	16,67,52,536
<b>Total</b>	<b>19,74,80,391</b>	<b>16,67,52,536</b>

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
<b>7. Short Term Borrowings</b>		
<b>Secured :</b>		
(a) <b>Working Capital Loan from Bank</b>	<b>40,04,86,828</b>	29,59,19,373
From State Bank of India (Secured by hypothecation of Goods, Book-Debts, Movable assets, Windmills, lien on Fixed Deposits and mortgage of Fixed Assets situated at 9 GIDC Industrial Estate and Residential Colony, Kadi).		
<b>Unsecured :</b>		
Deposits	-	34,000
<b>Total</b>	<b>40,04,86,828</b>	<b>29,59,53,373</b>
<b>8. Trade Payable</b>		
Due to Micro, Small & Medium Enterprises	<b>11,66,48,120</b>	11,19,06,471
Others	<b>15,94,53,855</b>	7,76,53,103
<b>Total</b>	<b>27,61,01,975</b>	<b>18,95,59,574</b>
There is no principal amount and interest overdue to Micro, Small & Medium Enterprises. During the year no interest has been paid to such parties. This information has been determined to the extent such parties have been identified on the basis of information available with the company.		
<b>9. Other Current Liabilities</b>		
(a) Current maturities of long term debt (Refer note No - 3)	<b>6,09,99,996</b>	6,37,68,121
(b) Interest accrued but not due on borrowings	-	31,026
(c) Unclaimed dividend	<b>30,09,112</b>	22,93,119
(d) Matured deposits and interest due	<b>3,51,531</b>	3,72,102
(e) Other payables*	<b>54,63,92,818</b>	42,34,65,169
<b>Total</b>	<b>61,07,53,457</b>	<b>48,99,29,537</b>
* Includes statutory dues, Advance received from customers, amount payable to Employees.		
<b>10. Short Term Provisions</b>		
(a) Provision for employees' benefits	<b>7,61,73,940</b>	5,99,38,056
(b) Others		
- Proposed Dividend	<b>5,06,19,496</b>	3,79,64,622
- Tax on Dividend	<b>82,11,748</b>	61,58,811
<b>Total</b>	<b>13,50,05,184</b>	<b>10,40,61,489</b>

**11. Fixed Assets**

Description	Gross Block				Depreciation / Amortisation				Net Block	
	As at 1st April 2012	Additions / Adjustments	Deductions / Adjustments	Balance as at 31st March 2013	As at 1st April 2012	For the year	Deductions / Adjustments	Upto 31st March 2013	As at 31st March 2013	As at 31st March 2012
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
<b>a TANGIBLE ASSETS :</b>										
<b>Owned Assets :</b>										
Leasehold Land	14,06,034	-	59,870	13,46,164	-	-	-	-	13,46,164	14,06,034
Freehold Land	45,65,127	-	-	45,65,127	-	-	-	-	45,65,127	45,65,127
Buildings	33,59,54,887	15,33,83,756	36,55,181	48,56,83,462	8,66,34,577	2,65,60,982	12,79,084	11,19,16,475	37,37,66,987	24,93,20,310
Plant & Machinery	87,10,65,040	27,73,17,214	1,45,86,674	1,13,37,95,580	27,92,04,714	5,10,19,269	84,81,781	32,17,42,202	81,20,53,378	59,18,60,326
Furniture & Fixtures	7,05,86,617	1,29,65,724	12,46,420	8,23,05,921	3,77,00,232	97,68,136	8,74,441	4,65,93,927	3,57,11,994	3,28,86,385
Vehicles	4,04,69,167	83,77,123	36,39,644	4,52,06,646	1,79,05,408	68,75,094	26,52,631	2,21,27,871	2,30,78,775	2,25,63,759
<b>Sub -Total (a)</b>	<b>1,32,40,46,872</b>	<b>45,20,43,817</b>	<b>2,31,87,789</b>	<b>1,75,29,02,900</b>	<b>42,14,44,931</b>	<b>9,42,23,481</b>	<b>1,32,87,937</b>	<b>50,23,80,475</b>	<b>1,25,05,22,425</b>	<b>90,26,01,941</b>
<b>b LEASED ASSETS :</b>										
Vehicles (Transfer to vehicles on completion of loan)	-	-	-	-	-	-	-	-	-	-
<b>Sub -Total (b)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total (a + b)</b>	<b>1,32,40,46,872</b>	<b>45,20,43,817</b>	<b>2,31,87,789</b>	<b>1,75,29,02,900</b>	<b>42,14,44,931</b>	<b>9,42,23,481</b>	<b>1,32,87,937</b>	<b>50,23,80,475</b>	<b>1,25,05,22,425</b>	<b>90,26,01,941</b>
Previous Year	1,13,10,65,503	19,76,89,881	47,08,512	1,32,40,46,872	34,77,49,866	7,70,51,581	33,56,516	42,14,44,931	90,26,01,941	-
<b>c CAPITAL WORK - IN - PROGRESS</b>										
									4,33,32,471	10,94,69,608

Note : Buildings include a cost of shares in Co-operative Housing Societies ₹ 250/- (Previous Year ₹ 500/-)



	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
<b>12. Non Current Investments (Unquoted)</b>		
Government securities (Deposited with Government Departments)		
National Savings Certificates	13,000	13,000
<b>Total</b>	<b>13,000</b>	<b>13,000</b>
<b>13. Long Term Loans and Advances</b>		
a. Capital Advances - Unsecured-considered good	3,88,20,565	2,28,10,921
b. Security Deposits - Unsecured-considered good	2,06,86,260	1,52,47,835
c. Advance Income Tax (including for earlier years)	15,39,68,857	11,36,06,243
<b>Total</b>	<b>21,34,75,682</b>	<b>15,16,64,999</b>
<b>14. Current Investments (Unquoted-Non Trade)</b>		
Investments in Mutual Funds (in Units)		
# 667644.2950 UTI Bond Fund - Dividend Plan	80,00,000	-
# 134070.1070 Birla Sun Life Dynamic Bond Fund Ret Qtly Div. Payout	15,46,992	-
# 120984.3280 Kotak Bond (Deposit)-Qtly Dividend	15,00,000	-
# 143172.1220 Dws Short Maturity	15,00,000	-
# 119244.1750 DSP BlackRock Short Term	13,00,000	-
# 2608.9780 Templeton India Short Term Income plan-Mthly Div.	-	29,98,759
# 49472.9300 IDFC SSIF-Short Term-Monthly Dividend	-	4,98,944
# 217021.4240 Birla Sun Life Dynamic Bond Fund Ret Qtly Div.Payout	-	25,00,000
# 150375.7480 Kotak Gold Fund-Growth	-	20,00,000
# 188679.2450 Kotak Multi Asset Allocation Fund-Growth	-	20,00,000
# 88121.2550 Canara Robeco Indigo Qtly Dividend Fund	-	10,00,000
	<b>1,38,46,992</b>	<b>1,09,97,703</b>
Less : Provision for diminution in the value of Investments	<b>39,300</b>	<b>66,318</b>
<b>Total</b>	<b>1,38,07,692</b>	<b>1,09,31,385</b>
<b>15. Inventories</b>		
a. Raw Materials and components	13,73,18,169	10,41,43,622
b. Stock-in-process	1,74,32,434	2,79,77,000
c. Finished goods	71,52,89,914	70,91,96,467
d. Stores and spares	7,01,97,032	7,62,24,933
<b>Total</b>	<b>94,02,37,549</b>	<b>91,75,42,022</b>
<b>16. Trade Receivables (Unsecured-Considered Good)</b>		
Outstanding over six months	2,72,99,076	3,78,26,321
Others	80,40,06,372	41,67,20,634
<b>Total</b>	<b>83,13,05,448</b>	<b>45,45,46,955</b>
<b>17. Cash and Cash equivalents</b>		
Cash on hand	13,65,507	4,84,017
Balances with banks	13,01,04,255	5,64,37,480
Unclaimed Dividend Bank Accounts	30,09,112	22,93,119
Balances with banks held as margin money	1,14,35,322	1,06,24,497
Fixed Deposits with Bank*	25,76,20,456	24,31,11,965
<b>Total</b>	<b>40,35,34,652</b>	<b>31,29,51,078</b>
*Bank Deposits maturing after 12 months	76,376	9,25,000
*Fixed Deposits of ₹ 529 Lacs are given in security for overdraft facility.		
<b>18. Short-term loans and advances (Unsecured-Considered Good)</b>		
Balances with Customs and Central Excise Authorities	2,54,70,227	1,80,69,455
Others*	6,81,51,108	6,12,32,021
<b>Total</b>	<b>9,36,21,335</b>	<b>7,93,01,476</b>
* Includes advances to sundry creditors, employees and tax credit available.		
<b>19. Other current assets</b>		
Interest accrued and receivable	65,17,905	66,26,709
Miscellaneous Expenditure (Not written off)	2,41,650	3,22,200
<b>Total</b>	<b>67,59,555</b>	<b>69,48,909</b>

	2012-13 ₹	2011-12 ₹
<b>20. Revenue from Operations</b>		
Sale of products	5,11,48,50,060	3,35,71,31,722
Less : Excise duty	23,61,78,938	16,32,34,317
<b>Total</b>	<b>4,87,86,71,122</b>	<b>3,19,38,97,405</b>
<u>Particulars of Sale of Products</u>		
Vitreous China Sanitaryware, Faucetware, Fittings & Allied products	5,11,14,42,525	3,35,49,03,761
Others	34,07,535	22,27,961
<b>Total</b>	<b>5,11,48,50,060</b>	<b>3,35,71,31,722</b>
<b>21. Other Income</b>		
Interest Income	2,56,71,112	2,45,92,779
Dividend Income	6,57,062	7,22,472
Net gain on sale of Investments	5,40,091	18,47,326
Net gain on sale of Fixed Assets	-	9,30,233
Export Incentive	2,78,963	1,44,132
Claims Received	3,10,64,460	2,06,60,522
Miscellaneous Income	40,96,869	67,50,924
Items pertaining to Previous year, unspent liabilities & provisions no longer required written back (net)	2,76,27,961	1,28,20,599
<b>Total</b>	<b>8,99,36,518</b>	<b>6,84,68,987</b>
<b>22. Cost of Materials Consumed</b>		
Opening Stock	10,41,43,622	5,64,82,713
Add : Purchases (Net of Transfers)	52,99,31,009	44,78,67,209
	63,40,74,631	50,43,49,922
Less : Closing Stock	13,73,18,169	10,41,43,622
<b>Total</b>	<b>49,67,56,462</b>	<b>40,02,06,300</b>
<u>Particulars of Cost of Materials Consumed</u>		
Sand, Sandstone, Clays & Chemicals	29,11,83,145	22,54,82,518
Accessories & Fittings	1,36,10,406	1,38,59,669
Brass ingots and components	19,19,62,911	16,08,64,113
<b>Total</b>	<b>49,67,56,462</b>	<b>40,02,06,300</b>
<b>23. Purchases</b>		
Purchases	1,63,73,35,271	1,14,20,82,384
<b>Total</b>	<b>1,63,73,35,271</b>	<b>1,14,20,82,384</b>
<u>Particulars of Purchase of Products</u>		
Vitreous China Sanitaryware, Faucetware, Fittings & Allied products	1,63,73,35,271	1,14,20,82,384
<b>24. (Increase) / Decrease in Finished Goods and Stock-in-Process</b>		
<b>Stock at Commencement</b>		
Finished Goods	70,91,96,466	37,13,36,021
Stock-in-Process	2,79,77,001	1,58,66,456
	73,71,73,467	38,72,02,477
<b>Stock at Close</b>		
Finished Goods	71,52,89,914	70,91,96,467
Stock-in-Process	1,74,32,434	2,79,77,000
	73,27,22,348	73,71,73,467
<b>Total</b>	<b>44,51,119</b>	<b>(34,99,70,990)</b>
<b>25. Employees Benefit Expenses</b>		
Salaries, Wages and Bonus	51,17,94,658	38,49,12,953
Contributions to Provident and other Funds	4,71,94,253	3,13,75,830
Staff and Labour Welfare Expenses	2,08,51,339	1,50,43,431
<b>Total</b>	<b>57,98,40,250</b>	<b>43,13,32,214</b>

	2012-13 ₹	2011-12 ₹
<b>26. Finance Costs</b>		
Interest on term loans	1,91,36,303	1,19,92,422
Interest others	4,89,14,783	2,65,93,429
Other borrowing costs	28,73,177	14,71,800
<b>Total</b>	<b>7,09,24,263</b>	<b>4,00,57,651</b>
<b>27. Other Expenses</b>		
Stores, Spares, Chemicals and Packing Materials Consumed	22,01,07,059	16,32,84,826
Excise Duty (Net of Opening Provision)	2,16,10,937	1,29,23,591
Rent	3,00,06,268	2,33,43,965
Power and Fuel consumed	23,15,89,654	15,71,72,989
Repairs - Plant and Machinery	87,41,619	1,12,27,857
Repairs - Building	18,72,795	20,67,623
Repairs - Others	72,34,960	98,32,400
Insurance	68,14,124	51,82,202
Rates and Taxes	11,08,715	23,12,645
Freight and Forwarding Expenses (Net)	25,53,36,359	18,16,27,821
Brokerage, commission and discounts on Sales	27,08,36,550	19,30,47,260
Publicity & Advertisement Expenses	17,70,87,015	14,53,92,993
Research & Development Expenses	61,96,165	65,68,033
Bad Debts / Amount written off	35,55,386	27,02,813
Miscellaneous Expenses	15,83,34,478	11,31,63,384
Loss on Sale / Discard of Fixed Assets (Net)	40,07,909	-
Provision for diminution in the value of Investments	39,300	66,318
Donation	14,98,000	61,82,250
Director's Commission	10,00,000	5,00,000
<b>Total</b>	<b>1,40,69,77,293</b>	<b>1,03,65,98,970</b>

		2012-13	2011-12
<b>28. Basic &amp; Diluted EPS</b>			
<b>Basic Earning per share</b>			
Profit attributable to the shareholders (₹)	A	46,20,58,887	32,03,65,329
Weighted average number of Equity shares outstanding during the year	B	1,26,54,874	1,26,54,874
Nominal Value of Equity share (₹)		5.00	5.00
Basic Earning per share (F.V. ₹ 5/- per share) (₹)	A/B	36.51	25.32
<b>Diluted Earning per share</b>			
Profit attributable to the shareholders (₹)	A	46,20,58,887	32,03,65,329
Weighted average number of Equity shares outstanding during the year	B	1,26,54,874	1,26,54,874
Nominal Value of Equity share (₹)		5.00	5.00
Diluted Earning per share (F.V. ₹ 5/- per share) (₹)	A/B	36.51	25.32
<b>Number of shares for Basic &amp; Dilutive EPS</b>			
Weighted average no. of Equity shares outstg. during the year for Basic EPS		1,26,54,874	1,26,54,874
Add : Dilutive potential Equity shares		-	-
Weighted average no. of Equity shares outstg. during the year for Dilutive EPS		1,26,54,874	1,26,54,874
<b>29. Payments to the Auditors</b>		2012-13 (₹)	2011-12 (₹)
a. As Auditors		2,20,000	1,80,000
b. For Taxation matters		2,52,500	2,26,000
c. For Other services		1,78,500	39,500
d. For Reimbursement of expenses		40,527	33,003
<b>Total</b>		<b>6,91,527</b>	<b>4,78,503</b>

**30. Transfer of Ceramic Division from Madhusudan Industries Limited (MIL)**

The Honourable High Court of Judicature at Gujarat vide its order dated 30.10.2001 has sanctioned Scheme of Arrangement (the Scheme) U/s. 391-394 of the Companies Act, 1956 between Madhusudan Industries Limited ("MIL") and the Company under which all the assets, liabilities and debts of the Ceramic Division as defined in the Scheme ("the Undertaking") of "MIL" comprising of Ceramic Division have been transferred to the Company at net book value with effect from 01.04.2001.

The Name of the Company had been changed from Madhusudan Oils And Fats Limited to Cera Sanitaryware Limited with effect from 01-11-2002 consequent upon the fresh certificate of Incorporation, issued by the Registrar of Companies, Gujarat State, Ahmedabad.

**31. Value of Imports on C.I.F. Basis**

	2012-13 (₹)	2011-12 (₹)
1. Raw Materials and Chemicals	7,00,86,680	1,12,70,715
2. Stores and Spare Parts & Fittings	47,30,505	1,02,09,857
3. Capital Goods	5,99,69,104	71,88,467
4. Purchases	75,95,78,730	43,64,25,318
<b>Total</b>	<b>89,43,65,019</b>	<b>46,50,94,357</b>

**32. Value of Raw Materials, Stores & Spare Parts Consumed**

	Raw Materials	
	₹	%
1. Imported	4,87,50,660 (99,91,308)	9.81% (2.50%)
2. Indigenous	44,80,05,802 (39,02,14,992)	90.19% (97.50%)

	Stores & Spare Parts	
	₹	%
1. Imported	95,20,901 (44,40,913)	13.37% (8.18%)
2. Indigenous	6,16,66,272 (4,98,29,175)	86.63% (91.82%)

	2012-13 (₹)	2011-12 (₹)
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**33. Expenditure in Foreign Currencies on account of**

1. Travelling	38,99,808	46,29,498
2. Export Commission	15,55,606	8,95,685
3. Interest/Bank Charges	4,28,932	2,58,269
4. Technical know-how & Professional fees	67,64,931	22,18,865
5. Others	3,91,164	15,07,069

**34. Earnings in Foreign Exchange**

Exports of Goods on F.O.B Basis	5,32,71,449	3,92,42,513
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**35. Contingent liability in respect of :**

	As on 31-03-2013 ₹	As on 31-03-2012 ₹
a. Claims against the Company not acknowledged as debts (Net of Payments).	52,11,780	35,68,274
b. Estimated amount of contracts remaining to be executed on capital account not provided for (Net of advance).	7,13,93,146	8,65,92,646
c. Letters of Credit opened and guarantees given by the Bank in favour of Parties and Government Authorities.	5,02,32,172	7,27,09,618

36. The Company is receiving balance confirmations from various parties. Due adjustments will be made on receipt thereof, if necessary.

37. Pursuant to notification dt.31st March, 2009 (Further amended by Notification dt. 29 December, 2011) issued by the Ministry of Corporate Affairs, the company had exercised the option available under the newly inserted Paragraph 46A (1) to the AS-11.

The effect of changes in foreign exchange rates is to add/deduct the foreign exchange fluctuation to capital cost of the asset. Accordingly the net foreign exchange fluctuation loss amounting to ₹ 0.11 Cr. (P Y Loss amounting to ₹ 0.53 Cr.) has been deducted / (added) respectively to the cost of capital assets.

**38. Employee Benefits**

The company has with effect from 1st April, 2007, adopted Accounting Standard 15, Employee benefits (revised 2005), issued by the Institute of Chartered Accountants of India. The disclosure required is as under :

**1) Brief description of the plans :**

The company has various schemes for long-term benefits such as provident fund, gratuity and leave encashment. In case of funded schemes, the funds are recognised by income tax authorities and administered through trustees/appropriate authorities.

The company's defined contribution plans are Provident Fund (exempted employees) recognised by the Income Tax Authorities and administered through trustees. The company has no further obligation beyond making contributions and interest shortfall. Further the pattern of investment for investible funds is as prescribed by the Government. Accordingly other related disclosures in respect of Provident Fund have not been made.

The company's contribution plans are Provident Fund (non exempted employees), Employees' pension scheme (under the Provisions of the employees' Provident Funds and Miscellaneous Provisions Act, 1952), state plans namely Employee's State Insurance Fund. The company has no further obligation beyond making contributions.

The company's defined benefit plans also include Gratuity and leave Encashment for all its employees. Gratuity fund recognised by the Income Tax Authorities is administered through trustees. Liability for Defined Benefit Plan is provided on the basis of valuations, as at Balance sheet date, carried out by an independent actuary. The actuarial valuation method used by independent actuary for measuring the liability is the projected unit credit method.

**2) Charge to the Profit and Loss Account based on contributions:**

	<b>2012-13</b> <b>(₹ in Lacs)</b>	2011-12 (₹ in Lacs)
Provident fund	<b>121.88</b>	96.10
Employees' Pension Scheme	<b>98.51</b>	80.05
ESIC	<b>88.70</b>	61.87
	<b>309.09</b>	238.02

**3) Disclosures for defined benefit plans based on actuarial reports as on 31st March, 2013**

Particulars	2012-13		2011-12	
	Gratuity Funded Plan ₹	Leave Encashment Non-funded Plan ₹	Gratuity Funded Plan ₹	Leave Encashment Non-funded Plan ₹
<b>Change in Defined Benefits Obligation</b>				
Opening defined benefits obligation	5,63,38,561	2,44,71,613	4,79,19,523	1,79,70,195
Current service cost	62,11,630	36,18,490	47,22,332	26,44,339
Interest cost	46,35,197	20,13,377	40,73,159	15,27,467
Actuarial loss / (gain)	65,74,428	62,50,237	6,62,077	27,66,384
Benefits paid	(28,18,576)	(45,33,526)	(10,38,530)	(4,36,772)
Closing defined benefits obligation	7,09,41,240	3,18,20,191	5,63,38,561	2,44,71,613
<b>Change in Fair value of Assets</b>				
Opening fair value of plan assets	5,63,38,561		4,80,32,298	
Expected return on plan assets	57,39,034		48,27,152	
Actuarial gain / (loss)	(10,62,111)		(11,60,989)	
Contributions by employer	1,29,98,612		56,78,630	
Benefits paid	(28,18,576)		(10,38,530)	
Closing fair value of plan assets	7,11,95,520		5,63,38,561	
<b>Movement in net liability recognized in Balance Sheet</b>				
Net opening liability	-	2,44,71,613	(1,12,775)	1,79,70,195
P & L Charge	1,27,44,332	1,18,82,104	57,91,405	69,38,190
Contribution Paid	(1,29,98,612)	(45,33,526)	(56,78,630)	(4,36,772)
Closing Net (asset) / liability	(2,54,280)	3,18,20,191	-	2,44,71,613
<b>Expenses recognized in the Profit and Loss Account</b>				
Current Service cost	62,11,630	36,18,490	47,22,332	26,44,339
Interest on defined benefit obligation	46,35,197	20,13,377	40,73,159	15,27,467
Expected return on plan assets	(57,39,034)	-	(48,27,152)	-
Net actuarial loss / (gain) recognized in the current year	76,36,539	62,50,237	18,23,066	27,66,384
Total Expenses	1,27,44,332	1,18,82,104	57,91,405	69,38,190

Particulars	2012-13		2011-12	
	Gratuity Funded Plan ₹	Leave Encashment Non-funded Plan ₹	Gratuity Funded Plan ₹	Leave Encashment Non-funded Plan ₹
<b>Assets Information</b>				
Government of India Securities	41.12%		41.12%	
Corporate Bonds	51.63%		51.63%	
Special Deposits Scheme	-		-	
Others	7.25%		7.25%	
<b>Principal actuarial assumption</b>				
Discount Rate (p.a)	8.25%	8.25%	8.50%	8.50%
Expected rate of return on plan assets (p.a)	9.00%		9.25%	
Annual Increase in Salary costs	5.50%	5.50%	5.50%	5.50%
Effect on the aggregate Service Cost & interest cost	-		-	
Effect on defined benefit obligation	-		-	

- (4) The Company has provided upto 31.03.2013 ₹ 318.20 Lacs (₹ 244.71 Lacs) being increment of discounted value of liability for unavailed leave of the employees determined as per Actuarial Valuation.

39. A) **Details of Related party transactions during the year ended 31st March, 2013.**

Type of Transaction	Associates (₹)	Key Management Personnel (₹)	Relatives of Key Management Personnel (₹)	Total (₹)
<b>Purchases</b> - Goods & Materials	- (1,80,655)			- (1,80,655)
<b>Sales</b> - Goods & Materials	- (-)			- (-)
<b>Expenses</b> - Remuneration	- (-)	7,14,99,936 (5,07,52,360)	23,86,278 (13,57,866)	7,38,86,214 (5,21,10,226)
Lease Rent/Rent	76,55,796 (74,64,375)		3,02,500 (-)	79,58,296 (74,64,375)
Other Services	22,83,069 (30,43,372)	22,75,100 (18,92,416)		45,58,169 (49,35,788)
Interest Paid	2,52,988 (1,74,886)			2,52,988 (1,74,886)
Donation/Other Expenses	3,85,000 (3,70,000)			3,85,000 (3,70,000)
<b>Income</b> - Interest Received	- (5,366)			- (5,366)
<b>Finance</b> - Loans & Advances given	- (5,50,000)			- (5,50,000)
Fixed Deposit / ICD Recd - Repaid	- (25,00,000)			- (25,00,000)
Fixed Deposit / IC Loan Recd - Repaid	- (1,15,000)			- (1,15,000)
Rent Deposit paid	- (17,04,000)		- (75,000)	- (17,79,000)
<b>Balance at the end of the year</b>				
Rent Deposit	17,04,000 (17,04,000)		75,000 (75,000)	17,79,000 (17,79,000)
Loans/Deposits	27,35,001 (27,35,000)			27,35,001 (27,35,000)

**B) Names of related parties and description of relationship :**

1.	Fellow subsidiaries	—	
2.	Associates	Madhusudan Industries Ltd. Cera Foundation Madhusudan Holdings Ltd.	Madhusudan Fiscal Ltd. Vikram Investment Co. Ltd. Swadeshi Fan Ind. Ltd.
3.	Key Management Personnel	Vikram Somany Dr.K.N.Maiti	Vidush Somany M. K. Bhandari
4.	Relatives of Key Management Personnel	Smiti Somany Pooja Jain Somany Shishir Bhandari	

**C) Disclosure in respect of transactions with related parties during the year :**

Particulars	2012-13 ₹	2011-12 ₹
<b>Purchases : Goods &amp; Materials</b>		
Madhusudan Industries Ltd	-	1,80,655
<b>Sales : Goods &amp; Materials</b>	-	-
<b>Expenses</b>		
Lease Rent / Rent		
Madhusudan Industries Ltd	<b>76,55,796</b>	74,64,375
Other Services		
Madhusudan Industries Ltd	<b>21,19,156</b>	28,96,122
Swadeshi Fan Industries Ltd	<b>1,63,913</b>	1,47,250
Interest Paid		
Madhusudan Fiscal Ltd	<b>2,52,988</b>	1,74,886
Donation		
Cera Foundation	<b>3,85,000</b>	3,70,000
<b>Income</b>		
Interest Received		
Madhusudan Industries Ltd	-	5,366
<b>Finance</b>		
Fixed Deposit / ICD Received - Repaid		
Madhusudan Industries Ltd	-	5,50,000
Madhusudan Fiscal Ltd	-	19,50,000
Fixed Deposit / IC Received - Repaid		
Madhusudan Fiscal Ltd	-	1,15,000
Madhusudan Industries Ltd	-	5,50,000
Rent Deposit Paid		
Madhusudan Industries Ltd	-	17,04,000
Shishir Bhandari	-	75,000

**40. Significant accounting policies and practices adopted by the company are disclosed in the statement annexed to these financial statements as Annexure - I.**

As per our report of even date attached

For and on behalf of

**H. V. Vasa & Co.**

Firm Registration No. : 131054W

Chartered Accountants

**Tushar H. Vasa**

Proprietor

Membership No. 16831

Ahmedabad

25th April, 2013

**Rajesh B. Shah**

C F O

C O O (Fin. &amp; Comm.)

**Narendra N. Patel**

President &amp; Company Secretary

**Vikram Somany**

Chairman and Managing Director

**Ashok Chhajed**

Director

**Dr. K. N. Maiti**

Director

**Govindbhai P. Patel**

Director

**M. K. Bhandari**

Director-Technical

Ahmedabad

25th April, 2013

**Annexure - I : Significant accounting policies and practices :****(Annexed to and forming part of the financial statement for the year ended 31st March, 2013)****\* Basis of Accounting**

The Company prepares its financial statements under the historical cost convention, on an accrual basis of accounting, to comply in all material respects with the notified Accounting Standards by the Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956.

**\* Sales**

Sales include excise duty and net of discounts and sales-tax / Vat.

**\* Employee Benefits**

- (i) Provident Fund is a defined contribution scheme and it is charged to revenue for the year when due.
- (ii) Contribution to approved Gratuity Fund is made of the present liability for future Gratuity as determined on an actuarial valuation. The Company has no further obligation except contribution to the fund.
- (iii) Leave encashment is recognised on the basis of an actuarial valuation made at the end of each year.

**\* Fixed Assets, Depreciation and Amortization**

- (a) Fixed Assets transferred on demerger scheme are stated at cost-less accumulated depreciation. Acquisitions and additions are stated at cost. The Company capitalizes all costs relating to the acquisition and installation of Fixed Assets on net of MODVAT credits on the assets and adjustments arising from exchange rate variations attributable to the fixed assets are capitalised.
- (b) Capital work in progress :  
Projects under commissioning and other capital work in progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.
- (c) Assets acquired under hire purchase installment credit scheme, the cost of asset is capitalized while the annual financial charges at equated installments are charged to revenue.
- (d) Depreciation for the year has been provided on net asset value at the rates and in the manner specified in Schedule-XIV of the Companies Act, 1956 as under:
  - (1) On Plant & Machinery and Electric Plant & Installation on straight-line method, but on incremental cost arising on account of translation of foreign currency liabilities for acquisition of fixed assets and depreciation is provided as aforesaid over the residual life of the respective assets.
  - (2) On other assets on written down value method.
- (e) Leasehold land is amortized over the period of lease.
- (f) The value of discarded Plant and Machinery has been written down to the lower of net book value and net realizable value.

**\* Inventories**

- (a) Raw-materials, Packing Materials, Stores and Chemicals are taken at lower of cost and net realizable value following FIFO method.
- (b) Stock-in-Process is valued at lower of cost and net realizable value.
- (c) Finished goods are valued at lower of cost and net realizable value.
- (d) Excise duty on goods manufactured by the Company and remaining in inventory is included as a part of valuation of finished goods.

**\* Investments**

Non-Current Investments are stated at cost. Current investments are carried at lower of cost and fair value. Provision for diminution in the value of non current investments is made only, if such a decline is other than temporary in the opinion of the management.

**\* Foreign Currency Transactions**

Foreign currency transactions during the year are recorded at rates of exchange prevailing on the date of transaction. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies as at the end of the year is recognised in the profit and loss account. Accounts Receivable in foreign currency are either represented by bills of exchange, which in many cases, are immediately discounted with bankers, or accounted at realized amounts. Exchange differences arising in respect of fixed assets acquired from outside India were capitalised as part of fixed assets (see note 37). Derivative transactions are considered as off-balance sheet items and cash flows arising therefrom are recognised in the books of account as and when the settlements take place in accordance with the terms of the respective contracts over the tenor thereof.

**\* Borrowing Cost**

Borrowing costs that are attributable to the acquisition or construction of assets are capitalized as part of the cost of such assets.

**\* Taxation**

Provision for tax for the year comprises current Income-tax and Wealth-tax determined to be payable in respect of taxable income and deferred tax being the tax effect of timing differences representing the difference between taxable income and accounting income that originate in one period, and are capable of reversal in one or more subsequent period(s).

**\* Earning per Share**

The earnings considered in ascertaining the company's Earnings per Share (EPS) comprise the net profit after tax. The number of shares used in computing Basic EPS is the Weighted average number of shares outstanding during the year.

The diluted EPS is calculated on the same basis as Basic EPS, after adjusting for the effects of potential dilutive equity shares.

**\* Impairment of Assets**

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the amount may not be recoverable. An impairment loss is recognized for the amount by which the assets' carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the assets' net selling price and its value in use.

**\* Contingent Liability**

Contingent liabilities determined on the basis of available information, wherever material are provided for and Contingent liabilities not provided for in the accounts are disclosed by way of notes to the accounts.



**CERA**  
**Cera Sanitaryware Limited**

Regd. Office : 9, GIDC Industrial Estate,  
Kadi - 382 715, Dist. Mehsana, Gujarat.

DP ID	Client ID	Folio No.	No. of shares held

**PROXY**

I/We \_\_\_\_\_

of \_\_\_\_\_

being a member(s) of Cera Sanitaryware Ltd. hereby appoint \_\_\_\_\_

\_\_\_\_\_ of \_\_\_\_\_

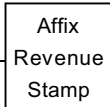
or failing him/her \_\_\_\_\_

of \_\_\_\_\_

as my/our Proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Thursday, the 11th July, 2013 at 11.30 a.m. or at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2013.

Signature(s) of the Shareholder(s) \_\_\_\_\_ L.F. No. \_\_\_\_\_



Note : The proxy must be returned so as to reach the registered office of the Company, not less than 48 hours before the time for holding the aforesaid meeting.

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**CERA**  
**Cera Sanitaryware Limited**

Regd. Office : 9, GIDC Industrial Estate,  
Kadi - 382 715, Dist. Mehsana, Gujarat.

DP ID	Client ID	Folio No.	No. of shares held

**ATTENDANCE SLIP**

Annual General Meeting - 2013  
at Regd. Office : 9, GIDC Industrial Estate, Kadi - 382 715, Dist. Mehsana, Gujarat.

Name of the attending Member/Proxy (In block letters) :

I hereby record my presence at the Annual General Meeting held at 11.30 a.m. on 11th July, 2013.

\_\_\_\_\_  
Member's / Proxy's Signature

- Notes : 1. Please bring this attendance slip to the meeting and handover at the entrance duly filled in.  
2. Members are requested to bring copy of Annual Report with them.



# CERA & me.

Luxury and style, like it should be.



ANNUAL REPORT 2012-2013

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Cera Sanitaryware Limited

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