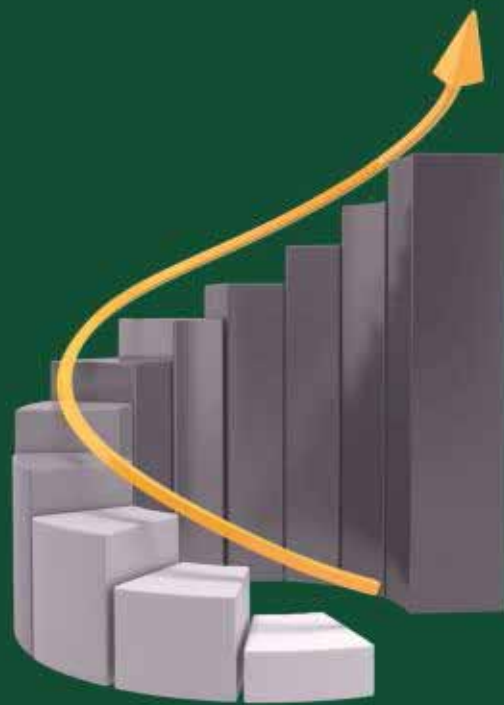


# Annual Report

2013-14



# CERA

**CERA Sanitaryware Limited**

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

# CERA

better expressed as...



Annual Report **CERA**  
2013-14  
CERA Sanitaryware Limited

**Board of Directors**

Shri Vikram Somany	- Chairman and Managing Director
Shri Sajan Kumar Pasari	
Dr. K. N. Maiti	
Shri Ashok Chhajed	
Shri Lalit Kumar Bohania	
Shri Govindbhai P. Patel	
Smt. Deepshikha Khaitan	
Shri Atul Sanghvi	- Executive Director

**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.  
www.cera-india.com; Phone : (02764) 242329, 262619, 262638; Fax : (02764) 242465;  
E-mail : kadi@cera-india.com; CIN : L26910GJ1998PLC034400

**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.
  - d) Vill. Jivapar (Anandpar), Tal. Chotila, Dist. Surendranagar, Gujarat.
  - e) Vill. Mota Gunda, Tal. Bhanwad, Dist. Jamnagar, 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 11.00 a.m. on Friday,  
the 22nd day of August, 2014 at the Registered Office.**

## NOTICE

Notice is hereby given that the Sixteenth Annual General Meeting of the Members of **CERA SANITARYWARE LIMITED** will be held at 11.00 a.m. on Friday, the 22<sup>nd</sup> day of August, 2014 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 receive, consider and adopt the financial statements of the Company for the year ended 31<sup>st</sup> March, 2014 including statement of Audited Profit and Loss for the year ended 31<sup>st</sup> March, 2014 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 Dr. K. N. Maiti, who retires by rotation and being eligible, offers himself for reappointment.
4. 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**

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

“RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Shri Ashok Chhajed (holding DIN 00116844) Director of the Company who retires by rotation at this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company (who will not retire by rotation) to hold office for five consecutive years for a term up to 31<sup>st</sup> March, 2019.”

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

“RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Shri Sajan Kumar Pasari (DIN 00370738) Director of the Company whose period of office is liable to determination by retirement of Directors by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company (who will not retire by rotation) to hold office for five consecutive years for a term up to 31<sup>st</sup> March 2019.”

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

“RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Shri Govindbhai P. Patel (DIN 03156041) Director of the Company whose period of office is liable to determination by

retirement of Directors by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company (who will not retire by rotation) to hold office for five consecutive years for a term up to 31<sup>st</sup> March 2019.”

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

“RESOLVED that Shri Lalit Kumar Bohania (holding Din 00235869), who was appointed as an Additional Director of the Company by the Board of Directors w.e.f. 11.07.2013 in terms of Section 260 of the Companies Act, 1956 (corresponding to section 161 of the Companies Act, 2013) and Article 137 of the Articles of Association of the Company and whose term of office expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company (who will not retire by rotation) pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 to hold office for five consecutive years for a term up to 31<sup>st</sup> March 2019.”

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

RESOLVED THAT Smt. Deepshikha Khaitan (DIN 03365068) appointed as an Additional Director of the Company by Board of Directors w.e.f. 29.03.2014 u/s 260 of the Companies Act, 1956 (Section 161 of the Companies Act, 2013) and Article 137 of the Articles of Association of the Company and who ceases to hold the office at this Annual General Meeting and in respect of whom the Company has received notice in writing proposing her candidature for the office of the director be and is hereby appointed as director of the Company, who will be liable to retire by rotation.

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

RESOLVED THAT Shri Atul Sanghvi (DIN 00045903) appointed as an Additional Director of the Company by Board of Directors w.e.f. 01.04.2014 u/s 260 of the Companies Act, 1956 (Section 161 of the Companies Act, 2013) and Article 137 of the Articles of Association of the Company and who ceases to hold the office at this Annual General Meeting and in respect of whom the Company has received notice in writing proposing his candidature for the office of the director be and is hereby appointed as director of the Company, who will be liable to retire by rotation.

11. 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 196, 197, 198, 203, Schedule V and any other applicable provisions of the Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) for the appointment of and for the remuneration payable to Shri Atul Sanghvi (DIN 00045903) as Executive Director of the Company for a period of Three (3) years w.e.f. 01.04.2014 in terms of agreement entered into by the Board of Directors of the Company with Shri Atul Sanghvi.

RESOLVED FURTHER THAT Shri Atul Sanghvi, Executive Director will be liable to retire by rotation.

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

RESOLVED FURTHER THAT total remuneration payable to Shri Atul Sanghvi shall not exceed 5% of the net profit of the Company and total remuneration payable to all the working directors shall not exceed 10% of the net profit of the Company in any financial year, calculated in accordance with the provisions of Sections 196, 197, 198, 203, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force).

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 V of the Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), if and to the extent with necessary approvals.

RESOLVED FURTHER THAT Shri Atul Sanghvi, Executive Director appointed herein above shall be 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 / or vary the terms and conditions of the said appointment and / or agreement in such a manner as it deem fit in terms of Sections 196, 197, 198, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force).

12. 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 196, 197, 198, 203, Schedule V and any other applicable provisions of the Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) for the re-appointment of and for the remuneration payable to Shri Vikram Somany (DIN 00048827) as Chairman and Managing Director of the Company for a period of three years w.e.f. 01.07.2014 in terms of agreement entered into by the Board of Directors of the Company with Shri Vikram Somany.

RESOLVED FURTHER THAT Shri Vikram Somany, Chairman and Managing Director will not be liable to retire by rotation.

RESOLVED FURTHER THAT the Chairman and Managing Director is also entitled to the benefits as per the rules of the Company, which the other executives/ employees of the Company are entitled to.

RESOLVED FURTHER THAT total remuneration payable to Shri Vikram Somany shall not exceed 5% of the net profit of the Company and total remuneration payable to all the working directors shall not exceed 10% of the net profit of the company in any financial year, calculated in accordance with the provisions of Sections 196, 197, 198, 203, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder (including any statutory

modification(s) or re-enactment thereof for the time being in force).

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 V of the Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), if and to the extent with necessary approvals.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to alter and / or vary the terms and conditions of the said appointment and / or agreement in such a manner as it deem fit, in terms of Sections 196, 197, 198, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force).

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

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), K. G. Goyal & Co., Cost Accountants appointed as Cost Auditors by the Board of Directors of the Company, as per the recommendation of Audit Committee to conduct the audit of the cost records of the Company for the financial year ending March 31, 2015, be paid the remuneration of ₹ 25,000/- p.a. plus out of pocket expenses and service tax, if any.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

Regd. Office :  
9, GIDC Industrial Estate,  
Kadi – 382 715  
12<sup>th</sup> June, 2014

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. A person can act as proxy on behalf of members not exceeding fifty and holding in aggregate not more than ten percent of total share capital 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 15.08.2014 to 22.08.2014 (both days inclusive).

4. The Board of Directors has recommended a dividend of 5.00 (100%) per fully paid equity share of ₹ 5/- each for the year ended 31.03.2014.
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 provisions of Section 102 of the Companies Act, 2013 is annexed hereto.
8. Pursuant to the provisions of Section 205A and 205C of the Companies Act, 1956, the Company has transferred the unpaid or unclaimed dividends up to the financial year 2005-06 to the Investor Education and Protection Fund (the IEPF) established by the Central Government. Members who have not encashed their dividend warrants for the financial year 2006-07 onwards are advised to write to the Company immediately claiming dividends declared by the Company.
9. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company or to the registrar.
10. 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 such shareholders for deletion of / change in such bank details. Shareholders who wish to change such bank account details are, therefore, requested to advise their Depository Participants about such change, with complete details of bank account.
11. Electronic copy of the Annual Report for 2013-14 is being sent to all the members whose email IDs are registered with the Company/ Depository Participant(s) for communication purposes, unless any member has requested for a hard copy of the same and physical copy of Annual report 2013-14, who have not registered their email address. Members who have not registered their email address are requested to get your email address registered with the Company / Depository Participant(s) and update the same, if required.
12. 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 10:00 a.m. to 1:00 p.m. up to the conclusion of this meeting.
13. Voting through electronic means
  - I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules 2014, the Company is pleased to provide members facility to exercise their right to vote at the 16<sup>th</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL):  
The instructions for e-voting are as under:
    - A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participant(s)]:
      - (i) Open email and open PDF file viz; "CERA e-Voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for e-voting. Please note that the password is an initial password.
      - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
      - (iii) Click on Shareholder – Login
      - (iv) Put user ID and password as initial password / PIN noted in step (i) above. Click Login
      - (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
      - (vi) Home page of e-voting opens. Click on e-Voting: Active Voting Cycles.
      - (vii) Select "EVEN" of Cera Sanitaryware Limited.
      - (viii) Now you are ready for e-voting as Cast Vote Page opens.
      - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
      - (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
      - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
      - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [cera.scrutiniser@gmail.com](mailto:cera.scrutiniser@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
    - B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participant(s) or requesting physical copy]:
      - (i) Initial password will be provided separately:  
EVEN (E Voting Event Number) USER ID  
PASSWORD/PIN
      - (ii) Please follow all steps from Sl. No. (ii) to Sl. No.(xii) above, to cast vote.
  - II. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - III. If you are already registered with NSDL for e-voting then you can use your existing user ID and password/PIN for casting your vote.
  - IV. As the voting would be through electronic means, the members who do not have access to e-voting, may requisite a Physical Ballot Form from the Company. You are required to fill in the ballot form and enclose it in a sealed envelope and send it to the Scrutinizer. Unsigned, incomplete or incorrectly ticked forms shall be rejected. The ballot must be received by the Scrutinizer on or before

18<sup>th</sup> August, 2014 (6.00 pm). The Scrutinizers decision on the validity of the forms will be final. Members are required to vote only through the electronic system or through ballot only and in no other form. In the event a member casts his votes through both the processes, the votes in the electronic system would be considered and the ballot vote would be ignored.

- V. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- VI. The e-voting period commences on 16<sup>th</sup> August, 2014 (10.00 am) and ends on 18<sup>th</sup> August, 2014 (6.00 pm). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 12<sup>th</sup> July, 2014 may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

- VII. The e-voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 12<sup>th</sup> July, 2014.
- VIII. Shri Umesh Parikh, partner of Parikh Dave & Associates, Companies Secretaries, (Membership No.FCS:4152) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- IX. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- X. The Results will be declared at the AGM of the Company on 22.08.2014. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.cera-india.com](http://www.cera-india.com) and on the website of NSDL within two(2) days of the AGM of the Company and communicated to the NSE and BSE Limited.

**14. MEMBERS HOLDING EQUITY SHARES IN ELECTRONIC FORM AND PROXIES THEREOF, ARE REQUESTED TO BRING THEIR DPID AND CLIENT ID FOR IDENTIFICATION.**

15. Brief resume of directors, who are proposed to be appointed / re-appointed at this meeting are given below:

Name of Director	<b>Shri Ashok Chhajed</b>	<b>Dr. K. N. Maiti</b>	<b>Shri Govindbhai P. Patel</b>	<b>Smt. Deepshikha Khaitan</b>
Date of Birth	20.09.1960	23.09.1946	01.08.1933	17.03.1975
Date of Appointment	30.07.2008	24.05.2008	16.07.2010	29.03.2014
Expertise in Specific Functional Areas	Financial Management	Ceramic Scientist	Labour Matters and Administration	Legal Matters and Management
List of other Directorships	—	—	—	Capital Publishing Pvt. Ltd.
Chairman / Member of the Committees of the Board of other Companies	—	—	—	—
Shareholding in the Company	600	—	—	39,116
Name of Director	<b>Shri Atul Sanghvi</b>	<b>Shri Vikram Somany</b>	<b>Shri Lalit Kumar Bohania</b>	<b>Shri Sajan Kumar Pasari</b>
Date of Birth	16.05.1962	26.08.1949	16.02.1963	21.02.1947
Date of Appointment	01.04.2014	27.11.2001	11.07.2013	15.06.2004
Expertise in Specific Functional Areas	Marketing and Commercial	Industrialist	Accounts & Finance	Businessman
List of other Directorships	Goodluck Ceramics Pvt. Ltd. Madhusudan Cybernetic Pvt. Ltd.	Asopalav Plantations Pvt. Ltd.	Motex Traders Pvt. Ltd. Ankush Steel Co. Pvt. Ltd. GDS Nirman Pvt. Ltd. Sangeeta Plywood Pvt. Ltd. Parmeshwar Properties Pvt. Ltd. Manobal Properties Pvt. Ltd. Sunny Nirman Pvt. Ltd. Damini Vinimay Pvt. Ltd. Samarpan Developers Pvt. Ltd. Gokul Heights Pvt. Ltd. Indraprastha Agencies Pvt. Ltd. Kamaldhan Enclave Pvt. Ltd. Manikarn Owners Association	Regent Estates Ltd. Pegasus Infra Estates Pvt. Ltd. Assam Roofing Ltd. India Automobiles (1960) Ltd. The Chemong Tea Co. Ltd. West Wing Estates Pvt. Ltd. Arcus Estates Pvt. Ltd. I A Builders Pvt. Ltd. I A Property Developers Pvt. Ltd.
Chairman / Member of the Committees of the Board of other Companies	—	—	—	—
Shareholding in the Company	—	10,41,953	—	2,45,140

**Explanatory Statement pursuant to provisions of section 102 the Companies Act, 2013.**

**Item No. 5**

Shri Ashok Chhajed is a Non Executive Independent Director of the Company. He joined the Board of Directors of the Company in July, 2008. Shri Ashok Chhajed is the Chairman of the Audit Committee and a member of Remuneration Committee of the Board of Directors of the Company. He is commerce graduate and fellow member of The Institute of Chartered Accountants of India. He is a renowned practicing Chartered Accountant of Ahmedabad for more than 20 years. Presently he is not a Director in any other Company. Apart from holding 600 Equity Shares in the Company he does not hold by himself or by any other person any interest in the Company.

Shri Ashok Chhajed, retires by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Shri Ashok Chhajed being eligible and offering himself for reappointment, is proposed to be appointed as an Independent Director for five consecutive years for a term up to 31<sup>st</sup> March, 2019. A notice has been received from a member proposing Shri Ashok Chhajed being appointed as Director of the Company.

In the opinion of the Board Shri Ashok Chhajed fulfils the conditions specified in the Companies Act, 2013 and rules made there under for his appointment as an Independent Director of the Company and is independent of the management.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to receive the services of Shri Ashok Chhajed as an Independent Director. Accordingly, the Board recommends the resolution for appointment of Shri Ashok Chhajed as an Independent Director for passing by the members of the Company.

Except Shri Ashok Chhajed, none of your Directors or key Managerial Personnel of the Company or their relatives are concerned or interested in the resolution as per the item No. 5 of the notice. This explanatory statement may also be regarded as a disclosure under clause 49 of the listing agreement with the Stock Exchanges.

**Item No. 6**

Shri Sajan Kumar Pasari is a Non Executive Independent Director of the Company. He joined the Board of Directors of the Company in June, 2004. Shri Sajan Kumar Pasari is the member of the Audit Committee and Remuneration Committee of the Board of Directors of the Company. He is an Associates in Arts and Major in Business Administration from USA. He is a seasoned businessman having rich experience in managing the business affairs for more than 40 years. He is actively involved with the real estate business. He is a Director in other nine public and private limited companies. He holds 2,45,140 Equity Shares in the Company.

Shri Sajan Kumar Pasari is a director, whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Shri Sajan Kumar Pasari being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term up to 31<sup>st</sup> March, 2019. A notice has been received from a member proposing, Shri Sajan Kumar Pasari being appointed as Director of the Company.

In the opinion of the Board, Shri Sajan Kumar Pasari fulfils the conditions specified in the Companies Act, 2013 and rules made there under for his appointment as an Independent Director of the Company and is independent of the management.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Shri Sajan Kumar Pasari as an Independent Director. Accordingly, the Board recommends the resolution for appointment of Shri Sajan Kumar Pasari as an Independent Director for passing by the members of the Company.

Except Shri Sajan Kumar Pasari, none of your Directors or key Managerial Personnel of the Company or their relatives are concerned or interested in the resolution as per the item No. 6 of the notice. This explanatory statement may also be regarded as a disclosure under clause 49 of the listing agreement with the Stock Exchanges.

**Item No. 7**

Shri Govindbhai P. Patel is a Non Executive Independent Director of the Company. He joined the Board of Directors of the Company in July, 2010. Shri Govindbhai P. Patel is a member of the Audit Committee, shareholders'/ investors' grievance committee, remuneration committee and share transfer committee of the Board of Directors of the Company. He is B.Sc. with Chemistry as principle subject. He is having to his credit rich experience of more than 40 years including 21 years as Company Secretary in Madhusudan Industries Limited. He has a vast experience in dealing in labour matters, factory affairs, legal and commercial matters and administration of public limited Company. He held various positions up to the level of factory manager in Madhusudan Industries Limited. He is not a Director in any other Company.

He does not hold by himself or by any other person any Shares in the Company.

Shri Govindbhai P. Patel, is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Shri Govindbhai P. Patel, being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term up to 31<sup>st</sup> March, 2019. A notice has been received from a member proposing Shri Govindbhai P. Patel being appointed as Director of the Company.

In the opinion of the Board Shri Govindbhai P. Patel fulfils the conditions specified in the Companies Act, 2013 and rules made there under for his appointment as an Independent Director of the Company and is independent of the management.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Shri Govindbhai P. Patel as an Independent Director. Accordingly the Board recommends the resolution for appointment of Shri Govindbhai P. Patel as an Independent Director for passing by the members of the Company.

Except Shri Govindbhai P. Patel, none of your Directors or key Managerial Personnel of the Company or their relatives are concerned or interested in the resolution as per the item No. 7 of the notice. This explanatory statement may also be regarded as a disclosure under clause 49 of the listing agreement with the Stock Exchanges.

**Item No. 8**

The Board of Directors at their meeting held on 11.07.2013 has appointed Shri Lalit Kumar Bohania as an additional Director of the Company w.e.f. 11.07.2013 u/s 260 of the erstwhile provisions of the Companies Act, 1956 (section 161 of the Companies Act, 2013) and Article 137 of the Articles of Association of the Company. He is a member of the Audit committee and remuneration committee of the Board of Directors of the Company. He is graduate in Commerce and fellow member of The Institute of Chartered Accountants of India. He is having to his credit experience of more than 27 years in



areas of accounts, finance, taxation, corporate finance etc. He is associated with many companies, operating in different areas. He is a director in 12 private limited companies. He is a reputed practicing Chartered Accountant of Kolkata.

He does not hold by himself or by other persons any shares in the Company.

As per the provisions of the Section 260 of the Companies Act, 1956 (Section 161 of the Companies Act, 2013) read with Article 137 of the Articles of Association of the Company, he will hold office till this Annual General Meeting. However, being eligible and offering himself for reappointment, is proposed to be appointed as an Independent Director for five consecutive years for a term up to 31<sup>st</sup> March, 2019 in terms of Section 149 and other applicable provisions of the Companies Act, 2013. A notice has been received from a member proposing Shri Lalit Kumar Bohania being appointed as Director of the Company.

In the opinion of the Board, Shri Lalit Kumar Bohania fulfils the conditions specified in the Companies Act, 2013 and rules made there under for his appointment as an Independent Director of the Company and is independent of the management.

The Board considers that appointment of Shri Lalit Kumar Bohania would be of immense benefit to the Company and it is desirable to continue to receive the services of Shri Lalit Kumar Bohania as an Independent Director. Accordingly, the Board recommends the resolution for appointment of Shri Lalit Kumar Bohania as an Independent Director for passing by the members of the Company.

Except Shri Lalit Kumar Bohania, none of your Directors or key Managerial Personnel of the Company or their relatives are concerned or interested in the resolution as per item No. 8 of the notice. This Explanatory Statement may also be regarded as a disclosure under clause 49 of the listing agreement with the Stock Exchanges.

#### Item No. 9

The Board of Directors at their meeting held on 29.03.2014 has appointed Smt. Deepshikha Khaitan as an additional director w.e.f. 29.03.2014 u/s. 260 of the Companies Act, 1956 (Section 161 of the Companies Act, 2013). As per the provisions of the said section, she will hold office till this Annual General Meeting. However, being eligible for re-appointment she offers herself for the same. The Company has also received a notice from a member proposing Smt. Deepshikha Khaitan being appointed as director of the Company. It is in the interest of the Company to have the benefit of the services of Smt. Deepshikha Khaitan, as director, who is expert in legal and management fields.

Your Board recommends the resolution as per item no. 9 of the notice for passing by the members of the Company.

Except, Smt. Deepshikha Khaitan and Shri Vikram Somany, none of your directors or Key Managerial Personnel of the Company or their relatives are concerned or interested in the said resolution as per item No. 9 of notice. Smt. Deepshikha Khaitan is daughter of Shri Vikram Somany, Chairman and Managing Director. This Explanatory Statement may also be regarded as a disclosure under clause 49 of the listing agreement with the stock exchanges.

#### Item No. 10

The Board of Directors at their meeting held on 29.03.2014 has appointed Shri Atul Sanghvi as an additional director w.e.f. 01.04.2014 u/s. 260 of the Companies Act, 1956 (section 161 of the Companies Act, 2013). As per the provisions of the said section, he will hold office till this Annual General Meeting. However, being eligible for appointment he offers himself for the same. The Company has also received a notice from a member proposing Shri Atul Sanghvi being appointed as director of the Company. It is in the interest of the

Company to have the benefit of the services of Shri Atul Sanghvi as director who is expert in marketing and commercial fields.

Your Board recommends the resolution as per item no. 10 of the notice for passing by the members of the Company.

Except, Shri Atul Sanghvi, none of your directors or Key Managerial Personnel of the Company or their relatives are concerned or interested in the said resolution as per item No. 10 of notice. This Explanatory Statement may also be regarded as a disclosure under clause 49 of the listing agreement with the stock exchanges.

#### Item No. 11

Shri Atul Sanghvi has been appointed as Executive Director of the Company for a period of three (3) years w.e.f. 01.04.2014, by the Board of Directors at their meeting held on 29.03.2014 subject to the approval of members of the Company at the general meeting. Shri Atul Sanghvi, designated as Executive Director, 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 an agreement on 10.04.2014 with Shri Atul Sanghvi for his appointment as Executive Director.

Shri Atul Sanghvi, Executive Director shall be liable to retire by rotation.

However, Shri Atul Sanghvi shall not exercise the powers as Executive Director, which are required to be exercised by the company in general meeting and / or by Board of Directors.

Shri Atul Sanghvi, Executive Director 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 Shri Atul Sanghvi, Executive Director are as follows:

1. **Period of Appointment:** Three (3) years w.e.f. 01.04.2014.
2. **Remuneration**
  - i) Salary: In the range of ` 2,50,000/- to ` 4,50,000/- per month, w.e.f. 01.04.2014.
  - ii) Perquisites:
 

**Category – A**

    - a) Accommodation: Free furnished housing accommodation and / or house rent allowance as per rules of the Company.
    - b) Medical benefit: Medical reimbursement including Medclaim for self and family subject to one month's salary in a year or three months' salary over a period of three years.
    - c) 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.
    - d) Club Fees: Annual fee of one club. This, however, will not include admission and life membership fee.
    - e) Insurance: Personal Accident Insurance of an amount annual premium of which does not exceed ` 6,000/-
    - f) Bonus: As per rules of the Company as applicable to other executives/employees of the Company.
    - g) Special Allowance: As may be decided by Board of Directors and / or the Chairman and Managing Director.
    - h) Performance Incentive: As may be decided by Board of Directors and/or Chairman and Managing Director.

**Category - B**

- a) 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) Executive Director 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 Executive Director depending on his performance.

However, total remuneration payable to Shri Atul Sanghvi shall not exceed 5% of the net profit of the Company and total remuneration payable to all working directors shall not exceed 10% of the net profit of the Company in any financial year, calculated in accordance with the provisions of Sections 196, 197, 198, 203, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder or any amendment thereof from time to time. 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 V of the Companies Act, 2013 and rules made thereunder or 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 Executive Director in accordance with Sections 196, 197, 198, 203, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder or any amendments made thereafter in this regard from time to time.
4. If at any time Shri Atul Sanghvi ceases to be a Director of the Company for any cause whatsoever, he will cease to be the Executive Director.
5. If at any time Shri Atul Sanghvi ceases to be in the employment of the Company for any cause whatsoever, he will cease to be a Director and/ or Executive Director of the Company and if at anytime Shri Atul Sanghvi ceases to be a Director and/ or Executive Director for any cause whatsoever, he will cease to be in the employment of the Company.
6. Shri Atul Sanghvi, Executive Director, 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 Executive Director at any time by giving three months notice in writing or salary in lieu thereof.

A copy of agreement entered into with Shri Atul Sanghvi is open for inspection at the registered office of the company between 10.00 a.m. to 1.00 p.m. on any working day except, Saturday upto the date of ensuing Annual General Meeting.

Appointment of Shri Atul Sanghvi as Executive Director and remuneration payable to him is approved by the Remuneration Committee by a resolution at the meeting held on 27.03.2014.

Your Board recommends the resolution as per item no. 11 of the notice for passing by the members of the Company.

Except, Shri Atul Sanghvi, none of your directors or Key Managerial Personnel of the Company or their relatives are concerned or interested in the said resolution as per item No. 11 of notice. This Explanatory Statement may also be regarded as a disclosure under clause 49 of the listing agreement with the stock exchanges.

**Item No. 12**

Shri Vikram Somany was appointed as Chairman and Managing Director of the Company for a period of three years with effect from 01.07.2011. His term comes to an end on 30.06.2014.

Shri Vikram Somany has been re-appointed as Managing Director and designated as Chairman and Managing Director of the Company for a period of three years with effect from 01.07.2014 by the Board of Directors at their meeting held on 25.04.2014, subject to the approval of members of the Company at the General Meeting. Shri Vikram Somany as Chairman and Managing Director shall discharge duties and function subject to the superintendence, direction and control of the Board of Directors of the Company. The Company has entered into an agreement on 26.04.2014 with Shri Vikram Somany for his re-appointment as Chairman and Managing Director.

Shri Vikram Somany, Chairman and Managing Director will not be liable to retire by rotation.

However, Shri Vikram Somany shall not exercise the powers as Chairman and Managing Director, which are required to be exercised by the Company in general meeting and / or by Board of Directors.

The principle terms and conditions of appointment of Shri Vikram Somany as Chairman and Managing Director are as follows:

1. **Period of Appointment** : Three (3) years w.e.f. 01.07.2014.

2. **Remuneration**

I) **Basic Salary**: In the range of ` 10,00,000/- - ` 20,00,000/- per month w.e.f. 01.07.2014. The next increment of salary will be due w.e.f. 01.04.2015.

II) **Perquisites**:

**Category - A**

a) **Accommodation**: Free furnished housing accommodation and / or house rent allowance as may be mutually agreed by both the parties.

b) **Facilities of gas, electricity, water and furnishings**: The expenditure incurred by the company on gas, electricity, water and furnishings shall be valued as per Income-tax Rules, 1962. This shall, however, be subject to a ceiling of 10% of the salary of the appointee.

c) **Medical benefit**: Medical benefit / Medical Allowance including medical reimbursement and Medclaim for self and family subject to one month's salary in a year or three months' salary over a period of three years.

- d) 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.
- e) Club Fees: Annual fees of club subject to a maximum of two clubs. This will not include admission and life membership fee.
- f) Insurance: Personal Accident Insurance of an amount annual premium of which does not exceed ₹ 10,000/-
- g) Bonus: As per rules of the Company as applicable to other executives/ employees of the Company.
- h) Special Allowance: As may be decided by the Board of Directors.
- i) Performance Incentive: As may be decided by the Board of Directors.

#### 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.

#### 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 Chairman and Managing Director 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 Chairman and Managing Director depending on the performance of the Chairman and Managing Director, size of operations, profitability and other relevant factors.

However, total remuneration payable to Shri Vikram Somany shall not exceed 5% of the net profit of the Company and total remuneration payable to all the working directors shall not exceed 10% of the net profit of the company in any financial year, calculated in accordance with the provisions of Sections 196, 197, 198, 203, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder or any amendment thereof from time to time. 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 V of the Companies Act, 2013 and rules made thereunder or 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 Chairman and Managing Director in accordance with Sections 196, 197, 198, 203, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder or any amendments made thereafter in this regard from time to time.
- 4. If at any time Shri Vikram Somany ceases to be a Director of the Company for any cause whatsoever, he will cease to be the Chairman and Managing Director.
- 5. Shri Vikram Somany, Chairman and Managing Director may resign from the service of the Company by giving three months notice in advance.

A copy of agreement entered into with Shri Vikram Somany is open for inspection at the registered office of the Company between 10.00 a.m. to 1.00 p.m. on any working day except, Saturday upto the date of ensuing Annual General Meeting.

Appointment of and remuneration payable to Shri Vikram Somany is approved by the remuneration committee by resolution at the meeting held on 25.04.2014.

Your Board recommends the resolution as per item no. 12 of the notice for passing by the members of the Company.

Except, Shri Vikram Somany and Smt. Deepshikha Khaitan, none of your directors or Key Managerial Personnel of the Company or their relatives are concerned or interested in the said resolution as per item No. 12 of notice. Shri Vikram Somany is the father of Smt. Deepshikha Khaitan, Director. This Explanatory Statement may also be regarded as a disclosure under clause 49 of the listing agreement with the stock exchanges.

#### ITEM No.13

The Board on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending March 31, 2015.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at item No.13 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2015.

Your Board recommends the resolution as per item no. 13 of the notice for passing by the members of the Company.

None of your directors or Key managerial personnel of the Company or their relatives are concerned or interested in the said resolution as per item No. 13 of the notice.

Regd. Office :  
9, GIDC Industrial Estate,  
Kadi – 382 715  
12<sup>th</sup> June, 2014

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, 2014.

**Performance**

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

	Year ended March 31, 2014	Year ended March 31, 2013
		(` in lacs)
Profit before Depreciation and Taxes & Exceptional item	<b>9464.65</b>	7723.22
Deducting there from Depreciation of	<b>1224.70</b>	942.23
Profit before Tax	<b>8239.95</b>	6780.99
Deducting there from taxes of:		
- Current Year	<b>2651.35</b>	1900.40
- Deferred Tax	<b>398.04</b>	260.00
Profit after Tax	<b>5190.56</b>	4620.59
Add: Balance brought forward from previous year	<b>1900.00</b>	1400.00
Amount available for Appropriations	<b>7090.56</b>	6020.59
The proposed appropriations are:		
1. Proposed Dividend	<b>632.74</b>	506.19
2. Tax on Proposed Dividend	<b>111.45</b>	82.12
3. General Reserve	<b>3346.37</b>	3532.28
4. Balance carried forward	<b>3000.00</b>	1900.00
<b>Total</b>	<b>7090.56</b>	6020.59

The Directors are pleased to inform you that your Company has continued to grow substantially in 2013-14 due to its distribution strength, product quality, brand equity and after-sales service.

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

**Sanitaryware Unit**

Your Company has expanded its annual production capacity to 2.7 Mn. Pcs. for meeting the increased demand of its products. During the year the plant had run at its optimum capacity. Further, by adding balancing equipments, the Company aims to achieve production of 3.0 Mn. Pcs. in the current year.

**Faucetware Unit**

The new ranges and designs of Faucets have been well accepted by the market. The Company could attain its full capacity by the year end. Owing to this success, the Company now plans to further expand its capacity threefold in a phased manner.

**Bathware Unit**

Your Company has added other products like kitchen sinks and mirrors to its range besides products like shower cubicles, shower panels, steam cubicles and whirlpools.

Your Company continues to import and market high-end wellness range under the brand name CERA.

**Tiles Unit**

Your Company has successfully launched CERA tiles in select markets. Your Company will now be launching tiles in more markets. The exclusive tie up with manufacturers of tiles has helped your Company maintain its quality standards which distinguishes CERA tiles.

**Power Unit**

The non-conventional wind power has produced 62,85,830 KWH against 52,74,331 KWH in the previous year. As a part of Company's green initiative and to reduce power cost, Company's two WIND-TURBINES of 2.850 MW capacity had been commissioned during the year at Dist. Surendranagar & Dist. Jamnagar in Gujarat. Thereby the installed capacity of wind power unit of the Company now stands at 7.825 MW.

Further Company has finalized the roof top Solar Power Plant of 0.500 MW for captive use at Kadi during the current year.

**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.

**Director's 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 on March 31, 2014 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 ` 5/- per share (100%) (Previous year ` 4/- per share (80%) on 1,26,54,874 equity shares of ` 5/- each fully paid for the year ended 31.03.2014, 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.

#### Exchequer

The Company has contributed ₹ 112.98 Crores to the exchequer by way of excise duty, customs duty, service tax, income tax, VAT, sales tax and other fiscal levies.

#### Fixed Deposits

Fixed deposits from the Public outstanding as on 31.03.2014 was ₹ 2.74 Lacs. There were 6 Fixed Deposit holders with ₹ 2.74 Lacs of unclaimed / unrenewed deposits as on 31.03.2014.

#### Finance

During the year under review, the Company repaid loans of ₹ 610.00 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, 2014 is annexed.

#### Directors

Shri Shree Narayan Mohata has resigned as Director w.e.f. 11.07.2013. The term of Shri Mahendra Kumar Bhandari, Director - Technical has come to an end on 31.03.2014 as per the agreement with him. Your Directors wish to place on record their appreciation for the contributions made by them to the Company.

Shri Lalit Kumar Bohania has been appointed as an additional Director w.e.f. 11.07.2013, Smt. Deepshikha Khaitan has been appointed as an additional Director w.e.f. 29.03.2014 and Shri Atul Sanghvi has been appointed as additional Director and Executive Director w.e.f. 01.04.2014.

Shri Ashok Chhajed and Dr. K.N. Maiti are due to retire at the end of the ensuing Annual General Meeting and being eligible, offered

themselves for re-appointments. Brief resumes of directors, as required as per 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

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 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, 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, 2014

**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, 2014.

#### 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 Sanitary ware 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	:	₹ 05.12 Lacs
b) Recurring	:	₹ 86.62 Lacs
c) Total	:	₹ 91.74 Lacs
d) Total R & D Expenditure as a percentage of total turnover	:	0.14%

**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 ₹ 468.02 Lacs.

Total foreign exchange used	:	₹ 7003.33 Lacs
Total foreign exchange earned	:	₹ 468.02 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, 2014.

**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 (64 years)	Chairman and Managing Director	3,20,41,375	B.Sc., FCMI (U.K.) (39 years)	13.08.2002	Madhusudan Industries Limited Chairman cum Managing Director (1 year)
2	Shri Subhash Chandra Kothari (69 years)	C E O	1,22,07,333	B.Com., LLB, FCA (40 years)	12.09.2012	Cera Sanitaryware Ltd. (Whole Time Director) (24 Years)
3	Shri M. K. Bhandari (62 years)	Director - Technical	96,15,878	B.E. (Mech.) (39 years)	13.06.1992	Willard India Limited V.P. (Operations) (3 years)
4	Shri Atul Sanghvi (52 years)	C O O	84,72,090	MBA (Marketing) (30 years)	18.01.1999	Grasim Industries Ltd. Cement Division GM (Marketing) (11 years)
5	Shri P. K. Shashidharan (55 years)	V.P. (Marketing)	62,10,113	M.A. (English) (34 years)	15.10.1991	Mudra Commu. Ltd. Sr. Media Executive (12 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:**

Nil
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**Note :**

- 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.

## 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, is largely on account of leveraging the high brand value and product optimization besides deeper penetration in some tier 2 markets. These efforts are further backed by strong and structured marketing efforts, good product quality and after-sales service.

Your Company's initiative to provide touch and feel experience to its customers through its CERA Style Studios, has paid off well. CERA Style Studios are located in upmarket locations in Ahmedabad, Mumbai, Kochi, Bengaluru, Hyderabad, Gurgaon and Chandigarh. The CERA Style Studio in Kolkata will soon start functioning from Topsia with increased area of display.

Your Company also encourages its premium dealers to extend touch and feel experience to its customers through exclusive CERA Style Galleries. As of today, there are around 70 such CERA Style Studios functioning throughout the country and more such CERA Style Studios will open in the coming years.

Your Company's efforts to leverage celebrities to endorse its brand have helped in the past when Bollywood celebrity Ms Dia Mirza was the brand ambassador for CERA. Your Company has now roped in Bollywood style and fashion icon Sonam Kapoor as its brand ambassador for two years. The new television commercials featuring Sonam Kapoor were released in leading television channels like Star Plus which has increased awareness and brand recall of CERA. The television campaign was supplemented by print advertisements in magazines.

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, continues to grow by virtue of its brand power and customer loyalty, built over a period of 33 years. Your Company's brand extension to other related categories like faucets and tiles has helped in accelerating the growth.

The industry structure remains unchanged viz. Indian manufacturers in organized and unorganized sectors; International brands with or without manufacturing in India and imports from countries like China.

### b) Opportunities and Threats

Your Company has been growing despite the two threats - international brands and slow down in housing construction. The demand in mid-segment housing is affected least and your Company's ability to pitch in the mid-segment will help maintain the growth rate.

### c) Outlook

Your Company's two-pronged aggressive marketing push of mass media advertising and associating with CREDAI, IIA, IIID and IPA has helped increase the value and equity of brand CERA. The sales and distribution efforts to penetrate into tier 2 towns, supported by sales and after-sales teams, will help your Company grow in the coming years also.

### d) Risks and Concerns

Any drastic change in Government policy may affect your Company.

### (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, 2014 stands at 2545.

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, Late Shri Vidush Somany our Executive Director 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 1063 students in Kadi Town and Vill. Kundal, Mehsana district of Gujarat during the year. Understanding the need of the new generation of students, basic training in computer skills and other courses have been provided to primary 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 Vill. Kundal have been provided with about 90 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 primary 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.

The Programme also supports the children of the Kadi workers in realising their aspirations of higher education. Recognising their potential and aspirations, the Programme has encouraged 49 (forty nine) needy meritorious students of Kadi by offering education expenses for their higher education in the fields of Engineering, Medical and Pharma.

CERA has contributed the CSR activity for women empowerment at Vill. Kundal towards conducting stitching classes with well experienced professional tutor, sewing machines, materials and accessories. In coming years it will be diversified into other areas like cooking, beauty parlour, computer classes and other women empowerment activities.

The Company has contributed to ISKON Food Relief Foundation which will give mid-day meals to 1001 needy children for a year.

#### 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 Executive Director, four non-executive Independent Directors and two 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 01.04.2013, 25.04.2013, 11.07.2013, 31.10.2013, 13.02.2014 and 29.03.2014.

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.+	Smt. Deepshikha Khaitan	Non-Executive Director	—	NO	1	—
3.	Shri Sajan Kumar Pasari	Non-Executive Independent Director	2	NO	9	—
4.*	Shri Shree Narayan Mohata	Non-Executive Independent Director	-	NO	2	4
5.	Shri Ashok Chhajed	Non-Executive Independent Director	4	YES	—	—
6.	Dr. K N Maiti	Non-Executive Director	3	YES	—	—
7.	Shri Govindbhai P Patel	Non-Executive Independent Director	4	YES	—	—
8.**	Shri M. K. Bhandari	Director - Technical	4	YES	—	—
9.++	Shri Lalit Kumar Bohania	Non-Executive Independent Director	2	No	12	—
10.+++	Shri Atul Sanghvi	Executive Director	—	No	3	—

\* resigned as a director w.e.f. 11.07.2013

\*\* ceased to be a director w.e.f. 01.04.2014

+ appointed as an additional director w.e.f. 29.03.2014

++ appointed as an additional director w.e.f. 11.07.2013

+++ appointed as executive director w.e.f. 01.04.2014

## 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 is in the process of finalising a whistle-Blower policy. It will be implemented soon.

## 3) Audit Committee

The Audit Committee, consists of 6 (Six) directors, namely Shri Ashok Chhajed - Chairman (independent), Shri Vikram Somany, Shri Sajan Kumar Pasari (Independent), Shri Lalit Kumar Bohania (Independent), Shri Govindbhai P. Patel (Independent) and Dr. K. N. Maiti. During the year, four Audit Committee Meetings were held on 25.04.2013, 11.07.2013, 31.10.2013 and 13.02.2014.

## 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 four independent directors namely, Shri Lalit Kumar Bohania - Chairman, Shri Sajan Kumar Pasari, Shri Ashok Chhajed and Shri Govindbhai P. Patel and non-executive director Dr. K. N. Maiti.

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, three meetings were held on 01.04.2013, 25.04.2013 and 27.03.2014.

## 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 31.03.2014****(i) Managing Director / Whole-time Director(s)**

Name	Remuneration	Perquisites (` ) and Retirement benefits (` )
Shri Vikram Somany Chairman and Managing Director	2,89,04,333/-	31,37,042/-
Shri M. K. Bhandari* Director-Technical	90,89,534/-	5,26,344/-

\*Ceased to be a director w.e.f. 01.04.2014

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. The Chairman and Managing Director's appointment is for a period of three years and Director - Technical was appointed for period of one year. 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.

Presently, there is no operational Employees Stock Option Scheme in the Company. ESOS 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 12.09.2012 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 2013-14 are as under:

Name	Commission (` )
Shri Sajjan Kumar Pasari	2,00,000/-
Dr. K. N. Maiti	2,00,000/-
Shri Lalit Kumar Bohania*	2,00,000/-
Shri Ashok Chhajed	2,00,000/-
Shri Govindbhai P. Patel	2,00,000/-
Smt. Deepshikha Khaitan**	2,00,000/-
<b>TOTAL</b>	<b>12,00,000/-</b>

\* appointed as an additional director w.e.f. 11.07.2013

\*\* appointed as an additional director w.e.f. 29.03.2014

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

Name	No. of Shares held	% of total shareholding
Shri Sajjan Kumar Pasari	2,45,140	1.94
Dr. K. N. Maiti	Nil	Nil
Shri Shree Narayan Mohata*	500	Nil
Shri Lalit Kumar Bohania**	Nil	Nil
Shri Ashok Chhajed	600	Nil
Shri Govindbhai P. Patel	Nil	Nil
Smt. Deepshikha Khaitan***	39,116	0.31

\* resigned as a director w.e.f. 11.07.2013

\*\* appointed as an additional director w.e.f. 11.07.2013

\*\*\*appointed as an additional director w.e.f. 29.03.2014

**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 Atul Sanghvi – 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 Govindbhai P. Patel - Chairman, Shri Atul Sanghvi - Member and Dr. K. N. Maiti - Member.

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 2013-14, the Company had received 205 complaints / queries from the Shareholders.

All the complaints received from the Shareholders were resolved. There is no complaint pending as of 31.03.2014, 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 31.03.2014 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 25.04.2013.

**9) General Body Meetings**

The last three Annual General Meetings were held as under:

Financial Year ended	Date	Time	Venue
31.03.2013	11.07.2013	11.30 a.m.	9, GIDC Industrial Estate Kadi-382 715, Dist. Mehsana.
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.

No resolution was required to be passed through Postal Ballot last year. For creation of mortgages and charges on the assets of the Company u/s. 180(1)(a) of the Companies Act, 2013, shareholders approval is sought by voting through Postal Ballot.

**10) Disclosures**

- 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.
- There were no instances of non-compliance of any matter related to the capital market, during the last three years.
- 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, 2013.	480	88,915
Number of shareholders who approached the Company for shares during the year.	21	9,020
Number of shareholders to whom shares were issued during the year.	21	9,020
Aggregate number of shareholders and shares outstanding as on March 31, 2014.	459	79,895

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 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****1. Annual General Meeting :**

Date and Time : 22<sup>nd</sup> August, 2014: 11.00 a.m.  
Venue : 9, GIDC Industrial Estate, Kadi - 382 715, Dist. Mehsana.

**2. Financial Calendar 2014-15 (tentative) :**

Annual General Meeting By 3<sup>rd</sup> / 4<sup>th</sup> week of September, 2015

Results for quarter ending By 15<sup>th</sup> day of

June 30, 2014 August, 2014  
September 30, 2014 November, 2014  
December 31, 2014 February, 2015  
March 31, 2015 (Audited) By 30<sup>th</sup> May, 2015

**3. Book Closure date**

15<sup>th</sup> August, 2014 to 22<sup>nd</sup> August, 2014. (both days inclusive)

**4. Dividend Payment**

Dividend for the year ended 31.03.2014 will be paid to the members whose names will appear in the register of members of the Company, on 22-08-2014 after giving effect to all valid transfer of shares in physical form lodged with the Company on or before 14-08-2014 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 14-08-2014.

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 2013-14 and 2014-15 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 2013	461.00	420.00	461.00	416.50
May 2013	500.00	440.00	499.80	440.10
June 2013	567.00	487.00	570.00	487.00
July 2013	556.00	492.00	559.95	491.50
August 2013	530.00	449.70	539.00	420.00
September 2013	533.95	466.00	539.00	465.10
October 2013	625.00	518.30	625.00	517.00
November 2013	604.80	530.00	609.90	533.90
December 2013	748.95	588.15	745.00	588.00
January 2014	761.65	666.95	769.00	681.00
February 2014	791.00	740.05	784.70	745.00
March 2014	918.70	747.20	919.70	748.10

**7. Share Transfer**

Entire Share Transfer and dematerialisation / rematerialisation job is assigned to R & T Agent, M/s. MCS Limited, Ahmedabad, a SEBI registered Share Transfer Agent. Request for Share transfer, dematerialisation and rematerialisation should be sent directly to M/s. 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 10-13 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 31.03.2014**

Shares	No. of Shareholders	Total No. of Shares
1 – 500	7156	1032946
501 – 1000	343	256198
1001 – 2000	134	194816
2001 – 3000	49	121869
3001 – 4000	20	73427
4001 – 5000	16	74087
5001 – 10,000	35	253726
10,001 – 50,000	27	558906
50,001 – 1,00,000	12	943320
1,00,001 And above	13	9145579
<b>Total</b>	<b>7805</b>	<b>12654874</b>

**15) Pattern of Shareholding as on 31.03.2014**

Sr. No.	Category	No. of Shares	(%)
1.	NRIs	175363	1.39
2.	FIIIs	1832340	14.48
3.	Financial Institutions/Banks	7950	0.06
4.	Mutual Funds	6911	0.05
5.	Promoters	7099245	56.09
6.	Bodies Corporate	614979	4.86
7.	Indian Public	2918086	23.07
	<b>Total</b>	<b>12654874</b>	<b>100.00</b>

**16) Dematerialisation of Shares as on 31.03.2014**

As on 31.03.2014, 95.60% of the Company's total shares representing 1,20,97,954 Shares were held in dematerialized form and the balance 4.40% representing 5,56,920 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 :  
1. Village Patelka & Lamba, Taluka Kalyanpur, District Jamnagar, Gujarat.  
2. Village & Taluka Kalyanpur, District Jamnagar, Gujarat.  
3. Village Kadoli, Taluka Abdasa, District Kutchh, Gujarat.  
4. Village-Jivapar (Anandpar), Taluka-Chotila, Dist-Surendranagar, Gujarat.  
5. Village-Mota Gunda, Taluka-Bhanwad, Dist-Jamnagar, 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-380 009.

**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 on 31st March 2014, 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 and the representation made by the directors and the management, we certify that the Company has generally complied with the conditions of Corporate Governance as stipulated in clause 49 of 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.**  
Chartered Accountants  
Firm Reg. No. 131054W  
**Tushar H. Vasa**  
Proprietor  
Membership No. 16831

Place : Ahmedabad  
Date : 25th April 2014

## Auditors' Report

To,  
The Members of Cera Sanitaryware Limited

We have audited the accompanying financial statements of CERA SANITARYWARE LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Company's 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 notified under Companies Act, 1956 (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. 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 judgement, 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. 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, 2014;
  - b) in the case of the Statement of Profit and Loss, 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 notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs);
- e) on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

Place : Ahmedabad  
Date : 25<sup>th</sup> April 2014

Proprietor  
Membership No. 16831

**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 31st March, 2014.**

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 or taken any loans, secured or unsecured, to or from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.

Consequently, the provisions of clauses iii (a) to iii (g) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to 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 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 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 31st of March, 2014 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 (FY)	Forum where dispute is Pending
1	Income-tax Act, 1961	Income-tax	4.43	2004-05	Hon'ble Gujarat High Court

Sr. No.	Name of Statute	Nature of Dues	Amount (Lacs)	Period to which the amount relates (FY)	Forum where dispute is Pending
2	Income-tax Act, 1961	Penalty	7.61	2004-05	Income-tax Appellate Tribunal
3	Income-tax Act, 1961	Penalty	11.78	2006-07	Income-tax Appellate Tribunal
4	Income-tax Act, 1961	Income-tax	16.82	2008-09	Commissioner of Income-tax (Appeals)
5	Income-tax Act, 1961	Income-tax	1.91	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.**  
 Chartered Accountants  
 Firm Reg. No. 131054W  
**Tushar H. Vasa**  
 Proprietor  
 Membership No. 16831

Place : Ahmedabad  
 Date : 25<sup>th</sup> April 2014

## Balance Sheet as at 31st March, 2014

Particulars	Note No.	As at 31st March, 2014	As at 31st March, 2013
<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	2,17,63,99,484	1,73,17,62,206
		<b>2,23,96,73,854</b>	<b>1,79,50,36,576</b>
<b>2. Non - current Liabilities</b>			
(a) Long-term Borrowings	3	9,00,00,000	14,89,16,663
(b) Deferred Tax Liabilities (Net)	4	20,19,86,306	16,21,82,493
(c) Other Long-term Liabilities	5	7,91,08,342	7,06,46,242
(d) Long-term Provisions	6	27,47,44,517	19,74,80,391
		<b>64,58,39,165</b>	<b>57,92,25,789</b>
<b>3. Current Liabilities</b>			
(a) Short-term Borrowings	7	33,36,10,078	40,04,86,828
(b) Trade Payables	8	37,68,80,222	27,61,01,975
(c) Other Current Liabilities	9	76,07,31,109	61,07,53,457
(d) Short-term Provisions	10	17,53,37,789	13,50,05,184
		<b>1,64,65,59,198</b>	<b>1,42,23,47,444</b>
<b>Total</b>		<b>4,53,20,72,217</b>	<b>3,79,66,09,809</b>
<b>II ASSETS</b>			
<b>1. Non-current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	11	1,51,70,28,860	1,25,05,22,425
(ii) Intangible Assets	11	-	-
(iii) Capital Work-in-progress	11	5,20,27,268	4,33,32,471
(iv) Intangible Assets under development	11	-	-
(b) Non-current Investments	12	13,000	13,000
(c) Long-term Loans and Advances	13	28,30,25,987	21,34,75,682
		<b>1,85,20,95,115</b>	<b>1,50,73,43,578</b>
<b>2. Current Assets</b>			
(a) Current Investments	14	12,13,02,970	1,38,07,692
(b) Inventories	15	1,04,57,60,946	94,02,37,549
(c) Trade Receivables	16	1,06,62,21,276	83,13,05,448
(d) Cash and Cash equivalents	17	30,71,03,956	40,35,34,652
(e) Short-term Loans and Advances	18	13,46,01,206	9,36,21,335
(f) Other Current Assets	19	49,86,748	67,59,555
		<b>2,67,99,77,102</b>	<b>2,28,92,66,231</b>
<b>Total</b>		<b>4,53,20,72,217</b>	<b>3,79,66,09,809</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

Place : Ahmedabad

Date : 25th April, 2014

**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

**Deepshikha Khaitan**

Director

**Atul Sanghvi**

Executive Director



## Statement of Profit and Loss for the year ended 31st March, 2014

Particulars	Note No.	2013-14	2012-13
I Revenue from Operations	20	6,63,69,23,780	4,87,86,71,122
II Other Income	21	6,15,21,487	8,99,36,518
III <b>Total Revenue (I + II)</b>		<b>6,69,84,45,267</b>	<b>4,96,86,07,640</b>
IV Expenses :			
Cost of Materials Consumed	22	64,91,40,425	49,67,56,462
Purchases	23	2,51,95,79,395	1,63,73,35,271
Changes in Inventories of Finished Goods, Stock-in-process and Stock-in-Trade	24	(11,38,37,223)	44,51,119
Employee Benefits Expenses	25	74,34,89,515	57,98,40,250
Finance Costs	26	6,44,16,478	7,09,24,263
Depreciation and Amortization Expenses		12,24,70,014	9,42,23,481
Other Expenses	27	1,88,91,91,685	1,40,69,77,293
<b>Total Expenses</b>		<b>5,87,44,50,289</b>	<b>4,29,05,08,139</b>
V Profit before tax (III-IV)		<b>82,39,94,978</b>	67,80,99,501
VI Tax expense:			
(1) Current tax (including for earlier years)		26,51,35,000	19,00,40,614
(2) Deferred tax		3,98,03,813	2,60,00,000
		<b>30,49,38,813</b>	<b>21,60,40,614</b>
VII Profit for the period (V - VI)		<b>51,90,56,165</b>	<b>46,20,58,887</b>
VIII Earnings per equity share of face value of ₹ 5/- each	28		
(1) Basic		41.02	36.51
(2) Diluted		41.02	36.51
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

Place : Ahmedabad

Date : 25th April, 2014

**Rajesh B. Shah**  
C F O  
C O O (Fin. & Comm.)**Narendra N. Patel**  
President & Company Secretary**Vikram Somany****Ashok Chhajed****Dr. K. N. Maiti****Govindbhai P. Patel****Deepshikha Khaitan****Atul Sanghvi**

Chairman and Managing Director

Director

Director

Director

Director

Executive Director

## Cash Flow Statement for the year ended 31st March, 2014

	Year ended March 31, 2014	Year ended March 31, 2013
<b>A. Cash flow from operating activities</b>		
Net Profit before tax & Extra-ordinary items	82,39,94,978	67,80,99,501
Adjusted for		
Depreciation	12,24,70,014	9,42,23,481
Foreign Exchange (loss) / gain	11,28,258	(1,78,235)
Provision for diminution in value of Investments	2,56,202	39,300
Interest Charged	6,29,14,974	6,80,51,086
Interest received	(2,54,87,863)	(2,56,71,112)
Dividend received	(7,13,085)	(6,57,062)
Foreign Exchange Variation (Income) / Loss	(11,28,258)	1,78,235
Profit on Sale of Investments	(1,43,443)	(5,40,091)
Amortisation of Lease hold Land	59,870	59,870
(Profit) / Loss on Sale of Fixed Assets (Net)	14,69,343	40,07,909
	<b>16,08,26,012</b>	<b>13,95,13,381</b>
Operating profit before working capital changes	<b>98,48,20,990</b>	<b>81,76,12,882</b>
Adjustment for changes in working capital		
Inventories	(10,55,23,397)	(2,26,95,527)
Trade and other Receivable	(23,49,15,828)	(37,67,58,493)
Short-term loans and advances	(4,09,79,871)	(1,43,19,859)
Other Current Assets	17,72,807	1,89,354
Long-term loans and advances	(2,43,10,411)	(2,14,48,069)
Trade Payable	10,07,78,247	8,65,42,401
Short Term Provision	2,51,35,999	1,62,35,884
Other Current Liabilities	15,20,60,985	12,35,92,045
Other Long Term Liabilities	84,62,100	1,51,39,463
	<b>(11,75,19,369)</b>	<b>(19,35,22,801)</b>
Cash generated from operations	<b>86,73,01,621</b>	<b>62,40,90,081</b>
Direct taxes paid	<b>(23,31,10,768)</b>	<b>(19,96,75,373)</b>
Net cash from operating activities: Total (A)	<b>63,41,90,853</b>	<b>42,44,14,708</b>
<b>B. Cash flow from Investing activities</b>		
Purchase of fixed assets	(41,86,67,276)	(38,59,06,680)
Proceeds from sale of fixed assets	1,94,66,817	58,32,073
Purchase of Current Investments	(11,97,38,754)	(1,38,46,992)
Sale of Current Investments	1,21,30,717	1,14,71,476
Interest received	2,54,87,863	2,56,71,112
Dividend received	7,13,085	6,57,062
Net cash used in investing activities: Total (B)	<b>(48,06,07,548)</b>	<b>(35,61,21,949)</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from issue of share capital	-	-
Right issue expenses	-	-
Proceeds from borrowings/Repayment of Loan	(12,78,76,746)	13,44,65,334
Dividend paid	(5,06,19,496)	(3,79,64,622)
Tax on distributed profit	(86,02,785)	(61,58,811)
Interest paid	(6,29,14,974)	(6,80,51,086)
Net cash used in financing activities: Total (C)	<b>(25,00,14,001)</b>	<b>2,22,90,815</b>
<b>Net changes in cash &amp; cash equivalents (A+B+C)</b>	<b>(9,64,30,696)</b>	<b>9,05,83,574</b>
<b>Cash &amp; cash equivalent-Opening Balance</b>	<b>40,35,34,652</b>	<b>31,29,51,078</b>
<b>Cash &amp; cash equivalent-Closing Balance</b>	<b>30,71,03,956</b>	<b>40,35,34,652</b>

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

Place : Ahmedabad

Date : 25th April, 2014

**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****Deepshikha Khaitan****Atul Sanghvi**

Chairman and Managing Director

Director

Director

Director

Director

Executive Director

**Notes 1 to 40 annexed to and forming part of the Accounts as at 31st March, 2014**

	As at 31st March, 2014	As at 31st March, 2013
<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, 2014 No. of Shares</b>	<b>As at 31st March, 2013 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 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>As at 31st March, 2014 No. of Shares</b>	<b>As at 31st March, 2013 No. of Shares</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, 2014</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 Vikram Somany	<b>10,37,953</b> (9,95,453)	<b>8.20</b> (7.87)
Smt Smiti Somany	<b>15,42,240</b> (17,42,240)	<b>12.18</b> (13.76)
HSBC Bank (Mauritius) Limited A/c - Jwalamukhi Investment Holdings	<b>11,22,769</b> (10,81,127)	<b>8.87</b> (8.54)

	As at 31st March, 2014	As at 31st March, 2013
<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. General Reserve</b>		
As per last Balance Sheet	1,43,64,50,100	1,08,32,22,457
Add : Transferred from Profit & Loss Account	33,46,37,278	35,32,27,643
Balance at the end of the year	<u>1,77,10,87,378</u>	<u>1,43,64,50,100</u>
<b>c. Profit &amp; Loss Account</b>		
As per last Balance Sheet	19,00,00,000	14,00,00,000
Add : Net Profit for the year	51,90,56,165	46,20,58,887
Less : Proposed Dividend	(6,32,74,370)	(5,06,19,496)
Tax on Dividend (includes ` 3,91,037 for Previous Year)	(1,11,44,517)	(82,11,748)
Transfer to Reserves	(33,46,37,278)	(35,32,27,643)
Balance at the end of the year	<u>30,00,00,000</u>	<u>19,00,00,000</u>
<b>Total</b>	<u><u>2,17,63,99,484</u></u>	<u><u>1,73,17,62,206</u></u>
<b>3. Long Term Borrowings</b>		
<b>Secured :</b>		
<b>Term Loans from Banks : (Refer note no-9(a))</b>		
<b>(i) From Yes Bank</b>	-	2,29,16,663
(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>	9,00,00,000	12,60,00,000
(Secured by mortgage of Fixed Assets situated at 9,GIDC Industrial Estate, Residential Colony at Kadi and charge by hypothecation of movable assets and Kadoli, Lamba, Patelka and Kalyanpur windmills), repayable in 20 quarterly installments, from November, 2012 to February, 2018.		
<b>Total</b>	<u><u>9,00,00,000</u></u>	<u><u>14,89,16,663</u></u>
<b>4. Deferred Tax Liability (Net)</b>		
Deferred Tax Liabilities on account of :		
Depreciation	21,48,99,105	18,47,96,831
Deferred Expenses	1,09,516	1,04,538
	<u>21,50,08,621</u>	<u>18,49,01,369</u>
Less : Deferred Tax Assets on account of :		
Expenses allowable on payment basis	1,30,22,315	2,27,18,876
<b>Total</b>	<u><u>20,19,86,306</u></u>	<u><u>16,21,82,493</u></u>
<b>5. Other Long Term Liabilities</b>		
Deposits by Dealers	6,94,67,685	6,12,03,616
Other liabilities	96,40,657	94,42,626
<b>Total</b>	<u><u>7,91,08,342</u></u>	<u><u>7,06,46,242</u></u>
<b>6. Long Term Provisions</b>		
Provision for Taxation	27,47,44,517	19,74,80,391
<b>Total</b>	<u><u>27,47,44,517</u></u>	<u><u>19,74,80,391</u></u>
<b>7. Short Term Borrowings</b>		
<b>Secured :</b>		
<b>(a) Working Capital Loans from Bank</b>	33,36,10,078	40,04,86,828
From State Bank of India (Secured by hypothecation of Goods, Book-Debts, Movable assets and Kadoli, Lamba, Patelka and Kalyanpur Windmills, lien on Fixed Deposits and mortgage of Fixed Assets situated at 9, GIDC Industrial Estate and Residential Colony, Kadi).		
<b>Total</b>	<u><u>33,36,10,078</u></u>	<u><u>40,04,86,828</u></u>

	As at 31st March, 2014	As at 31st March, 2013
<b>8. Trade Payable</b>		
Due to Micro, Small & Medium Enterprises	13,41,62,783	11,66,48,120
Others	24,27,17,439	15,94,53,855
<b>Total</b>	<b>37,68,80,222</b>	<b>27,61,01,975</b>
<p>There is no principal amount and Interest overdue to Micro, Small &amp; 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.</p>		
<b>9. Other Current Liabilities</b>		
(a) Current maturities of long term debts (Refer note No - 3)	5,89,16,663	6,09,99,996
(b) Unclaimed dividends	39,27,028	30,09,112
(c) Unpaid matured deposits and interest accrued thereon	3,51,531	3,51,531
(d) Other payables*	69,75,35,887	54,63,92,818
<b>Total</b>	<b>76,07,31,109</b>	<b>61,07,53,457</b>
<p>* Includes statutory dues, Advance received from customers, amount payable to Employees.</p>		
<b>10. Short Term Provisions</b>		
(a) Provision for employees' benefits	10,13,09,939	7,61,73,940
(b) Others		
- Proposed Dividend	6,32,74,370	5,06,19,496
- Tax on Dividend	1,07,53,480	82,11,748
<b>Total</b>	<b>17,53,37,789</b>	<b>13,50,05,184</b>

**11. Fixed Assets**

Description	Gross Block				Depreciation / Amortisation				Net Block	
	As at 1st April 2013	Additions/ Adjustments	Deductions/ Adjustments	As at 31st March 2014	As at 1st April 2013	For the year	Deductions/ Adjustments	Upto 31st March 2014	As at 31st March 2014	As at 31st March 2013
<b>a TANGIBLE ASSETS :</b>										
<b>Owned Assets :</b>										
Leasehold Land	13,46,164	-	59,870	12,86,294	-	-	-	-	12,86,294	13,46,164
Freehold Land	45,65,127	-	-	45,65,127	-	-	-	-	45,65,127	45,65,127
Buildings	48,56,83,462	11,30,15,497	2,01,81,386	57,85,17,573	11,19,16,475	3,22,90,820	59,54,620	13,82,52,675	44,02,64,898	37,37,66,987
Plant & Machinery	1,13,37,95,580	25,09,50,931	1,26,92,097	1,37,20,54,414	32,17,42,202	6,64,67,149	78,20,419	38,03,88,932	99,16,65,482	81,20,53,378
Furniture & Fixtures	8,23,05,921	3,33,89,876	97,64,345	10,59,31,452	4,65,93,927	1,56,73,153	85,29,753	5,37,37,327	5,21,94,125	3,57,11,994
Vehicles	4,52,06,646	1,28,43,832	35,83,784	5,44,66,694	2,21,27,871	80,38,892	27,53,003	2,74,13,760	2,70,52,934	2,30,78,775
<b>Sub -Total (a)</b>	<b>1,75,29,02,900</b>	<b>41,02,00,136</b>	<b>4,62,81,482</b>	<b>2,11,68,21,554</b>	<b>50,23,80,475</b>	<b>12,24,70,014</b>	<b>2,50,57,795</b>	<b>59,97,92,694</b>	<b>1,51,70,28,860</b>	<b>1,25,05,22,425</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>1,75,29,02,900</b>	<b>41,02,00,136</b>	<b>4,62,81,482</b>	<b>2,11,68,21,554</b>	<b>50,23,80,475</b>	<b>12,24,70,014</b>	<b>2,50,57,795</b>	<b>59,97,92,694</b>	<b>1,51,70,28,860</b>	<b>1,25,05,22,425</b>
Previous Year	1,32,40,46,872	45,20,43,817	2,31,87,789	1,75,29,02,900	42,14,44,931	9,42,23,481	1,32,87,937	50,23,80,475	1,25,05,22,425	90,26,01,941
<b>c CAPITAL WORK - IN - PROGRESS</b>									<b>5,20,27,268</b>	<b>4,33,32,471</b>

	As at 31st March, 2014	As at 31st March, 2013
<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	7,02,41,436	3,88,20,565
b. Security Deposits - Unsecured-considered good	1,35,75,800	2,06,86,260
c. Advance Income Tax (including for earlier years)	19,92,08,751	15,39,68,857
<b>Total</b>	<b>28,30,25,987</b>	<b>21,34,75,682</b>

	As at 31st March, 2014	As at 31st March, 2013
<b>14. Current Investments (Unquoted-Non Trade)</b>		
Investments in Fixed Maturity Plan (FMP) (in Units):		
# 999990.0000 ICICI Prudential FMP Series 71-480 Days Plan L Regular Plan Cumulative	99,99,900	-
# 1000190.0000 LIC Nomura MF FMP Series 79-373 Days - Growth Plan -L9 -GP	1,00,01,900	-
# 1000090.0000 UTI FMP - Yearly FMP Series-March 2014-Y FMP(03/2014)-Growth Plan	1,00,00,900	-
# 2000000.0000 L & T FMP Series -10- PLAN T- Growth	2,00,00,000	-
# 2000000.0000 T 47 CG Tata FMP Series 47 Scheme C - Plan A -Growth -INF277K01ZB9	2,00,00,000	-
Investments in Mutual Funds (in Units):		
# 222920.7070 Reliance Dynamic Bond Fund Dividend Plan	30,00,000	-
# 399189.6260 Birla Sun Life cash Manager Daily Div. - Regular Plan Reinvestment	4,00,36,055	-
# 376164.0950 (667644.2950) UTI Bond Fund - Dividend Plan	45,13,255	80,00,000
# 348784.8600 (134070.1070) Birla Sun Life Dynamic Bond Fund Ret Qtly Div.-Payout	40,46,462	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
	<u>12,15,98,472</u>	<u>1,38,46,992</u>
Less : Provision for diminution in the value of Investments	2,95,502	39,300
<b>Total</b>	<u><u>12,13,02,970</u></u>	<u><u>1,38,07,692</u></u>
<b>15. Inventories</b>		
a. Raw Materials and components	12,03,86,784	13,73,18,169
b. Stock-in-process	2,48,94,806	1,74,32,434
c. Finished goods	82,16,64,765	71,52,89,914
d. Stores and spares	7,88,14,591	7,01,97,032
<b>Total</b>	<u><u>1,04,57,60,946</u></u>	<u><u>94,02,37,549</u></u>
<b>16. Trade Receivables (Unsecured-Considered Good)</b>		
Outstanding over six months	1,09,17,547	2,72,99,076
Others	1,05,53,03,729	80,40,06,372
<b>Total</b>	<u><u>1,06,62,21,276</u></u>	<u><u>83,13,05,448</u></u>
<b>17. Cash and Cash equivalents</b>		
Cash on hand	13,71,203	13,65,507
Balances with banks	12,39,89,136	13,01,04,255
Unclaimed Dividend Bank Accounts	39,27,028	30,09,112
Balances with banks held as margin money	1,23,30,291	1,14,35,322
Fixed Deposits with Bank*	16,54,86,298	25,76,20,456
<b>Total</b>	<u><u>30,71,03,956</u></u>	<u><u>40,35,34,652</u></u>
*Bank Deposits maturing after 12 months	40,000	76,376
*Fixed Deposits of ` 529 Lacs (` 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	2,80,59,885	2,54,70,227
Others*	10,65,41,321	6,81,51,108
<b>Total</b>	<u><u>13,46,01,206</u></u>	<u><u>9,36,21,335</u></u>
* Includes advances to sundry creditors, employees and tax credits available.		
<b>19. Other current assets</b>		
Interest accrued and receivable	48,25,648	65,17,905
Miscellaneous Expenditure (Not written off)	1,61,100	2,41,650
<b>Total</b>	<u><u>49,86,748</u></u>	<u><u>67,59,555</u></u>

	2013-14	2012-13
<b>20. Revenue from Operations</b>		
Sale of products	6,96,24,68,397	5,11,48,50,060
Less : Excise duty	32,55,44,617	23,61,78,938
<b>Total</b>	<b>6,63,69,23,780</b>	<b>4,87,86,71,122</b>
<u>Particulars of Sale of Products</u>		
Vitreous China Sanitaryware, Faucetware, Fittings, Tiles & Allied products	6,95,84,28,155	5,11,14,42,525
Others	40,40,242	34,07,535
<b>Total</b>	<b>6,96,24,68,397</b>	<b>5,11,48,50,060</b>
<b>21. Other Income</b>		
Interest Income	2,54,87,863	2,56,71,112
Dividend Income	7,13,085	6,57,062
Net gain on sale of Investments	1,43,443	5,40,091
Net gain on sale of Fixed Assets	-	-
Export Incentive	6,73,126	2,78,963
Claims Received	2,02,37,264	3,10,64,460
Miscellaneous Income	46,73,035	40,96,869
Items pertaining to Previous year, unspent liabilities & provisions no longer required written back (net)	95,93,671	2,76,27,961
<b>Total</b>	<b>6,15,21,487</b>	<b>8,99,36,518</b>
<b>22. Cost of Materials Consumed</b>		
Opening Stock	13,73,18,169	10,41,43,622
Add : Purchases (Net of Transfers)	63,22,09,040	52,99,31,009
	76,95,27,209	63,40,74,631
Less : Closing Stock	12,03,86,784	13,73,18,169
<b>Total</b>	<b>64,91,40,425</b>	<b>49,67,56,462</b>
<u>Particulars of Cost of Materials Consumed</u>		
Sand, Sandstone, Clays & Chemicals	29,91,70,022	29,11,83,145
Accessories & Fittings	1,41,87,244	1,36,10,406
Brass ingots and components	33,57,83,159	19,19,62,911
<b>Total</b>	<b>64,91,40,425</b>	<b>49,67,56,462</b>
<b>23. Purchases</b>		
Purchases	2,51,95,79,395	1,63,73,35,271
<b>Total</b>	<b>2,51,95,79,395</b>	<b>1,63,73,35,271</b>
<u>Particulars of Purchase of Products</u>		
Vitreous China Sanitaryware, Faucetware, Fittings, Tiles & Allied products	2,51,95,79,395	1,63,73,35,271
<b>24. (Increase) / Decrease in Finished Goods and Stock-in-Process</b>		
<b>Stock at Commencement</b>		
Finished Goods	71,52,89,914	70,91,96,466
Stock-in-Process	1,74,32,434	2,79,77,001
	73,27,22,348	73,71,73,467
<b>Stock at Close</b>		
Finished Goods	82,16,64,765	71,52,89,914
Stock-in-Process	2,48,94,806	1,74,32,434
	84,65,59,571	73,27,22,348
<b>Total</b>	<b>(11,38,37,223)</b>	<b>44,51,119</b>
<b>25. Employees Benefit Expenses</b>		
Salaries, Wages and Bonus	65,73,32,964	51,17,94,658
Contributions to Provident and other Funds	5,47,87,892	4,71,94,253
Staff and Labour Welfare Expenses	3,13,68,659	2,08,51,339
<b>Total</b>	<b>74,34,89,515</b>	<b>57,98,40,250</b>

		2013-14	2012-13
<b>26. Finance Costs</b>			
Interest on term loans		2,06,99,853	1,91,36,303
Interest others		4,22,15,121	4,89,14,783
Other borrowing costs		15,01,504	28,73,177
<b>Total</b>		<b>6,44,16,478</b>	<b>7,09,24,263</b>
<b>27. Other Expenses</b>			
Stores, Spares, Chemicals and Packing Materials Consumed		27,11,70,685	22,01,07,059
Excise Duty (Net of Opening Provision)		1,36,73,537	2,16,10,937
Rent		3,49,61,137	3,00,06,268
Power and Fuel consumed		31,37,55,595	23,15,89,654
Repairs - Plant and Machinery		1,13,84,943	87,41,619
Repairs - Building		27,77,327	18,72,795
Repairs - Others		61,98,404	72,34,960
Insurance		84,51,101	68,14,124
Rates and Taxes		13,70,470	11,08,715
Freight and Forwarding Expenses (Net)		31,44,75,270	25,53,36,359
Brokerage, Commission and Discounts on Sales		40,07,42,365	27,08,36,550
Publicity & Advertisement Expenses		27,03,44,370	17,70,87,015
Research & Development Expenses		86,62,121	61,96,165
Bad Debts / Amount written off		29,11,900	35,55,386
Miscellaneous Expenses		22,46,59,915	15,83,34,478
Loss on Sale / Discard of Fixed Assets (Net)		14,69,343	40,07,909
Provision for diminution in the value of Investments		2,56,202	39,300
Donation		7,27,000	14,98,000
Directors' Commission		12,00,000	10,00,000
<b>Total</b>		<b>1,88,91,91,685</b>	<b>1,40,69,77,293</b>
<b>28. Basic &amp; Diluted EPS</b>			
<b>Basic Earning per share</b>			
Profit attributable to the shareholders (₹)	A	51,90,56,165	46,20,58,887
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	41.02	36.51
<b>Diluted Earning per share</b>			
Profit attributable to the shareholders (₹)	A	51,90,56,165	46,20,58,887
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	41.02	36.51
<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>			
a. As Auditors		2,70,000	2,20,000
b. For Taxation matters		2,60,000	2,52,500
c. For Other services		90,750	1,78,500
d. For Reimbursement of expenses		49,863	40,527
<b>Total</b>		<b>6,70,613</b>	<b>6,91,527</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**

	2013-14 (₹)	2012-13 (₹)
1. Raw Materials and Chemicals	3,35,16,934	7,00,86,680
2. Stores and Spare Parts & Fittings	2,55,83,055	47,30,505
3. Capital Goods	1,89,893	5,99,69,104
4. Purchases	63,03,94,512	75,95,78,730
<b>Total</b>	<b>68,96,84,394</b>	<b>89,43,65,019</b>

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

	2013-14	
	Raw Materials	%
1. Imported	5,86,04,590 (4,87,50,660)	9.03% (9.81%)
2. Indigenous	59,05,35,835 (44,80,05,802)	90.97% (90.19%)

	Stores & Spare Parts	
		%
1. Imported	1,08,25,152 (95,20,901)	14.06% (13.37%)
2. Indigenous	6,61,47,832 (6,16,66,272)	85.94% (86.63%)

**33. Expenditure in Foreign Currencies on account of**

	2013-14 (₹)	2012-13 (₹)
1. Travelling	43,04,566	38,99,808
2. Export Commission	7,59,685	15,55,606
3. Interest/Bank Charges	3,13,501	4,28,932
4. Technical know-how & Professional fees	37,19,582	67,64,931
5. Others	15,51,107	3,91,164

**34. Earnings in Foreign Exchange**

Exports of Goods on F.O.B Basis	4,68,02,351	5,32,71,449
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**35. Contingent liability in respect of :**

	As on 31-03-2014	As on 31-03-2013
a. Claims against the Company not acknowledged as debts (Net of Payments).	52,11,780	52,11,780
b. Estimated amount of contracts remaining to be executed on capital account not provided for (Net of advance).	5,22,80,444	7,13,93,146
c. Letters of Credit opened and guarantees given by the Bank in favour of Parties and Government Authorities.	7,80,97,241	5,02,32,172

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<sup>th</sup> 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 ₹ 0.02 Cr. (P Y Loss amounting to ₹ 0.11 Cr.) has been deducted / (added) respectively to the cost of capital assets.

**38. Employee Benefits**

The Company in pursuance to Accounting Standard 15, Employee Benefits (revised 2005) [‘the revised AS 15’], notified under sub-section (3C) of section 211 of the companies Act, 1956 obtained actuarial reports and based on these reports, following disclosures have been made in the financial statements for the year ended 31st March, 2014.

**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:**

	2013-14 (` in Lacs)	2012-13 (` in Lacs)
Provident fund	158.45	121.88
Employees’ Pension Scheme	118.53	98.51
ESIC	89.37	88.70
	<b>366.35</b>	<b>309.09</b>

**3) Disclosures for defined benefit plans based on actuarial reports as on 31st March, 2014**

Particulars	2013-14		2012-13	
	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	7,09,41,240	3,18,20,191	5,63,38,561	2,44,71,613
Current service cost	82,15,944	48,20,871	62,11,630	36,18,490
Interest cost	63,84,712	28,63,817	46,35,197	20,13,377
Actuarial loss / (gain)	81,72,805	78,79,771	65,74,428	62,50,237
Benefits paid	(30,50,982)	(54,96,579)	(28,18,576)	(45,33,526)
Closing defined benefits obligation	9,06,63,719	4,18,88,071	7,09,41,240	3,18,20,191
<b>Change in Fair value of Assets</b>				
Opening fair value of plan assets	7,11,95,520		5,63,38,561	
Expected return on plan assets	72,84,048		57,39,034	
Actuarial gain / (loss)	(21,17,344)		(10,62,111)	
Contributions by employer	1,73,60,982		1,29,98,612	
Benefits paid	(30,50,982)		(28,18,576)	
Closing fair value of plan assets	9,06,72,224		7,11,95,520	
<b>Movement in net liability recognized in Balance Sheet</b>				
Net opening liability	(2,54,280)	3,18,20,191	-	2,44,71,613
P & L Charge	1,76,06,757	1,55,64,459	1,27,44,332	1,18,82,104
Contribution Paid	(1,73,60,982)	(54,96,579)	(1,29,98,612)	(45,33,526)
Closing Net (asset) / liability	(8,505)	4,18,88,071	(2,54,280)	3,18,20,191
<b>Expenses recognized in the Profit and Loss Account</b>				
Current Service cost	82,15,944	48,20,871	62,11,630	36,18,490
Interest on defined benefit obligation	63,84,712	28,63,817	46,35,197	20,13,377
Expected return on plan assets	(72,84,048)	-	(57,39,034)	-
Net actuarial loss / (gain) recognized in the current year	1,02,90,149	78,79,771	76,36,539	62,50,237
Total Expenses	1,76,06,757	1,55,64,459	1,27,44,332	1,18,82,104

Particulars	2013-14		2012-13	
	Gratuity Funded Plan	Leave Encashment Non-funded Plan	Gratuity Funded Plan	Leave Encashment Non-funded Plan
<b>Assets Information</b>				
Government of India Securities	34.96%		41.12%	
Corporate Bonds	49.33%		51.63%	
Special Deposits Scheme	-		-	
Others/ Insurance Co.	15.71%		7.25%	
<b>Principal actuarial assumption</b>				
Discount Rate (p.a)	9.00%	9.00%	8.25%	8.25%
Expected rate of return on plan assets (p.a)	9.00%		9.00%	
Annual Increase in Salary costs	6.75%	6.75%	5.50%	5.50%
Effect on the aggregate Service Cost & interest cost	-		-	
Effect on defined benefit obligation	-		-	

- (4) The Company has provided upto 31.03.2014 ₹ 418.88 Lacs (₹ 318.20 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, 2014.**

Type of Transaction	Associates	Key Management Personnel	Relatives of Key Management Personnel	Total
	(₹)	(₹)	(₹)	(₹)
<b>Purchases</b> - Goods & Materials	-			-
	(-)			(-)
<b>Sales</b> - Goods & Materials	-			-
	(-)			(-)
<b>Expenses</b> - Remuneration	-	5,39,09,221	32,70,022	5,71,79,243
	(-)	(7,14,99,936)	(23,86,278)	(7,38,86,214)
Lease Rent/Rent	78,63,357		3,35,500	81,98,857
	(76,55,796)		(3,02,500)	(79,58,296)
Other Services	24,89,172	25,76,792	36,000	51,01,964
	(22,83,069)	(22,39,100)	(36,000)	(45,58,169)
Interest Paid	88,719			88,719
	(2,52,988)			(2,52,988)
Donation/Other Expenses	3,35,000			3,35,000
	(3,85,000)			(3,85,000)
<b>Income</b> - Interest Received	-			-
	(-)			(-)
<b>Finance</b> - Loans & Advances given	-			-
	(-)			(-)
Fixed Deposit / ICD Recd - Repaid	-			-
	(-)			(-)
Fixed Deposit / IC Loan Recd - Repaid	27,35,000			27,35,000
	(-)			(-)
Rent Deposit paid	1,26,800			1,26,800
	(-)			(-)
<b>Balance at the end of the year</b>				
Rent Deposit	18,30,800		75,000	19,05,800
	(17,04,000)		(75,000)	(17,79,000)
Loans/Deposits	-			-
	(27,35,001)			(27,35,001)

**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 Govindbhai Patel Shree Narayan Mohata	M K Bhandari Ashok Chhajed Sajan Kumar Pasari
4.	Relatives of Key Management Personnel	Smiti Somany Shishir Bhandari	Pooja Jain Somany

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

Particulars	2013-14	2012-13
<b>Purchases</b> : Goods & Materials	-	-
<b>Sales</b> : Goods & Materials	-	-
<b>Expenses</b>		
Lease Rent / Rent Madhusudan Industries Ltd.	78,63,357	76,55,796
Other Services Madhusudan Industries Ltd. Swadeshi Fan Industries Ltd.	23,06,582 1,82,590	21,19,156 1,63,913
Interest Paid Madhusudan Fiscal Ltd.	88,719	2,52,988
Donation Cera Foundation	3,35,000	3,85,000
<b>Income</b>		
Interest Received Madhusudan Industries Ltd.	-	-
<b>Finance</b>		
Fixed Deposit / ICD Received - Repaid Madhusudan Industries Ltd. Madhusudan Fiscal Ltd.	- 27,35,000	- -
Fixed Deposit / IC Received - Repaid Madhusudan Fiscal Ltd. Madhusudan Industries Ltd. Madhusudan Holdings Ltd.	- - -	- - -
Rent Deposit Paid Madhusudan Industries Ltd. Shishir Bhandari	1,26,800 -	- -

**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

Place : Ahmedabad

Date : 25th April, 2014

**Rajesh B. Shah**  
C F O  
C O O (Fin. & Comm.)**Narendra N. Patel**  
President & Company Secretary**Vikram Somany****Ashok Chhajed****Dr. K. N. Maiti****Govindbhai P. Patel****Deepshikha Khaitan****Atul Sanghvi**

Chairman and Managing Director

Director

Director

Director

Director

Executive Director

**Annexure - I : Significant accounting policies and practices :****(Annexed to and forming part of the financial statements for the year ended 31st March, 2014)****\* 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 instalment credit scheme, the cost of asset is capitalized while the annual financial charges at equated instalments 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.

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INTENTIONALLY

# CERA

## Cera Sanitaryware Limited

Regd. Office : 9, GIDC Industrial Estate, Kadi - 382 715, Dist. Mehsana, Gujarat.  
 www.cera-india.com; Phone : (02764) 242329, 262619, 262638; Fax : (02764) 242465;  
 E-mail : kadi@cera-india.com; CIN : L26910GJ1998PLC034400

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

### ATTENDANCE SLIP

Annual General Meeting - 2014

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 11.00 a.m. on 22nd August, 2014.

\_\_\_\_\_  
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

## Cera Sanitaryware Limited

Regd. Office : 9, GIDC Industrial Estate, Kadi - 382 715, Dist. Mehsana, Gujarat.  
 www.cera-india.com; Phone : (02764) 242329, 262619, 262638; Fax : (02764) 242465;  
 E-mail : kadi@cera-india.com; CIN : L26910GJ1998PLC034400

(Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014)

### PROXY FORM

Name of the member(s) : \_\_\_\_\_  
 Registered address : \_\_\_\_\_  
 E-mail Id : \_\_\_\_\_  
 Folio No. / Client Id : \_\_\_\_\_  
 DP Id : \_\_\_\_\_

I/We, being a member(s) of \_\_\_\_\_ shares of Cera Sanitaryware Limited, hereby appoint :

1. Name : \_\_\_\_\_  
 Address : \_\_\_\_\_  
 E-mail Id : \_\_\_\_\_  
 Signature \_\_\_\_\_, or failing him
2. Name : \_\_\_\_\_  
 Address : \_\_\_\_\_  
 E-mail Id : \_\_\_\_\_  
 Signature \_\_\_\_\_, or failing him
3. Name : \_\_\_\_\_  
 Address : \_\_\_\_\_  
 E-mail Id : \_\_\_\_\_  
 Signature \_\_\_\_\_

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Sixteenth Annual General Meeting of the Company to be held on Friday, the 22<sup>nd</sup> August, 2014 at 11.00 a.m. at the registered office of the Company at 9, GIDC Industrial Estate, Kadi-382715, Dist. Mehsana, and at any adjournment thereof in respect of such resolutions as are indicated below:

PTO

<b>Resolutions:</b>		For	Against
1.	To consider and adopt Audited Financial Statements, Reports of Board of Directors and Auditors.		
2.	Declaration of dividend on Equity Shares		
3.	Reappointment of Dr. K.N. Maiti as Director, who retires by rotation		
4.	Appointment of Auditors and fixing their remuneration		
5.	Appointment of Shri Ashok Chhajed as an Independent Director		
6.	Appointment of Shri Sajan Kumar Pasari as an Independent Director		
7.	Appointment of Shri Govindbhai P. Patel as an Independent Director		
8.	Appointment of Shri Lalit Kumar Bohania as an Independent Director		
9.	Appointment of Smt. Deepshikha Khaitan as Director		
10.	Appointment of Shri Atul Sanghvi as Director		
11.	Appointment of Shri Atul Sanghvi as Executive Director		
12.	Reappointment of Shri Vikram Somany as Chairman and Managing Director		
13.	Approval of the remuneration of the Cost Auditors.		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2014.

Affix Revenue Stamp
---------------------------

Signature of Shareholder(s) \_\_\_\_\_

Signature of Proxy Holder(s) \_\_\_\_\_

Note : This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.





Annual Report  
2013-14

**CERA**  
CERA Sanitaryware Limited



# CERA

CERA Sanitaryware Limited

CIN : L26910GJ1998PLC034400

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