



STAYING AHEAD OF THE **CURVE**

SOMANY CERAMICS LIMITED | ANNUAL REPORT 2011-12



Disclaimer

In this annual report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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Special consumers desire to buy today what the rest of the world will consume tomorrow. ✨

✨ At Somany Ceramics, this simple understanding translated into selective productisation (innovative varieties, sizes, textures, finishes and range), technology preference and strategic acquisitions. In turn, this insight helped the Company counter the slowdown and report a 22.89% increase in turnover and 5.63% growth in profit after tax in a challenging 2011-12.

STAYING AHEAD OF THE CURVE...

ACQUISITION

At a time when it is critical to keep growing turnover on one hand and reduce capital expenditure on the other, Somany Ceramics reconciled these seemingly impossible requirements through an asset-light joint venture-driven expansion strategy.

Annualised production capacity including JVs (mn sqm)



13.84%

Growth in
production capacity

2011-12: 21.80 mn sqm

2010-11: 19.15 mn sqm

Somany Ceramics embarked on strategic acquisitions to expand its product range without investing in new equipment and improving its market penetration without spending years in product development. These were achieved through the following initiatives:

- **VTPL:** We acquired a 26% equity stake in Gujarat-based Vintage Tiles Private Limited for ₹5.03 crores providing us with a complete access to VTPL's manufacturing capacity (2.65 mn sqm per annum of polished vitrified tiles) from January 2012 leading to projected annual turnover of ₹80 crores.

- **CVPL:** We entered into an MOU to acquire 26% equity stake (with an option to increase it to 51%) in Gujarat-based Commander Vitrified Private Limited (CVPL) for ₹3.25 crores to procure and sell CVPL's production capacity of 2.65 mn sqm per annum of polished vitrified and glazed vitrified tiles from June 2012 leading to projected annual turnover of ₹100 crores.

The result: our tile production capacity increased from 19.15 mn sqm to 24.45 mn sqm per annum for an investment which was 80% less than the greenfield alternative. This will potentially generate annualised turnover of about ₹180 crores with a projected payback of about three years as against a prevailing greenfield payback of around 10 years .

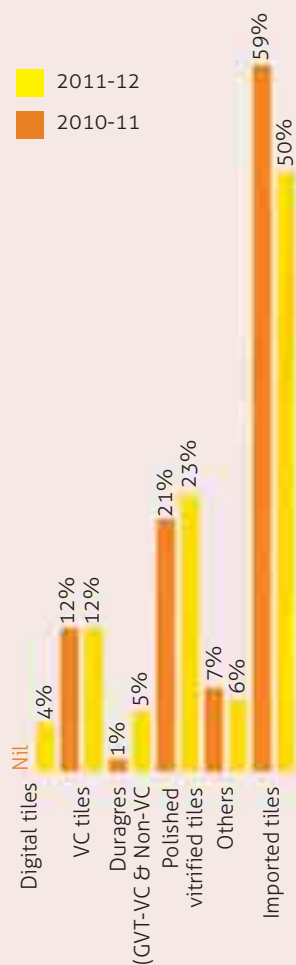
Enabling us to stay ahead of the curve.

STAYING AHEAD OF THE CURVE...

PRODUCT INNOVATION

At a time when most people were likely to dismiss a tile as a tile, there was a premium on the ability to innovate and create something different.

Changing product mix (tiles)



10.84%

Improvement in
operating Profit

2011-12: ₹56.34 crores

2010-11: ₹50.83 crores

At Somany, we blended product contemporariness with technology, durability and geographic compatibility – better than competitors. And this initiative was showcased through the Company's digital printing technology leading to the launch of a new product line called 'Somany Digital'.

This range possesses the potential of making all kinds of stone quarrying and tree-felling redundant – at least for home furnishing. This is because high definition digital printing captures and reproduces stylisations and patterns on flat and curved surfaces as well as moulded tile surfaces, replicating the look of authentic stone and wood patterns.

The Company strengthened its digitisation emphasis through the following initiatives:

- Installed three state-of-the-art digital machines for an investment of ₹12.80 crores, enriching our value-added product basket
- Launched a new range of digital wall tiles with enhanced definition, richer colours and compelling designs in two existing sizes (300x450 mm and 300x600 mm) and two new sizes (148x450 mm and 300x900 mm)
- Extended digital printing to VC Shield tiles and glazed vitrified tiles with improved finish and looks in floor tiles

This progressive digitisation of our product mix will improve our topline and bottomline in the mid to long term.

Enabling us to stay ahead of the curve.

STAYING AHEAD OF THE CURVE...

VALUE-ADDITION

At a time when declining margins represent a serious concern for tile manufacturers, there is a premium on the ability to create a superior product mix which can generate sizeable surpluses for onward reinvestment.

Value pyramid (%)



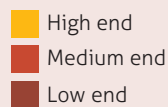
2010-11



2011-12



2012-13 (P)



9.65%

Improvement in average
realisation per sqm

2011-12: ₹284 per sqm

2010-11: ₹259 per sqm

At Somany, we undertook substantive work in this direction. We refined our product mix to enhance profits and reinforce business sustainability through the following initiatives:

- Increased the overall sale of medium and high end products from 34% in 2010-11 to 55% in 2011-12
- Increased sales derived from the in-house production of value-added tiles from 33% of our product mix in 2010-11 to 58% in 2011-12, strengthening our margins
- Introduced new ranges in our existing basket of value-added products
- Introduced new value-added products like Duragres VC 50 and Digital Tiles

All these initiatives resulted in an increase in our average realisation per sqm from ₹259 in 2010-11 to ₹284 in 2011-12.

Enabling us to stay ahead of the curve.

CORPORATE IDENTITY

SOMANY CERAMICS.

GENERATES A YOUTHFUL, TRENDY AND INNOVATIVE RECALL.

ACROSS CERAMIC, GLAZED VITRIFIED, POLISHED VITRIFIED AND DIGITAL TILES. PLUS SANITARYWARE AND BATHROOM FITTINGS.

RESULTING IN A COMPLETELY PROFITABLE SOLUTION FOR CONSUMER AND COMPANY.

SOMANY'S VALUES

Vision

Most sought after tile and allied product brand in India and be the best employer in the tile industry

Mission

Achieving customer delight through business innovation and cost-effectiveness while pursuing latest fashion trends in ceramics & allied products for creating stakeholders values

Inception

The Company is a part of the HL Somany Group, incorporated in 1968 as Somany Pilkington in collaboration with the UK-based Pilkington Tiles. Changed its name to Somany Ceramics Limited in 2007.

Presence

The Company is headquartered in Noida (UP) and its equity shares are listed on the Bombay and National stock exchanges and enjoyed a market capitalisation of ₹129 crores as on 31st March, 2012.

Market reach

The Company extends across the length and breadth of the country with a network of 1,490 dealers, more than 7000 sub-dealers and 127 retail showrooms, showcasing the entire range of products; caters to brand-enhancing corporate clients and government agencies such as Tata Motors, DLF, Unitech, CCD, JP Associates, L&T, Vatika, Shapoorji Pallonji, M2K, Prestige, Sobha Developers, Ansal, CPWD, MES, AWHO, DGMAP, AFNHB, DDA and ESIC, among others

Global foothold

The Company established itself as a global brand with its products widely accepted in global markets. The Company improved its exports, resulting in an improved presence in more than 15 countries in Africa, the Middle East, South Asia, USA, the UK, and Europe, among others.

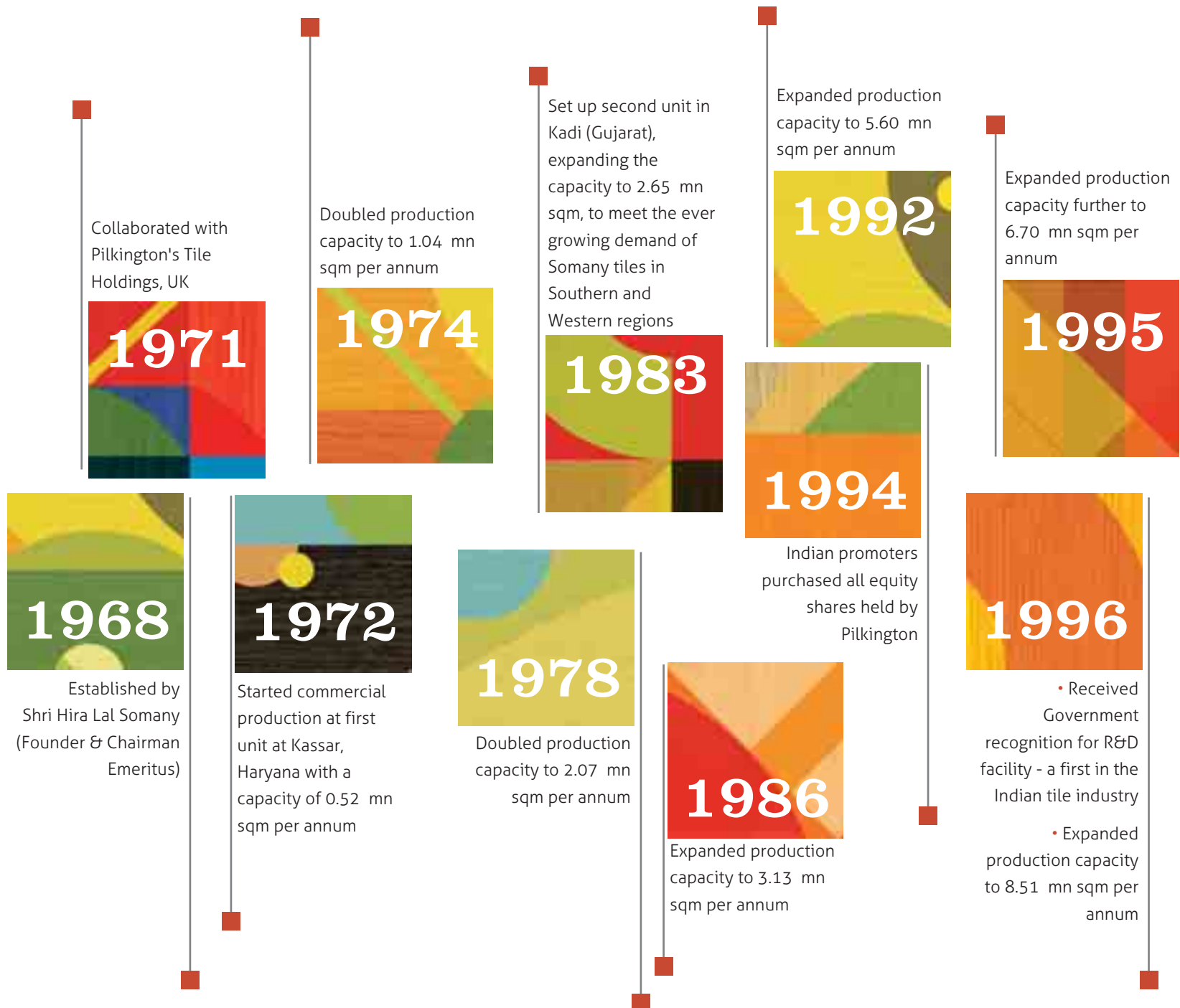
Market position

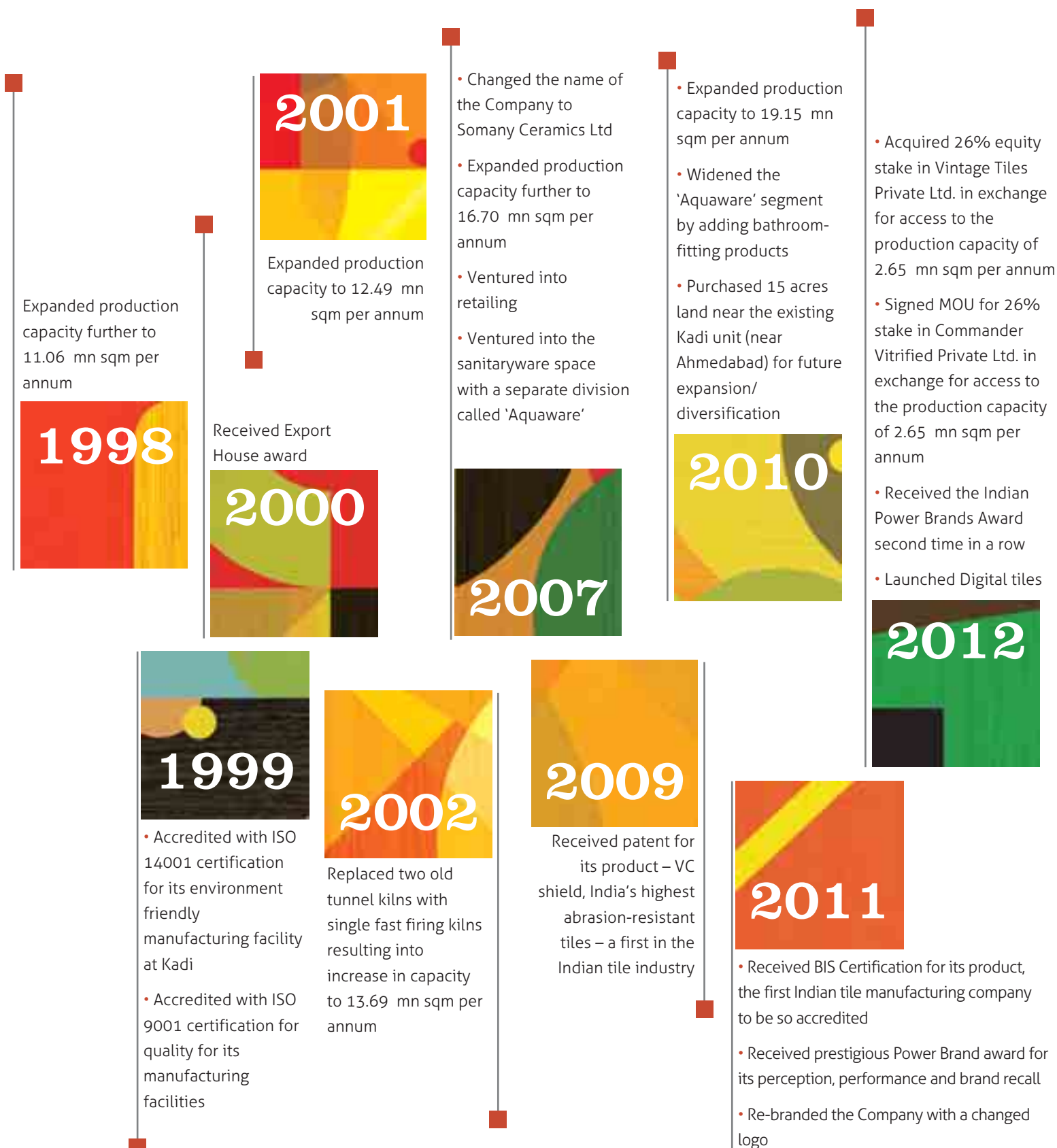
The Company emerged as the third-largest tile manufacturing company in the country (by turnover) with a market share of around 6% in the total market (organised and unorganised)

Certifications

- The Company's production facilities are ISO 9001:2008-certified for quality
- The Kadi unit is accredited with ISO 14001 certification for environment-friendly manufacturing facility
- Received 5S certification, ensuring reduction in wastages and maintaining discipline in the production process
- The only tile company in the Indian tile industry to receive the prestigious Power Brand Award for two consecutive years

SOMANY'S JOURNEY SO FAR...





FIVE YEAR FINANCIALS

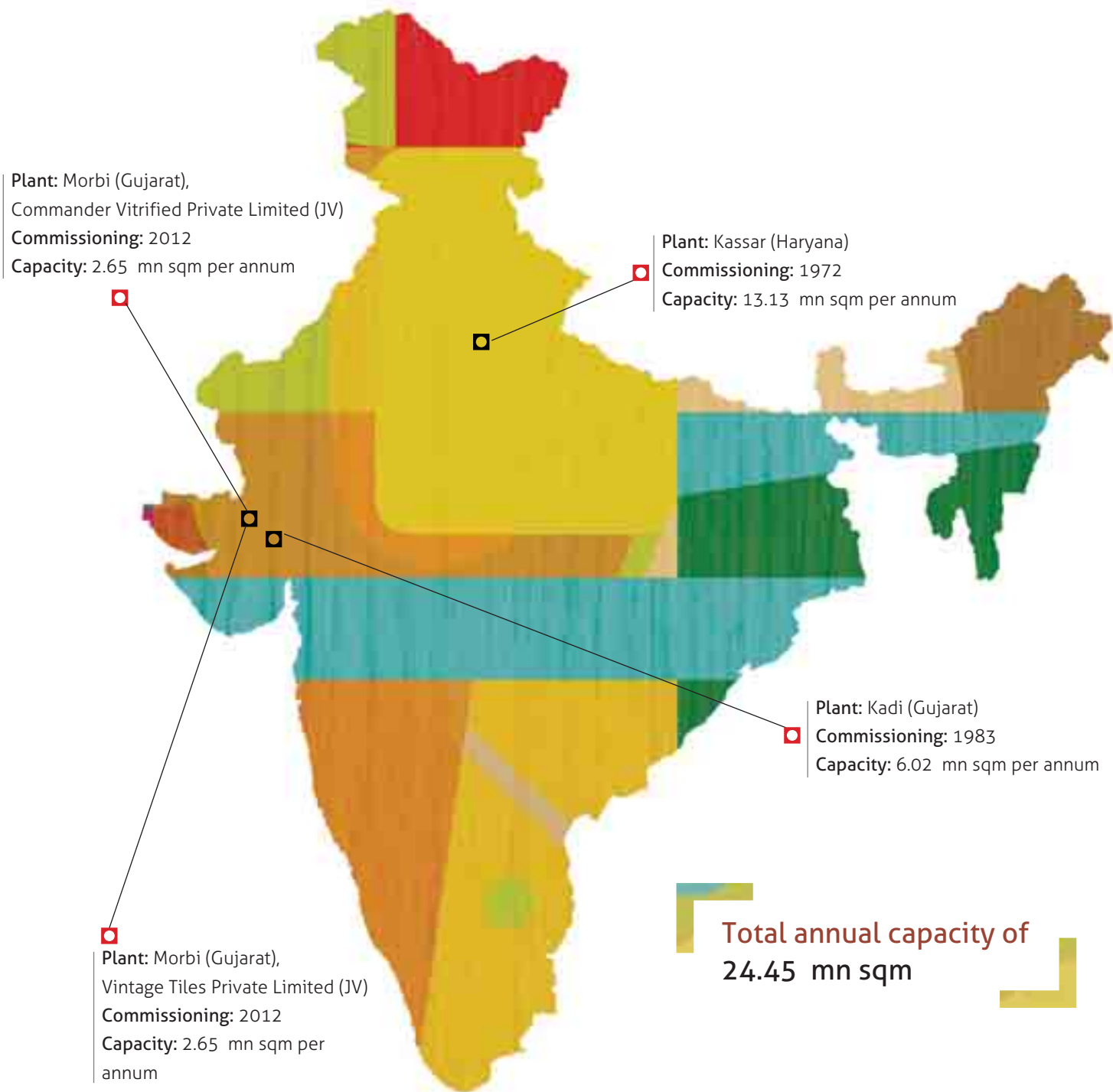
(₹ in lacs)

Particulars	2007-08	2008-09	2009-10	2010-11	2011-12
Share capital	690	690	690	690	690
Reserves	4,939	5,692	7,495	9,557	11,711
Loan funds	15,005	13,725	16,223	19,122	18,097
Gross block (including CWIP)	27,796	27,789	31,454	35,274	38,642
Net block (including CWIP)	13,834	13,002	15,384	17,592	19,397
Investments	79	81	173	172	595
Current assets	14,836	17,600	24,758	29,502	32,071
Current liabilities	5,595	8,058	13,587	15,825	19,259
Net current assets	9,241	9,542	11,171	13,677	12,812
Turnover	35,143	46,277	56,302	75,178	92,303
Other income	118	158	292	497	201
Excise duty	2,207	2,068	2,608	4,120	5,074
Material costs	9,727	11,016	10,473	12,746	15,318
Energy costs	4,183	6,365	6,311	8,683	10,917
Employee costs	2,754	3,333	4,328	5,431	6,552
Other Manufacturing, Administration and Selling expenses	12,603	19,300	27,042	37,885	47,187
EBIDTA	3,786	4,354	5,832	6,810	7,456
Interest and Finance costs	1,693	1,603	1,329	1,712	2,065
EBDT	2,093	2,751	4,503	5,098	5,391
Depreciation	1,345	1,404	1,447	1,727	1,822
PBT	748	1,347	3,056	3,371	3,569
Tax expense	342	473	1,010	1,028	1,094
PAT	406	874	2,046	2,343	2,475
Networth	5,629	6,382	8,185	10,247	12,401
Capital employed	23,154	22,625	26,728	31,935	33,033
EPS (₹)*	1.18	2.53	5.93	6.79	7.17
Book value/Share (₹)*	16.32	18.50	23.73	29.70	35.95
Dividend/Share (₹)*	0.20	0.30	0.60	0.70	0.80
RONW (%)	7.43	14.55	28.09	25.42	21.86
ROCE (%)	11.25	12.89	17.77	17.33	17.34

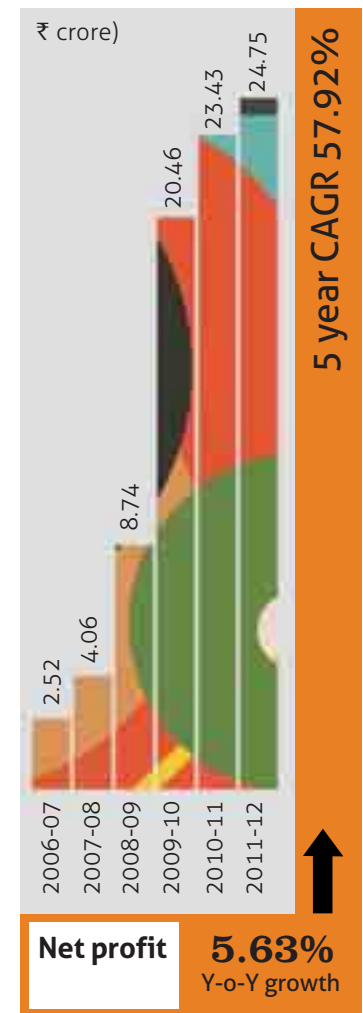
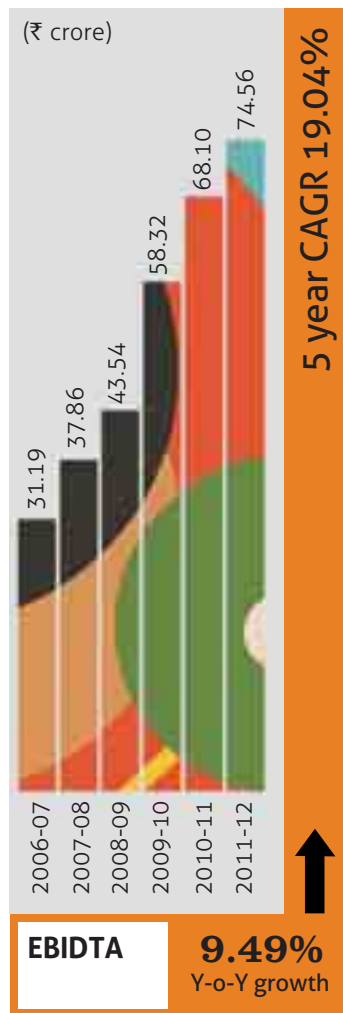
* Face value of ₹2 per share

Note: As per new Schedule VI of the Companies Act, some of the heads like turnover, other income, current assets, current liabilities, loan funds, among others have been classified differently in the balance sheet for 2010-11 and 2011-12. These numbers have been adjusted in line with the old Schedule VI for ease of comparison with earlier years.

OUR MANUFACTURING FACILITIES

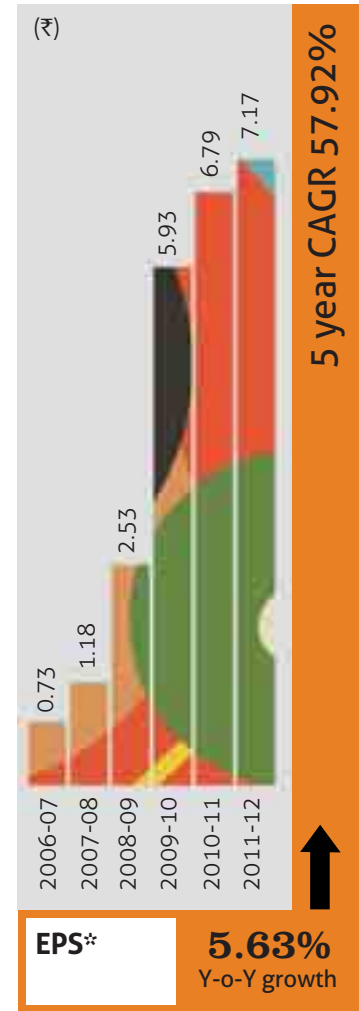
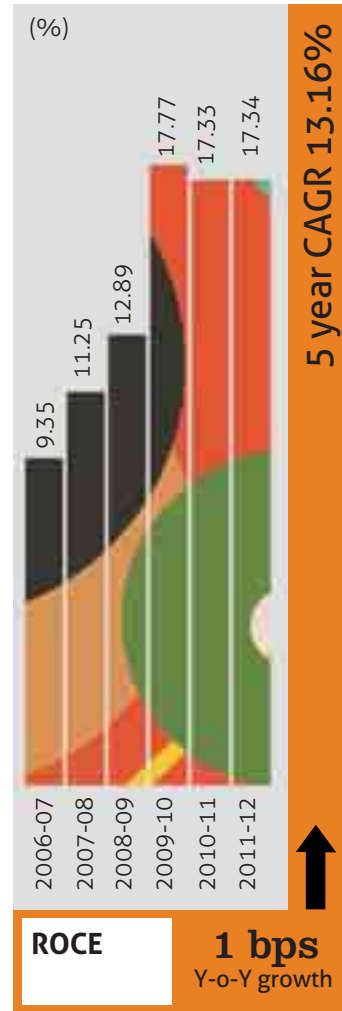
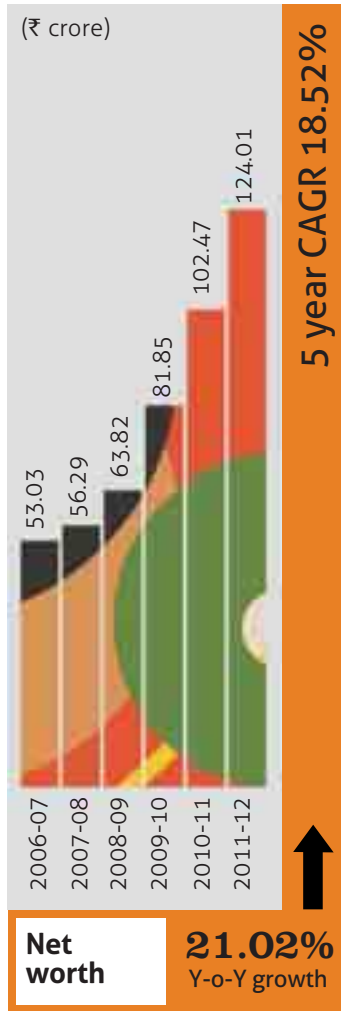


AHEAD OF THE CURVE ACROSS THE YEARS





*including CWIP



*Face Value of ₹2 each



FROM THE CHAIRMAN'S DESK



The year 2011-12 was challenging for the Indian economy, property development sector and downstream building materials. This challenging environment notwithstanding, Somany Ceramics reported a 22.89% growth in turnover, outperforming the average industry growth. Despite an increase in costs and slower offtake, the Company succeeded in reporting a higher net profit of ₹24.75 crore, validating its business strategy and brand positioning.

The big picture

The Indian tile industry is positioned at an attractive cusp for some good reasons. Over the last decade, a number of realities converged to catalyse its growth: enhanced incomes, wider global exposure, increased home pride, willingness to extend beyond the usual, widening tile variety, decline in tile cost as a proportion of rising home interior expenses and growth in the country's real estate development sector.

The result has been an appreciable growth in India's tile consumption: CAGR of 15% over 2007-2011, equivalent to 2.5x the global growth rate. India emerged as the world's third-largest tile consumer with an industry size of 557 mn sqm in 2011, accounting for around 6% of the total global consumption.

Considering that the factors that catalysed India's tile consumption over the last decade are expected to sustain, India is likely to grow its global market share and importance.

Our strategy

At Somany Ceramics, we are attractively positioned to capitalise on the emerging realities through the following initiatives:

• **Inorganic growth:** In a market that is increasingly populated by brands on one hand and increasing number of events to carve attention on the other, we recognised

the need to capture mind space and market shares. Rather than select to do so through the conventional greenfield route entailing a higher cost and longer tenure, we selected to acquire stakes in companies, saving us critical greenfield commissioning time and costs. In line with this stated direction, we acquired a 26% equity stake in a company in January 2012 and signed an MOU for a 26% equity stake in another company reinforcing our annual capacity of polished and glazed vitrified tiles by 5.30 mn sqm.

• **Value-added products:** We are committed to increase high quality value-added products in sync with local and global trends. In line with this priority, we introduced revolutionary digital printing technology (digital tiles) in all our plants, graduating surface designing and finishing to an entirely different level.

• **Globalise our products:** We expect to strengthen our international presence by penetrating Asia-Pacific, the US, the UK and Europe by opening exclusive stores, participating in international exhibitions that enhance our visibility and introducing sanitaryware products.

• **New product development:** We will introduce new value-added products across the widest range, design, style and textures. We will leverage our digital printing machines to offer unique designs which will drive our turnover and volumes.

Shareholder value

The mix of these initiatives will translate into a larger output, higher average realisations, wider reach and a growing proportion of turnover derived from new products. In short, these initiatives will combine to create a more profitable company over the long-term.

Shreekanth Somany
Chairman and Managing Director

Evolving realities

• **Retail:** India added 13.8 mn sq.ft of retail space across 34 retail malls in its top seven cities in 2011. India expects to add 12 mn sq. ft of retail space in 2012, owing to booming consumerism, entry of MNC retailers and exponential growth in malls in Tier-II and Tier-III cities (*Source: Jones Lang La salle research*).

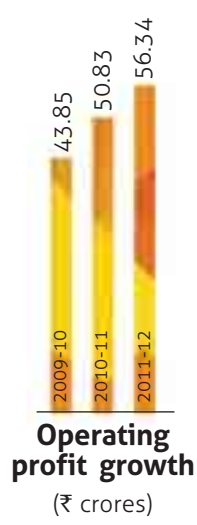
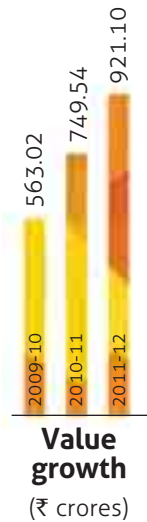
• **Residential:** India's demand for new homes is estimated at 7.50 million units for 2009-13 across all housing categories; around 85% of the emerging residential demand is expected in the broad, mid and affordable housing segment, owing to rapid urbanisation, shrinking household size, easy availability of home loans and repatriation benefits of NRIs and HNIs (*Source: Cushman and Wakefield research*).

• **Commercial:** India's office space demand is estimated at around 240 mn sq.ft in 2010-14, catalysed by the rapid growth in its service sectors (IT/ITeS, BFSI and telecom) and rising MNC demand (*Source: Cushman and Wakefield research*).

• **Hospitality:** India's hospitality industry capacity of 235,000 rooms is expected to increase to 461,000 by 2015, owing to a robust domestic tourism industry, tax incentives and higher FSI.

BUSINESS REVIEW

Abhishek Somany, Joint Managing Director, reviews the Company's performance



The year under review was challenging on account of increasing inflation, higher interest rates, rupee depreciation, real estate slowdown, increased input costs and the economic slowdown. In light of these realities, our performance for 2011-12 must be considered as creditable.

Financial performance

Turnover: Our turnover improved 22.89% from ₹749.54 crores to ₹921.10 crores, owing to robust growth of outsourced manufacturing by 26.7% and own manufacturing by 19.1%.

Profits: Our operating profits improved from ₹50.83 crores to ₹56.34 crores while EBIDTA margins declined by 104 bps from 9.61% to 8.57%, following an increase in raw material costs, power and fuel costs and limited ability to pass these cost increases to consumers due to competitive pressures. Our net profit grew marginally by 5.63% from ₹23.43 crores to ₹24.75 crores.

Outperformance

In 2011-12, we outperformed the industry growth by a factor of around 2x by undertaking a number of initiatives:

Strategic capacity expansions: We expanded our capacity 13.84% to

21.80 mn sqm against 19.15 mn sqm in 2010-11 through the inorganic route by acquiring 26% stake in Morbi (Gujarat) based Vintage Tiles Private Limited (VTPL) for a consideration of ₹5.03 crores. This strategic stake will allow us to have complete access to VTPL's production of 2.65 mn sqm of polished vitrified tiles a year. We plan to double the production capacity of this plant at the earliest opportunity.

Branding and networking: We strengthened our distribution network through the net addition of 156 dealers (total 1490), representing an entry barrier for newcomers. By adding more franchisee showrooms during the year, the number of Somany Exclusives/Studios and Duragres Studios was 75 and 35 respectively at the year end. We enhanced our visibility by participating in a prestigious international exhibition 'Cevisama' in Spain, three national level and seven state level exhibitions.

Launched innovative products: We entered into a marketing and distribution arrangement with Italian company IRIS Ceramiche and FMG (FioranoModenese-MO) of GranitiFiandre Group (Castellarano-RE) to market its 'Active' range of tiles using the

Active technology with self-cleaning properties to degrade nitrogen oxides in the atmosphere and improve air quality. Through this partnership, we expect to enhance our commitment to introduce green technologies in the ceramic space.

Technological innovation: We introduced the revolutionary digital printing technology, elevating surface design and finish to a new level. We invested ₹12.80 crores to install three digital machines in our Kadi and Kassar units. The digital technology reconciles unlimited design combinations, sharper finishes and stunning tile artwork. These tiles can be customised as per user requirements as the digital printing technology allows an impression to be lifted off a photograph or replicate the visual essence of natural products like wood, stone and marble, retaining the natural finish. The digital tiles were launched in the second quarter of the year under review; they constituted 3.25% of the total tile production and contributed ₹29.25 crores to total turnover. The full benefit of the machines will come in FY 2012-13, putting us in a formidable position to reap the benefits of value-addition.

Value-addition: Our thrust on

value-added products (including introduction of digital tiles) resulted in the sale of medium and high-end products rising from 34% in 2010-11 to 55% in 2011-12. This strengthened our average realisation per sq m from ₹259 in 2010-11 to ₹284 in 2011-12. The new JVs will also contribute significantly to our existing basket of value-added products.

Growing international business:

Our international business registered robust improvement as our exports increased by 50% from ₹8.01 crores to ₹11.99 crores (in terms of value). We enjoy a stronghold in the Middle East and Africa and target to enter CIS, Europe and other regions.

Cost-saving initiatives: The industry witnessed a sharp increase in key input costs in 2011-12. To mitigate the impact of an increase in fuel costs, we invested in Fluidised Bed Combustion units. We took various other measures to reduce consumption of power and fuel. Our R&D team developed new cost-effective formulations of body and glaze. Our engineering department worked closely with local suppliers to indigenise costly imported spares to reduce maintenance costs.



We expect to climb the value chain by focusing on digital, VC Shield, glazed vitrified tiles and other high margin products



Tile master: We initiated the unique concept called 'tile master', in which the masons are provided training in the nuances of tile layout and equipment use, following which they are certified as trained masons. This enriches masons on effective tile fitting, thus, eliminating the loss arising out of inaccurate layout, increasing their productivity and strengthening the Company as a complete flooring solution provider. We created training teams at its manufacturing units

and trained over 1,100 masons in the art of tile layout in the year under review.

Aquaware: We forayed into the sanitaryware segment and Chrome Plated bathroom fittings under the brandname 'Aquaware' as part of an expansion strategy which would augment our status as an all-pervasive bathroom solutions provider. This segment registered a robust 36% growth.

Looking forward

At Somany Ceramics, we believe that industry consolidation will drive the next phase of industry growth arising out of a consumer preference for branded and better products. The Company expects to capitalise on this through the following initiatives:

- We signed an MOU to acquire a 26% stake with an option to further increase it to 51% in Morbi (Gujarat) based Commander Vitrified Pvt. Ltd (CVPL) for ₹3.25 crores. CVPL is setting up a plant to

manufacture 2.65 mn sq m of vitrified tiles (polished and glazed) which is expected to start production in June 2012. The state-of-the-art Italian plant will be dedicated to large format value-added tiles. Through this acquisition, we get access to their entire production of polished and glazed vitrified tiles and market it under the Somany brand. Going ahead, we expect to leverage these inorganic opportunities that add to our topline and bottomline further

- We will be shortly commissioning four/five more digital printing machines
- We expect to maximise the utilisation of digital printing machines, yielding higher margins
- We expect to improve the supply of value-added products from acquired plants; we expect to increase the number of such alliances to enhance capacity further
- We expect to climb the value

chain by focusing on Digital, VC Shield, Glazed vitrified tiles and other high margin products

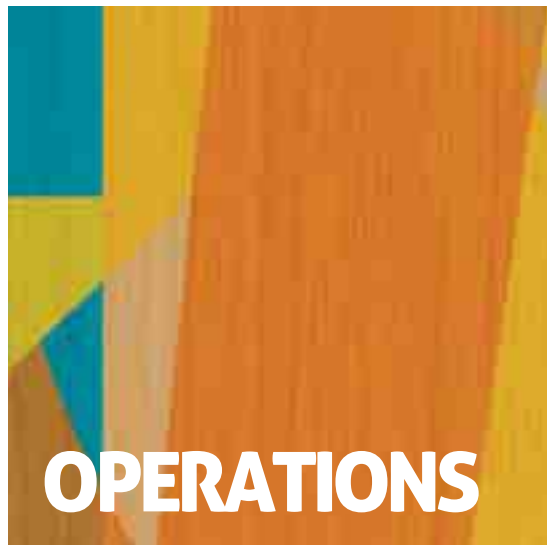
- We expect to de-bottleneck our manufacturing units to increase capacity and efficiency
- We expect to invest in research and development to manufacture more innovative products and reduce costs

Message to shareholders

At Somany, we are confident that despite the challenging economic outlook, our business will deliver outstanding value to our stakeholders.

1000 sqm of Active tiles are equivalent to 20 mature trees in terms of reducing nitrogen oxide in the environment

Business driver 1



In the ceramic tile industry, where production quality is influenced by a number of variables, success is derived by an ability to manage productivity consistently, leading to an optimal use of time, assets, material and energy.

Somany is the first company in India's ceramic tile industry to receive the 5S certification for its Kadi unit and one plant of its Kassar unit as part of the Company's commitment to offer outstanding customer service and quality

The Company possesses an annual production capacity of 24.45 mn sq m of ceramic and vitrified tiles distributed across four plants – Kassar in Haryana (13.13 mn sqm), Kadi in Gujarat (6.02 mn sqm), VTPL in Gujarat (2.65 mn sqm) and CVPL in Gujarat (2.65 mn sqm).

Key operational initiatives, 2011-12

- Installed two digital printing machines at Kadi (Gujarat) plant and one at Kassar (Haryana) plant to produce higher value-added products
- Improved the capacity utilisation of plants from 90% to 92%, owing to increased production
- Launched glazed vitrified tiles in patented VC Shield and new digital printing categories
- Introduced Nano polishing – a thin, micro and hard glossy coating that fills micro pores of surfaces making it more stain-resistant
- Increased the proportion of value added products,

resulting in production value increasing from ₹400 crore to ₹465 crore, a growth of 16.25% over the previous year

Cost saving initiatives, 2011-12

- Reduced the consumption of expensive imported raw materials and spares by partially replacing it with low cost substitutes
- Reduced freight and forwarding expenses to 2.81% of net sales compared with 4.10% in the previous year
- Achieved better working capital management, resulting in finance cost savings

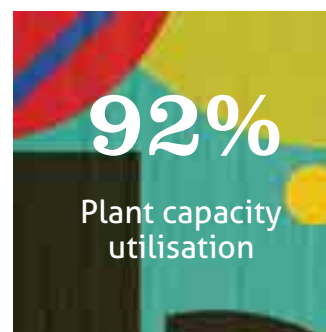
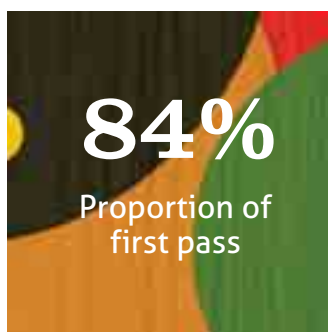
Energy saving initiatives, 2011-12

- Utilised waste heat from gas-based generators, resulting in natural gas savings in spray dryers
- Started Fluidised Bed Combustion units using lignite instead of natural gas for one of the spray dryers

- Utilised kiln exhaust in dryers, resulting in natural gas savings
- Installed UPS in one of the hydraulic presses for uninterrupted and better quality power, increasing production and preventing breakdowns
- Reduced electricity and power consumption by using energy-efficient lighting (LED), variable frequency drives in fans, blowers and pumps, efficient transformers and low power loss capacitors

Looking forward

- Embark on power trading by purchasing power from the grid at a rate cheaper than producing it in-house from May 2012
- Install four/five new digital printing machines across its various manufacturing units
- Replace the press kiln and vertical drier of the floor tile plant, which will lead to a 20% increase in efficiency
- Introduce digital prints in large size floor and wall tiles
- Launch the largest size digital print tile of 800x800 mm and 600x1200 mm from our Manufacturing JV (CVPL)
- Add Fluidised Bed Combustion (FBC) in the glazed vitrified tile (GVT) plant to counter fuel price hikes



Business driver 2



In the tile manufacturing business, profitability is achieved only when a company is able to distribute its products to the end user at the right place and at the right time through an efficient and effective marketing and distribution channel.

Somany is the first company in the Indian tile industry to receive the Indian Power Brand Award for two consecutive years

The Company invested in an extensive and robust distribution network of 1,490 dealers with 7000-plus sub-dealers, a strong retail chain network of 127 showrooms and 20 stock points to ensure that its products are available across the country. It has a strong presence in the northern and southern regions (accounting for 36% and 33% of the turnover respectively), followed by eastern, western and central regions (accounting for 15%, 11% and 3% of the turnover respectively)

Following strategic investments in two plants in Gujarat, the Company will be able to add more value-added tiles to its already diverse product basket and strengthen its reach across the country and the central, western and southern markets in particular.

Key initiatives, 2011-12

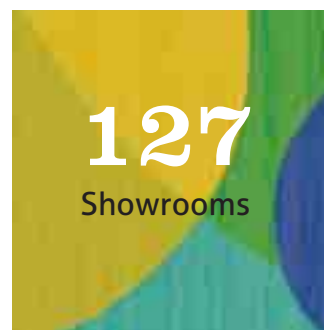
- Strengthened the distribution network further by a net addition of 156 dealers, taking the total strength to 1,490
- Added 52 showrooms (Somany Exclusive, Somany Studio, Somany Global and Duragres Studio) taking the total to 127 retail outlets (showrooms) across India
- Formed an alliance with Italy's IRIS Ceramica and FioranoModenese to market its products manufactured under the 'Active Technology' brand
- Arranged 'Platinum club' dealer meet for top performing distributors and franchisees
- Started a customer relationship management programme for 'Platinum

Club' dealers through an online portal where dealers can access certain sales and accounting information related to them

Looking forward

The Company expects to embark on the following initiatives:

- Open more 'Active corners' (stores) to sell environment-friendly 'Active' tiles
- Launch some of the largest tile sizes of 800x800 mm, 600x1200 mm, 400x800 mm and 300x800 mm wall tiles
- Add new showrooms and dealers to strengthen its distribution network further
- Extend the online CRM portal to all dealers and franchisees
- Launch Exclusive showrooms for Somany Vitro



Business driver 3



In the business of tile manufacturing, higher product realisations can be obtained only if a company is able to achieve top-of-the-mind customer recall – anytime, anywhere.

The Company's continuous branding activities enabled it to improve brand recall and gain significant brand recognition in the retail and institutional segments, allowing it to command a premium pricing on its products. The Company's retail sales accounted for 70% of the sales; the rest comprised brand-enhancing institutional clients both in private and government sectors.

The Company strengthened its brand through the BIS certification, the benchmark for quality, enabling it to secure bulk orders from reputed government institutions such as All India Institute of Medical Sciences, Employee State Insurance Corporation, Indian Railway Welfare Organisation and National Institute of Food Technology Entrepreneurship and Management, among others.

The Company differentiated itself from competitors

by setting up exclusive retail outlets and showrooms that simulated the living room, bedroom, kitchen, bathroom, lounge areas and bar, among others, to give customers a feel of how the tiles would look when used.

Key initiatives, 2011-12

- Improved brand visibility in print ads by securing an advertising slot on the back cover of all the top 10 construction and interior decoration magazines
- Launched specialised advertisements for sub-brands such as Duragres, Digital and VC, among others
- Revamped and launched a vibrant and dynamic website
- Enhanced the search engine optimisation of the website, increasing web hits from 250 to 54,000 per month
- Launched the Company's Facebook page
- Received the Power Brand Award for the second consecutive year
- Participated in a prestigious international exhibition 'Cevisama' in Spain
- Participated in three national level exhibitions and seven state level exhibitions across the country to enhance brand recall

Looking forward

The Company expects to embark on the following initiatives:

- Develop innovative ad campaigns for specialised products that harness the power of the digital media for innovative advertising
- Formulate new micro-sites for sub-brands like VC, Duragres and Digital, among others to facilitate brand recognition
- Increase presence in cyber media by exploring platforms such as LinkedIn, Twitter, Delicious and Dig, among others
- Participate in at least 10 state and national level exhibitions and one international exhibition to enhance brand image



Somany is the first company in the Indian tile industry to be accredited with Bureau of Indian Standards certification for tiles, making it a preferred supplier to government projects

Business driver 4



In the tile manufacturing business, adding value to products by adopting innovative processes enables a Company to stay ahead of competitors and score a better margin on its products.

The Company's R&D facilities are recognised by the Department of Scientific and Industrial Research since 1996, the first company in the Indian tile industry to receive the accreditation. Besides developing new designs and innovative products, the Company works tirelessly to develop and improve various raw material compositions. It introduced contemporary designs, patterns and impressions (marble, wood, stone or any other surface) in the recently commissioned digital printing technology.

Key initiatives, 2011-12

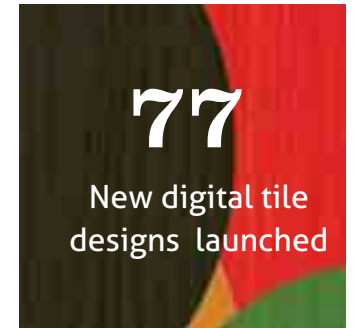
- Launched glazed vitrified tiles in digital prints with nano polish to ensure stain-resistant tiles
- Launched two new sizes for digital wall tiles (150x450 mm and 300x900 mm)

- Developed new body and glaze formulations ensuring better results at a lower costs
- Recertified for ISO 9001-2008 for quality management system for both the units (Kadi and Kassar)
- Recertified for ISO 14001 for Kadi unit

Looking forward

The Company expects to embark on the following:

- Improve the percentage of first grade products
- Introduce more innovative products including new digital prints in large size floor and wall tiles
- Improve body and glaze material composition for better productivity and reduced costs
- Look forward to manufacture thin tiles
- Look forward to manufacture Facade tiles



Somany is the first company in the Indian tile industry whose research and development facilities (Kassar and Kadi) have been recognised by the Department of Scientific and Industrial Research.

Business driver 5



In the tile manufacturing business, the offtake of products is assured by the ability to create relevant brands at specific price segments.

The Company markets its products – range of designs, sizes, colours and tile textures – to various customers at different price points through its retail chains.

Somany Global Exclusives

The Somany Global store is a one-of-its-kind concept tiles showroom, spread across an area of 1000 to 1400 sq. ft, showcasing a range of exclusive imported tiles (in wooden, fabric, denim and stone finishes, among others) sourced from Italy, Spain, Turkey, China, among others. The stores showcase an exclusive range of imported sanitaryware products like water closets, basins, pedestals, among others. The stores also showcase the application of various tiles by recreating areas like a living room, bedroom, kitchen, bathroom,

among others to help consumers visualise the required space. The Company has seven self-managed and nine franchisee showrooms across the country.

Somany Exclusives

The Somany Exclusive store is spread across an area of 1200 to 1400 sq ft, displaying a range of value-added tiles, sanitaryware and bathroom fittings. The Exclusive showrooms replicate displays of lounges, living rooms, bars, conference rooms and libraries, among others. This helps customers visualise how each tile will actually look while in use. The Company caters to its customers through its 41 Somany Exclusive showrooms across the country.

Somany Studios

The Somany Studio comprises a shop-within-a-shop concept where the Company acquires a dedicated space of up to 800 sq ft inside a dealer's store to display its entire

range of tiles, sanitaryware and bathroom fittings. The space within the store possesses a state-of-the-art mock-up display and elegant ambience enhanced by vibrant colours and design schemes. The studio displays some of Somany's bestselling products such as VC Shield, Duragres, Highlighter Concepts and sanitaryware products, among others. The Company markets its products through 59 Somany Studios across India to ensure a wide distribution of high-end international quality tiles and sanitaryware products.

Display centres

Display centres comprise self-managed showrooms to showcase Somany's product range in the major cities of India. Each display centre occupies 1000 to 1200 sq ft of area. Currently, there are 11 such display centres.

Key initiatives, 2011-12

- Opened eight new Somany

Exclusive/Global Exclusive (total 57) showrooms, 40 new Somany Studio (total 59) showrooms, and four new self-owned display centres (total 11)

- Launched Customer Relationship Module for architects, dealers and sub-dealers, facilitating superior customer service and retention of old clients
- Assisted dealers in accelerating sales by providing a new look and feel to their existing stores

Looking forward

- Extend Somany Exclusive and Somany Studio to Tier-I and Tier-II cities by adding 25 new showrooms
- Improve the display and branding of showrooms by making them more appealing and attractive
- Assist dealers in stocking a wide range of tiles and sanitaryware products
- Empower retailers to market value-added products



Business driver 6



In the tile manufacturing business, a company can emerge as a leader with a competent workforce adapting to changing business requirements.

At Somany Ceramics, our HR practices not only enhance our people potential but are instrumental in motivating them to go beyond their routine responsibilities and set higher standards for themselves.

We review our HR functions periodically; we introduced upgradations in workforce planning, recruitment, induction, orientation and on-boarding, training and development, payroll, employee benefits administration, performance appraisal and organisational development. This pairing of the responsibility of a particular position with personnel skills enhanced job satisfaction.

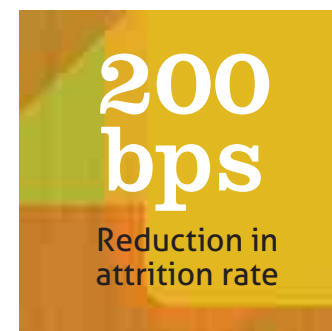
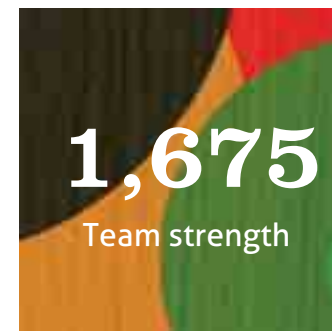
Our HR initiatives helped create a happy workforce driven to continually improve performance and productivity. Our initiatives focus on the holistic development of our people as opposed to a personnel administrative role.

Key initiatives, 2011-12

- Started offering mediclaim benefits to employees by

introducing group mediclaim policy

- Organised sessions of 'HR Connect', a platform for employees where they can voice their opinions and share their concerns
- Launched a quarterly e-newsletter 'HR Sparx', providing an interactive, informative and re-energising platform for employees across the country
- Imparted special learning sessions on 125 topics to 1300 employees to enhance their knowledge and skills
- Strengthened the induction process to align new recruits to organisational requirements
- Reduced attrition from 17.5% to 15.5%
- Introduced the first advanced sales training certification programme under Somany Learning University
- Conducted a leadership training programme for mid-level and senior level employees
- Launched an income tax awareness and learning drive



among employees for efficient tax management

Looking forward

- Automate the entire HR process across the country
- Improve per person productivity through on-the-job cross-functional training programmes
- Motivate employees to participate in leadership programmes
- Participate in the 'Great companies to work for in India' project conducted by The Economic Times

MANAGEMENT DISCUSSION AND ANALYSIS

Global ceramic tiles industry

The global tile manufacturing output increased 11.7% from 8,515 mn sqm to 9,515 mn sqm in 2010, growing higher than the pre-2007 average of 6-7%. Consumption also increased 10.52% from 8,460 mn sqm to 9,350 mn sqm in 2010, which prompted an identical surge in exports and imports.



witnessed an increase in consumption by 8.5% from 717 mn sqm to 753 mn sqm, accounting for 71.6% of sales in South and Central America and 7.5% of global tile purchases.

Indian tile industry

The Indian tile industry is the world's third largest producer as well as consumer after China and Brazil. The size of the Indian tile industry is estimated at ₹14,000 crores as of March 2011, growing annually at 15% over the last few years, outpacing the global growth of 6% per annum. India's Gross Domestic Product declined

Top five tile producing countries (mn sqm)

Countries	2007	2008	2009	2010
China	3,200	3,400	3,600	4,200
Brazil	637	713	715	753
India	385	390	490	550
Iran	250	320	350	400
Italy	559	513	368	387

Top five tile consuming countries (mn sqm)

Countries	2007	2008	2009	2010
China	2,700	2,830	3,030	3,500
Brazil	535	605	645	700
India	397	403	494	557
Iran	236	265	295	335
Vietnam	210	220	240	330

Production: In 2010, global tile production amounted to 9,515 mn sqm. Much of this growth was concentrated in Asia and non-European Union countries where manufacturing increased by 14.9% and 12.2% respectively. Asia produced 637 mn sqm of tiles, two-thirds of the global total. China increased its output 16.7%, denoting a rise in production by 600 mn sqm, accounting for 44.1% of the

world's ceramic tile output. Brazil retained its position as the second-largest tile manufacturer, increasing its tile production by 5.4% to produce 753 mn sqm, while market share declined from 8.4% to 7.9%

Consumption: Global tile consumption rose 10.52% from 846 to 935 mn sqm, where locally made products constituted 79.5% of the total tile production. The only

area which experienced a decline in sales was the European Union, showed a 5% dip. EU countries consumed 941 mn sqm, roughly 10% of the tiles sold globally. China retained its position as the world's largest consumer of tiles having purchased 3,500 mn sqm of product, accounting for 58.1% of Asian sales and 37.4% of the global tile consumption. Brazil, the second largest tile consumer,

DRIVERS THAT CATALYSE TILE CONSUMPTION

from 9.3% in 2007-08 to 6.8% in 2008-09, with a gradual improvement to 8% in 2009-10, 8.4% in 2010-11 and 6.9% in 2011-12.

Production: The tile production in India increased 12.24% from 490 mn sqm to 550 mn sqm in 2011 driven by the booming demand for tiles in the housing, retail, IT and BPO sectors.

Consumption: The Indian tile consumption increased 12.75% from 494 mn sqm to 557 mn sqm in 2011 owing to rapid urbanisation, rising disposable income, affordability, and the emergence of tiles as a durable, cost-effective and convenient flooring solution over natural stone.

Growing middle class: In India, a growing middle-class of about 300million people with a purchasing power parity of US\$ 30,000 a year are seeking access to world-class products. This segment is adopting international trends much faster than initially expected and consumption is moving beyond big cities to smaller cities.

Low per capita consumption: India's per capita tile consumption is merely 0.46 mn sqm while the world average is three times that at 1.20 mn sqm and China's average is more than five times higher at 2.26 mn sqm. The rising middle-class population and increase in disposable income will enhance India's tile consumption.

Commercial real estate: The supply of office space in India is expected to reach 243.5 mn sqf ; demand for malls and other retail space is estimated to reach 57 mn sqf and 112.57 mn sqf respectively in 2011-15 (Source: Cushman and Wakefield Research).

Hospitality: India has over 200,000 hotel rooms across various categories and is still facing a shortfall of over 100,000 rooms (Source: FHRAI). The country is witnessing an unprecedented growth in hotel construction and will add almost 114,000 hotel rooms to its inventory over the next five years.

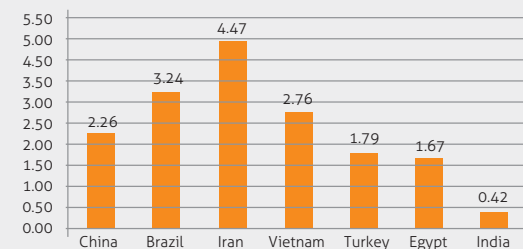
Organised retail: The organised retail segment in India is projected at 9% of the total retail market by

2015 and 20% by 2020. Hypermarkets will become the largest retail segment, accounting for 21% of the total retail space by 2013-14.

Healthcare: The Indian healthcare sector, currently valued at US\$ 65 billion, is expected to reach US\$ 100 billion by 2015, growing at around 20% a year. As per a combined study by an industry body and Ernst & Young, India will need as many as 1.75 million additional beds by 2025.

Rising disposable incomes: India's per capita income increased 14.3% from ₹54,527 to ₹60,972 in 2011-12, increasing affordability for the Indian consumers procuring lifestyle products.

Aviation sector: The construction of new airports, modernisation of existing ones, infrastructure improvement and better airspace management will require an investment of about ₹67,500 crores in the Twelfth Five Year Plan, enhancing opportunities for tile manufacturers.



Source: Systematix, February 2012

Business segment review 1

CERAMIC WALL AND FLOOR TILES

Ceramic wall and floor tiles

The Company offers a diverse range of ceramic wall and floor tiles in various sizes, designs, textures, patterns and varieties from its manufacturing facilities at Kassar and Kadi. It offers nine different sizes of wall and floor ceramic tiles (250x350 mm, 300x300 mm, 300x450 mm, 300x600 mm, 406x406 mm, 600x600 mm, 496x496 mm, 300x900 mm and 148x450 mm) along with highlighters and wall claddings (decorative additions), ideally suited for airports, hospitals, offices and kitchens, among others. It also imports premium wall and floor tiles from countries like Italy, Spain, Turkey, China and Vietnam, among others, providing a wide product range to its customers and enhancing its product basket. Besides own manufacturing, the Company also has arrangements with various domestic contract manufacturers to procure ceramic tiles.

VC Shield

The Company introduced the revolutionary high abrasion-resistant glaze composition, known as VC (Veil Craft) Shield Technology for tiles in 2009-10. VC is a high abrasion resistant tile which can withstand 25000 revolutions as per PEI test, thus making it the most durable tiles in the country. The special VC Shield coating protects tiles from abrasion, scratches and stains, providing a fresh look, feel, colour and design to the tiles. The Company was granted a

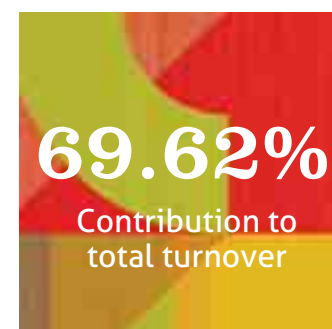
patent under the Indian Patent Act for its VC Shield technology, becoming the first Indian tile company to obtain patents for its products. The patent granted Somany exclusive production and commercialisation rights for VC Shield tiles in India and abroad. In doing so, the VC Shield has become a ₹100 crores brand in 2011-12, within just three years of its introduction in the market.

Digital tiles

The Company launched wall and floor tiles in digital prints giving them a unique look with multifarious designs, sharper finishes and high resolution printing, making the tiles aesthetically appealing. It offered digital wall tiles in three sizes, wall claddings in two sizes, highlighters in two sizes and floor tiles in three sizes, providing various design options.

Key initiatives, 2011-12

- Registered a 14.20% growth (value) in ceramic wall and floor tiles from ₹561.50 crores to ₹641.23 crores and 5.78% growth (volume) from 22.82 mn sqm to 24.14 mn sqm
- Registered a sales growth of 21% in VC shield, generating turnover of ₹104.71 crores in 2011-12 against ₹86.45 crores in 2010-11 and a 11% growth in volumes from 2.96 mn sqm to 3.29 mn sqm
- Introduced digital prints in VC shield products

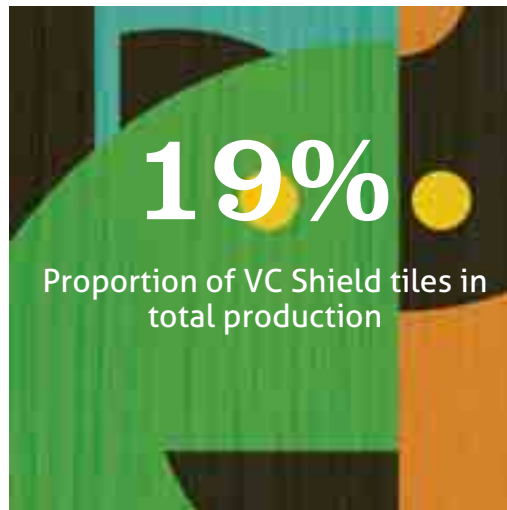


VC Shield became a ₹100 crore-plus brand in 2011-12 within just three years of its launch!



to provide a variety of designs and styles

- Introduced a new glaze for VC tiles, resulting in superior abrasion resistance
- Introduced digitally printed wall and floor tiles in 77 designs
- Added two new wall tile sizes (300x900 mm and 148x450 mm)
- Increased the proportion of outsourced manufacturing/trading of wall and floor tiles to 30% as against 28% in 2010-11



Looking forward

The Company expects to embark on the following initiatives:

- Increase the proportion of digitally printed tiles
- Introduce new sizes and niche designs and finishes
- Increase the offtake of VC shield products in the coming years
- Expand the range of VC shield products by introducing a larger number of value-added products
- Export VC tiles to newer geographies

Somany introduced
digitally printed wall
and floor tiles in 77
designs

Business segment review 2

POLISHED VITRIFIED TILES - SOMANY VITRO

The Company markets polished vitrified tiles mainly under the Somany Vitro brand. This segment contributed 22.83% of the total turnover at ₹ 210.31 crores in 2011-12 compared with 20.98% at ₹157.23 crores in 2010-11, growing at 33.76%.

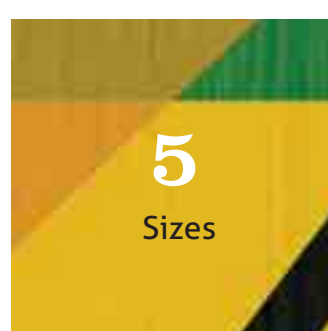
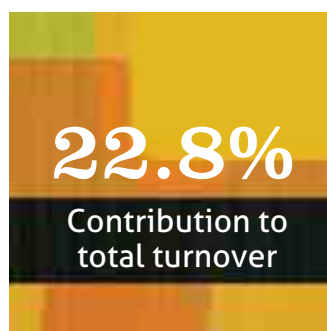
The Company offers polished vitrified tiles in more than five sizes with superior properties (high gloss surface, stain resistance, dirt resistance, hygienic and low maintenance). Since these are relatively low margin products, the Company outsources the production of vitrified tiles to contract manufacturers. Over the last five years, it increased the outsourcing of polished vitrified tiles from 1.89% to 22.83% of the total product mix, enhancing margins and adding to the topline.

Key initiatives, 2011-12

- Reported sales growth of 33.76% in polished vitrified tiles from ₹157.23 cores in 2010-11 to 210.31 crores
- Witnessed a 26.27% growth in terms of volumes from 5.10 mn sqm in 2010-11 to 6.44 mn sqm, emerging among the top five polished vitrified brands in the country
- Acquired a new unit in Morbi (Vintage Tiles Private Limited) with a capacity of 2.65 mn sqm to manufacture polished vitrified tiles

Looking forward

- Increase the production of 'double charge'
- Expand reach across every Indian district by appointing more dealers and sub-dealers
- Launch exclusive showrooms for Somany Vitro



Somany Vitro's growth



Volume growth (mn sqm)



Value growth (₹ crores)

Business segment review 3

GLAZED VITRIFIED TILES – DURAGRES

• **Durages VC 50:** The Company added value to its Durages tiles by upgrading it with its VC Shield technology and doubling the lifespan and durability of the tiles, making it India's most durable tiles. These tiles are ideal for high footfall areas that experience increased activity. These tiles are available in sizes of 600x600mm and 300x600 mm with a plethora of designs and shades.

• **Somany Digital (Durages):** The Company introduced Durages tiles in digital prints in polished and unpolished finishes. The digital tiles are the latest in the industry as this technology can replicate the look and feel of almost any object (stones, rocks, bamboo, and marbles, among others). The Company launched these tiles in 600x600 mm size – with endurance, style and resistance to abrasion.

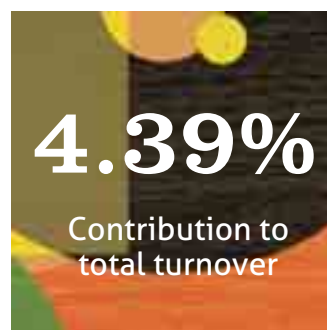
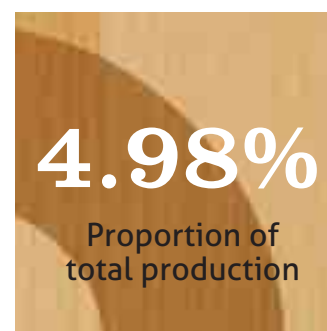
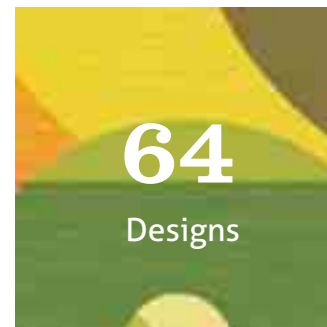
Key initiatives, 2011-12

- Registered a sales value growth of 300% from ₹10.11 crores in 2010-11 to ₹40.48 crores
- Witnessed a 175% growth in production from 0.32 mn sqm in 2010-11 to 0.88 mn sqm
- Launched digitally printed glazed vitrified tiles in large format 600x600 mm
- Stabilised operations of the newly commissioned capacity in Kassar and achieved a capacity utilisation of 91% in the new facility as against 83% (annualised) in the previous year

• Opened 35 Durages Studios across the country to showcase and market Durages tiles and strengthen the brand

Looking forward

- Increase turnover from this segment by 150%
- Increase the production of value-added Durages tiles and introduce new premium tiles
- Open 25 new Durages Digital Studios across the country
- Improve the proportion of digitally printed glazed vitrified tiles (GVT) in the sales mix



Business segment review 4

Sanitaryware and bath fittings – Somany Aquaware

SANITARYWARE

The Company entered the sanitaryware segment in 2008. It possesses an array of high-end sanitaryware products sourced from domestic and globally reputed brands marketed under Aquaware brand. The sanitaryware products are sold through the Company's existing distribution network and retail showrooms (Somany Global, Somany Exclusive and Somany Studio). The sales and marketing team helps increase product awareness and brand recall.

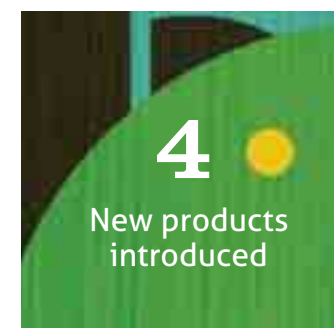
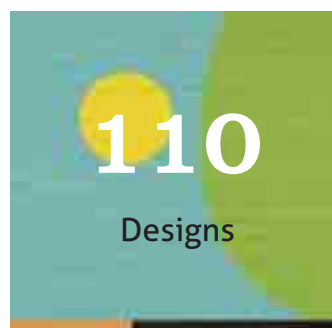
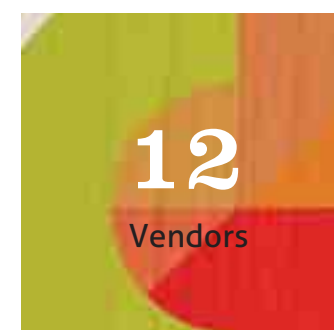
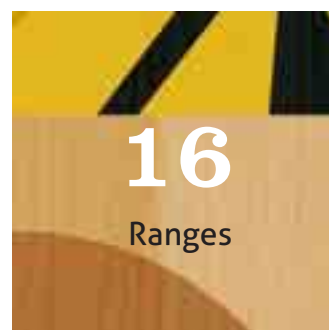
Key initiatives , 2011-12

- Ventured into cabinets by launching two new cabinet designs
- Launched three new ranges of toilet and basin designs
- Added two new exclusive vendors for sanitaryware products in India and China
- Expanded our sanitaryware distribution network to North Eastern states like Assam and countries like Nepal

Road ahead

- Expect to grow our turnover by more than 50%
- Launch stainless steel variants of cabinet basins, four new toilet designs and three new basin designs
- Increase availability of sanitaryware products by growing inorganically through joint ventures and acquisitions
- Penetrate Western Indian markets by re-launching sanitaryware products in Mumbai and Goa

Somany expanded its sanitaryware distribution network to North Eastern states like Assam and countries like Nepal



Business segment review 4

Sanitaryware and bath fittings – Somany Aquaware

BATH FITTINGS

The Company ventured into bath fittings in 2010 and completed its first full year of operations with a robust turnover growth of 62%. It provides a diverse range of bath fittings outsourced from domestic and international brands. The Company regularly launches diverse designs of fittings keeping in mind the changing trends and customer expectations while laying emphasis on designs which combine ornate exteriors with durable and dependable internal mechanisms. This lateral shift positioned Somany as a total bathroom solutions provider.

Key initiatives, 2011-12

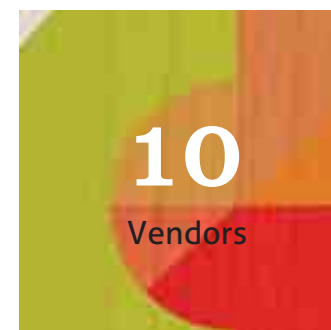
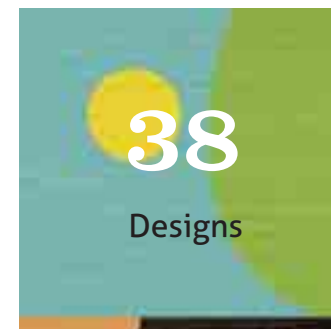
- Launched three new complete bath fitting ranges (Evita, Kenzo and Spanda), three faucet

ranges (Zapata, Jordan, Reeve), LED showers and allied products

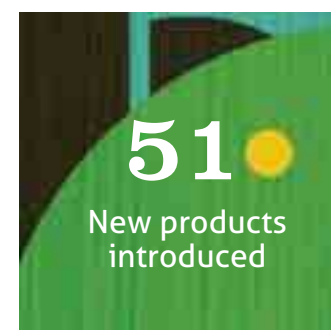
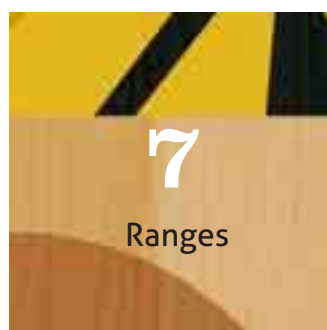
- Introduced chrome-plated bathroom accessories and launched two new designs in the category
- Extended bath fittings distribution channel to Northeast India and to Nepal

Road ahead

- Scale this division and increase turnover by more than 50%
- Launch two complete shower column ranges
- Increase the production of bath fittings by acquiring existing plants or entering into joint ventures with manufacturers



Somany completed its first full year of operations in bath fittings registering a robust turnover growth of 62%.



FINANCIAL STATEMENT ANALYSIS

A. Profit and Loss Account Turnover

The Company's gross sales increased 22.89% from ₹749.54 crores in 2010-11 to ₹921.10 crores in 2011-12, driven by a combination of volume and value-led initiatives:

- Improved sales of medium and high-end products from 34% in 2010-11 to 55% in 2011-12
- Increased sales of in-house production of value-added tiles in the product mix from 33% in 2010-11 to 58% in 2011-12
- Improved outsourced manufacturing from 320.17 crores in 2010-11 to 405.57 crores in 2011-12, an increase of 26.67%
- Extended distribution network by adding new dealers, sub-dealers and retail showrooms

Operating expenses: Operating expenses (including excise duty) increased from ₹705.92 crores in 2010-11 to ₹868.52 crores in 2011-12, owing to an increase in operations; increase in raw material prices, power and fuel and selling and distribution expenses; rupee volatility made imports expensive, among others.

Power and fuel costs: Power and fuel costs increased from ₹86.83 crores to ₹109.17 crores

in 2011-12, an increase of 25.73%, mainly owing to an increase in production and fuel (natural gas) prices. As a result, the energy cost as a proportion to the total production value increased from 21.61% to 23.47%, affecting manufacturing EBIDTA margins adversely by 186 bps.

Raw material costs: The raw material costs increased 21.12% from ₹103.64 crores to ₹125.53 crores in 2011-12, owing to an increase in prices of some critical raw materials. As a result, the raw material cost as a proportion to the total production value increased 26.99% as against 25.93% in the previous year.

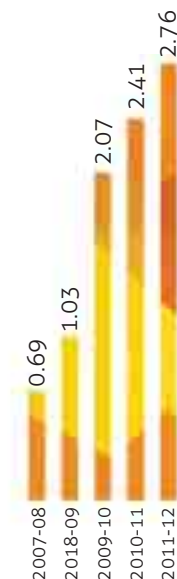
Selling and distribution expenses: The Company's selling and distribution expenses increased from ₹18.68 crores in 2010-11 to ₹23.71 crores in 2011-12, an increase of 26.93%. The increase was mainly owing to an increase in operations in general and incentive on sales in particular.

Freight and Forwarding costs: In view of increase in direct dispatches the freight cost reduced from ₹29.02 crores to ₹24.44 crores in 2011-12 (15.8%) despite higher turnover. As a result of this the freight and forwarding cost reduced from 4.10% to 2.81% of net sales.

Employee costs: The employee costs increased



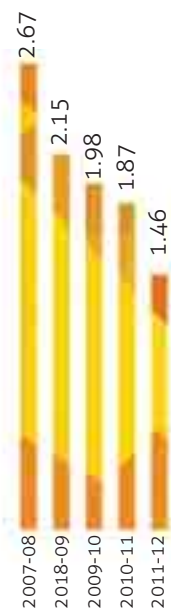
Interest cover
(times)



Dividend payout
(₹ crores)



Working capital cycle
(days)



Debt equity
(times)

20.65% from ₹54.31 crores in 2010-11 to ₹65.52 crores in 2011-12, owing to increased team size due to an expansion in operations, increment in salaries, wages, bonus and contribution to provident fund, among others.

Finance Cost: The finance cost increased by 20.62% from ₹17.12 crores in 2010-11 to ₹20.65 crores in 2011-12. This is attributable to increase in the cost of borrowings by ₹3.01 crores due to interest rate hikes during the financial year and loss on account of foreign exchange transactions of ₹0.52 crores.

Taxation: The provision for tax stood at ₹10.94 crores in 2011-12 against ₹10.28 crores in 2010-11 owing to a ₹1.98 crores increase in profit before tax.

Net profit: The Company's net profit increased from ₹23.43 crores in 2010-11 to ₹24.75 crores in 2011-12, growing at a rate of 5.63%. The net profit margins were subdued owing to an increase in operating expenses and also finance cost which were out of the Company's control.

B. Balance sheet

Liabilities

Equity share capital: The Company's equity share capital comprised 34,497,000 equity shares with a face value of ₹2 each as on 31st March, 2012. The promoter's holding comprised 63.31% of the issued equity capital as on 31st

March, 2012 while foreign holding stood at 3.99% as on that date.

Networth: The networth increased from ₹102.47 crores as on 31st March, 2011 to ₹124.01 crores as on 31st March, 2012, owing to increased surplus ploughback. Consequently, the proportion of networth in the overall capital employed increased from 32.09% as on 31st March, 2011 to 37.54% as on 31st March, 2012.

Reserves and surplus: The reserves and surplus grew 22.54% from ₹95.57 crores as on 31st March, 2011 to ₹117.12 crore as on 31st March, 2012, owing to reinvestment of operational surplus which in turn strengthened the proportion of reserve and surplus to the networth from 93.27% as on 31st March, 2011 to 94.44% as on 31st March, 2012.

External debt: Total external debt stood at ₹180.97 crores as on 31st March, 2012 against ₹191.22 crores as on 31st March, 2011, mainly owing to repayment of debts and lesser utilisation of working capital limits. This resulted in a lower debt equity ratio of 1.46 as on 31st March, 2012 as against 1.87 on 31st March, 2011.

Long-term borrowings (including current maturities): The Company's long-term borrowings decreased from ₹ 88.91 crores in 2010-11 to ₹ 83.24 crores in 2011-12, due to



fresh borrowings of ₹12.93 crores and repayments of 19.63 crores during the year.

Short term borrowings: The short-term borrowings reduced from ₹89.61 crores in 2010-11 to ₹83.53 crores in 2011-12, owing to better working capital management.

Trade Payables: Creditors increased 13.66% from ₹97.43 crores in 2010-11 to ₹110.75 crores in 2011-12, owing to the higher scale of operations. The average creditor's cycle decreased from 83 days to 77 days.

Assets

Fixed assets: Gross fixed assets including capital work-in-progress increased from 352.74 crores as on 31st March, 2011 to 386.42 crores as on 31st March, 2012, an increase of 33.68 crores, owing to capital expenditure mainly on digital printing machine, balancing equipment and plant infrastructure.

Depreciation: The Company's depreciation increased 5.56% from ₹17.26 crores in 2010-11 to ₹18.22 crores in 2011-12, owing to additions of fixed assets. Accumulated depreciation, as a proportion of the gross fixed assets stood at 50.23% as on 31st March, 2012.

Investments: The Company's investments increased 245% from ₹1.72 crores as on 31st March, 2011 to ₹5.95 crores as on 31st March, 2012, mainly owing to the acquisition of a 26% stake in Vintage Tiles Private Limited for ₹5.03 crores and diminution in the value of other investments.

Working capital: The working capital decreased from ₹136.77 crores as on 31st March, 2011 to ₹128.12 crores as on 31st March, 2012. Despite an increase in scale of operation, the working capital cycle improved from equivalent to 70 days of net sales in 2010-11 to 54 days in

2011-12, mainly owing to improving terms of trade with debtors and a decrease in inventory holding period.

Current assets: Current assets increased to ₹320.71 crores in 2011-12 as compared with ₹295.02 crores in 2010-11, an increase of 8.71% owing to an increase in inventories, debtors, cash and bank balance and short-term loans, among others.

Inventory: Inventory increased from ₹97.64 crores in 2010-11 to ₹98.51 in 2011-12, owing to an increase in finished goods, stores and spares and work-in-progress. Despite the increase in finished goods, the inventory cycle reduced from 50 days to 41 days owing to quicker liquidation of old stock.

Sundry debtors: Sundry debtors increased 7.35% from ₹129.33 crores in 2010-11 to ₹138.84 in 2011-12, owing to increased sales turnover. The average debtor's cycle declined from 63 days to 55 days, owing to tighter credit control and a reduced average collection period. More than 97% of the receivables were outstanding for less than 180 days, reflecting the strength in the debtors balance.

Cash and bank balances: The total cash and bank balances in 2011-12 stood at ₹22.03 crores as against ₹15.58 crores in 2010-11, an increase of 41.40%.

Loans and advances: Loans and advances increased 17.66% from ₹51.36 crores in 2010-11 to ₹60.43 crores in 2011-12 due to increase in advance income tax, prepaid expenses and deposits with others.



COUNTERING RISKS AND MAXIMISING RETURNS

Risks can be defined as expressions of uncertainties and possible outcomes that could have material impact on the performance and prospect of a company. A responsible corporate identifies, assesses and takes proactive measures to minimise potential loss arising due to exposure to particular risks on one hand while maximising returns on the other.

Somany Ceramics has a comprehensive risk management model with strict norms and reporting framework. The risk management discipline ensures that the initiatives reach all levels for an effective implementation. The risk management policy is attuned to the strategic direction of the Company.

Industry risk

Any slowdown in the allied industry, which consume tiles, can impact the growth of the Company

- The Indian ceramic tile industry witnessed a strong CAGR of 15% (FY 07-11) against the global average of 6% and is expected to grow at the same level till 2015
- The country will be adding around 240 mn sqft of office space in five years (2010-14)
- The pan-India residential demand is estimated at 3.67 million units by 2014
- India's per capita tile consumption is dismally low at 0.46 square metres compared with 2.26 square metres in China, the world's largest tile consumer

- Increased capacities -from 19.15 mn sqm to 24.45 mn sqm through JV route, optimising manufacturing and fixed costs
- The Company is moving up the value chain by increasing the in-house production of value added products like Digital, VC, GVT, among others which helps increasing margins and staying ahead of the competition

Competition risk

Increased competition from unorganised players in the industry could affect the prospects of the organised players

Operational cost risk

Higher than expected fuel costs could dent the profit margins of the Company

- Rising share of value-added products in total sales helped to limit downside risks to margins arising from rapid increase in costs
- The Company's strategic acquisitions will reduce its dependence on imports to cater to the western and southern markets, to benefit logistically
- The Company's long-term supply arrangement with GAIL and IOC has helped it to secure supply of gas for existing production capacity with relevant fuel linkages
- Outsourcing transportation and warehousing to third-party logistics providers helped the Company to reduce logistics costs, delivery time and transit breakage

Raw material availability risk

Unavailability of raw materials on time could hinder the production of the Company

- Proximate location of the plants near Rajasthan ensures adequate availability of clay (raw material) at a reasonable logistics cost
- Created a multi-nation, multi-vendor sourcing base for imported products ensuring adequate supply options to de-risk against regional hindrances
- Created additional sourcing options for domestically sourced products to de-risk against supply bottlenecks from existing vendors to meet any spike in demand

- The Company has an extensive distribution network of more than 1,490 dealers across the country
- The Company has taken measures to increase its visibility by adding 59 new showrooms, taking the total to 127 ,reinforcing product availability
- The Company improved its presence in overseas markets by exporting its products to more than 15 countries

Distribution risk

Lack of proper distribution channels could affect the quicker and faster off-take of finished goods

Financial risk

Paucity of funds could affect the long-term growth of the Company

- Improved debt equity ratio from 1.87 to 1.46, reflecting proper debt management
- Paid off debts of ₹19.63 crores from internal accruals, reflecting its earning and funding capabilities

Crystallisation of contingent liabilities could affect the financial position of the Company

- Contingent liabilities as shown in the notes to accounts are mostly subjudice and adequate measures are being taken by the Company to minimise the liability

- The Company has a foreign currency risk management policy in place ensuring that currency risks are minimised

Currency risk

Movements in foreign currencies vis-a-vis the Indian rupee could adversely affect the profitability of the Company

Working capital risk

Inability to manage working capital could impact the operational efficiency of the Company

- Average receivables came down from 63 days to 55 days, owing to tighter credit control
- Finished goods inventory reduced from 36 days to 29 days, because of quicker offtake of finished goods and liquidation of old stock
- Average inventory cycle decreased from 50 days to 41 days, owing to improved efficiency
- Raw material inventory cycle declined from 47 days to 38 days, owing to higher capacity utilisation

DIRECTORS' REPORT

Dear members

Yours Directors have pleasure in presenting the 44th Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2012.

Financial Results

₹ in lacs

Particulars	2011-12	2010-11
Gross Revenues from Operations	92,397	75,553
Net Revenues from Operations	87,323	71,433
Other income	107	122
Profit before Interest, depreciation and tax	7,456	6,810
Interest and finance charges (net)	2,065	1,712
Profit Before Depreciation	5,391	5,098
Less: Depreciation	1,822	1,727
Profit before tax	3,569	3,371
Less: Provision for tax (net)	1,094	1,028
Profit after tax	2,475	2,343
Add: Balance brought forward	6,182	4,370
Surplus available for appropriation	8,657	6,713
Appropriations		
Proposed dividend on equity shares	276	242
Tax on proposed dividend	45	39
Transferred to general reserve	250	250
Balance carried to balance sheet	8,086	6,182
Total	8,657	6,713

Operating Results

Your Company withstood the slowdown in the construction and real estate industry affected by a deceleration in growth, inflation and rising interest rates. Your Company reported a 22.3% growth in gross revenues at ₹92,397 lacs compared with ₹75,553 lacs in the previous year, on account of higher offtake of value-added products in our manufacturing capacity and expansion of outsourced business. The growth was further backed by a robust sales and distribution network and the strong brand recall of your Company. The EBIDTA improved to ₹7,456 lacs as against ₹6,810 lacs in the previous year, growing by 9.5%.

The net profit margins continued to remain under pressure throughout the year on account of rising costs of raw materials, power and fuel, rising interest rates and rupee depreciation. As a result of which your Company's profit before and after tax remained at a ₹3,569 lacs and ₹2,475 lacs each, registering a growth of 5.9% and 5.6% respectively over the previous year.

Dividend

Spurred by the growth of the business, your Director's recommended a dividend of 40% on equity shares at ₹0.80 per share (face value of ₹2/- each) for the year under review as against 35% on equity shares at ₹0.70 per share in the previous year.

Corporate Highlights

Inorganic capacity expansion: Your Company acquired 26% equity stake in Vintage Tiles Private Ltd. (which has set up a new plant at Morbi, Gujarat) with an annual capacity of producing 2.65 million square meters of polished vitrified tiles (soluble salt and double charge categories) at an investment of ₹503.10 lacs. The plant has started production since January 2012 and your Company is entitled to buy and sell the entire production of VTPL under its own brand name. This is expected to increase the volumes of value-added large format tiles.

Technological upgradation: Your Company has invested significantly in upgrading its assets by introducing the game changing digital print technology for ceramic wall and floor and glazed vitrified tiles. In the year under review, your Company installed three state-of-the-art digital printers for producing value-added digital tiles which are expected to enhance your Company's realisations over vanilla variants. Two more machines have been ordered and expected to be commissioned by June 2012.

Retail outlets: Your Company strengthened its distribution network by increasing its retail footprint by adding 52 new franchisee-run/self-managed retail outlets during the year under review. With these additions, the total number of Somany retail outlets (Somany Exclusives,

Somany Global and Somany Studios) stood at 127 as on March 2012. This is expected to improve retail sales and maximise offtake of tiles and in turn improve profitability.

Recognitions and accreditations: Your Company was awarded the prestigious Indian Power Brands Award for 2011-12 to facilitate Indian brands which are globally recognised and appreciated. Further, two executives of your Company were conferred with two awards in the field of corporate leadership and marketing excellence. Mr. Abhishek Somany has been awarded as Corporate Leader of the year and Mr. Sanjeev Ranjan was awarded as Marketing leader of the Year.

Industrial Scenario and Outlook

The Indian ceramic tile industry estimated at ₹14,000 crores is almost equally divided between branded national players and unbranded regional players mostly based out of Morbi (Gujarat). The branded segment is witnessing significantly higher growth than the average industry growth.

The tile industry in India is expected to grow at a CAGR of about 15% from 2010-15. This trend is likely to continue owing to certain factors such as increasing disposable incomes, increasing urbanisation, growth in the Indian middle class, housing shortage in the country and

government's thrust on building infrastructure, which will catalyse the robust demand of tiles from a medium-term perspective.

Your Company is ready to capitalise on these emerging opportunities owing to its proactive approach and sound marketing strategies. It has shown its capability by outperforming the average industry growth and reporting a five year CAGR of 25.6%.

The pressure on profit margins is likely to remain owing to:

- increase in various cost components like raw materials, energy and manpower
- interest and rupee depreciation and
- competitive pressures due to continuing creation/expansion of more capacities

The creation of more capacities in the unbranded segment is however continuing to throw up great opportunities for the leading branded manufacturers like your Company to take strategic equity stakes in these entities. This will expand and further strengthen the outsourced segment of the business and in turn augment market share, without investing a huge capital outlay in putting up fresh capacities.

Following this trend, your Company, in April 2012, signed another MOU to acquire a 26% strategic stake at ₹325 lacs in Commander Vitrified Private Limited (CVPL), a Gujarat based tile manufacturing company. The deal gives your Company complete access to CVPL's production capacity of 2.65 million square meters per annum

of large format polished and glazed vitrified tiles. This state-of-the-art plant is expected to start production in June 2012.

Additionally, your Company shall continue to invest in upgrading existing plants and introducing new technologies to further enhance the basket of value-added products at relatively lower costs.

Human Resource

Your Company continues to be committed to the skill development and upgradation of its human resource through in house and outside training programmes, periodical performance appraisals and welfare activities and creating an environment conducive for optimum performance and results. Industrial relations as always remained cordial throughout the year.

However, availability of skilled/semi-skilled human resource, their retention at desired compensation levels continues to be a challenge and a cause of concern.

Public Deposits

Your Company has not accepted any fixed deposits and as such no amount of principal and interest was outstanding as on the date of balance sheet.

Subsidiary/Joint Venture Companies

M/s SR Continental Limited, a wholly-owned subsidiary company continued its business of manufacturing colours used in the ceramic industry and also business of outsourcing and selling of ceramic tiles. During the year, it

discontinued trading/outsourcing of tile adhesive/grouts.

M/s Somany Global Limited, another wholly-owned subsidiary company continued its operations of selling imported and other high-end tiles and sanitaryware through its own and franchisee retail showrooms named 'SOMANY GLOBAL'.

The Annual Report does not contain the financial statement of our subsidiaries pursuant to circular no 2/2011 dated 8th February, 2011 issued by the Ministry of Corporate Affairs. The Board of Directors hereby undertakes that the audited accounts and related information of subsidiary companies, where applicable, will be made available upon request. The said documents will also be available for inspection during business hours at registered office of the Company as well as at the registered office of the subsidiary Companies.

There was no business activity in M/s Somany Keraben Private Limited, a 50:50 joint venture between your Company and M/s Keraben, Spain.

Vintage Tiles Private Limited, a company of which 26% equity share capital is held by your Company, started production in January, 2012 at its new tiles plant at Morbi with an annualised capacity of 2.65 mn sqm.

The statement required under Section 212 of the Companies Act 1956 in respect of the subsidiary company is appended.

Auditors' Report

All the items on which the Auditors' have commented in their report are self explanatory and suitably explained in the Notes to the Accounts.

Directors' Responsibility Statement

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 217 (2AA) of the Companies Act 1956.

In the preparation of the Annual Accounts, the applicable accounting standards have been followed.

■ The Company has selected such accounting policies, applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.

■ The Directors have taken proper and sufficient care 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.

■ The Company has prepared the attached annual Statement of Accounts for the year ended 31st March, 2012 on a going concern basis.

Consolidated Financial Statements

In accordance with the Accounting Standard AS-

21 and other applicable Accounting Standards on Consolidated Financial Statements, your Directors have pleasure in attaching the Consolidated Financial Statements which form part of the Annual Report and Accounts.

Directors

In accordance with the provisions of the Companies Act, 1956, Mr. R. L. Gaggar, and Mr. G. L. Sultania retire by rotation at the ensuing Annual General Meeting and are eligible for reappointment.

Auditors

M/s Lodha & Company, Chartered Accountants statutory auditors of your Company retire at the conclusion of ensuing Annual General Meeting and are eligible for reappointment. The Company has received a letter from them to the effect their re appointment, if made, would be within the prescribed limits under Section 224 (1B) of the Companies Act, 1956.

Corporate Governance

Your Company has been following the principles and practices of good Corporate Governance. A separate report on Corporate Governance with a certificate from the Statutory Auditors confirming compliance with the Corporate Governance requirements, forms part of the Annual Report.

Management Discussion And Analysis

Management Discussion and Analysis report forms part of the Annual Report.

Conservation Of Energy, Research And Development, Technology Absorption, Foreign Exchange Earnings And Outgo

The information as required under Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed forming part of this report.

Particulars of Employees

A statement giving the particulars of employees as required under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particular of Employees) Rules, 1975 is annexed forming part of this report.

Acknowledgements

Your Directors acknowledge with sincere gratitude, the cooperation and help extended by the stakeholders including government departments and agencies, financial institutions and banks, customers, vendors and employees. The Directors are also thankful to the esteemed shareholders for their unwavering support and confidence reposed in your Company and its management.

For and on behalf of the Board

Shreekant Somany
Chairman and Managing Director

Place: New Delhi

Dated: 19th May, 2012

ANNEXURE TO THE DIRECTORS' REPORT

Information pursuant to Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 forming part of Directors' Report for the year ended 31st March, 2012.

A. Conservation of energy

Your Company continues to be committed to energy conservation in its manufacturing operations.

(a) Energy conservation measures taken:

- I. Utilisation of waste heat from gas-based generators resulting into savings of natural gas in spray dryer.
- II. Utilisation of kiln exhaust into dryers resulting into saving of natural gas.
- III. Installed UPS in one of the hydraulic presses to get uninterrupted and better quality power resulting in increased production and less breakdowns.
- IV. Using energy-efficient lighting (LED), variable frequency drives in fans, blowers and pumps, efficient transformers and low power loss capacitors for reducing consumption of electricity/ power.

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

- I. Continuous efforts and necessary investments are being made to conserve electricity and natural gas.
- II. To increase availability of cheaper power from the grid and in turn reduce frequent power interruptions and usage of gas/diesel-based captive generation, power trading with Indian Energy Exchange (IEX) is proposed to be started shortly.

(c) Impact of measures (a) and (b) above for

reduction of energy consumption and consequent impact on the cost of production of goods.

The measures indicated as per (a) and (b) above are resulting in substantial reduction in energy consumption/costs.

(d) Total energy consumption and energy consumption per unit of production in respect of specified industries:

The Company is not covered under the list of specified industries.

B. Technology Absorption

1. Research and Development

(a) The Company carried out following major R&D activities during the year

- I. Introduced digital printing technology in both the plants to manufacture high value-added digital tiles.
- II. Introduced new sizes of 150mmx450mm and 300mmx900mm and large number of SKUs under value added category (including digital).
- III. Continuous fine tuning of body and glaze materials composition for better productivity and cost reduction.
- IV. Partially substituted costly imported glaze materials with cheaper indigenous materials.

(b) Benefits derived as a result of above R&D

Development of value-added products, resulting in better sales realisations and reduced manufacturing costs and wastages.

(c) Further plans and expenditure of R&D

- I. To introduce more designs using digital printing technology and also investing in acquiring more Inkjet Digital Printers in the financial year 2012-13 to further improve basket of own manufactured value-added tiles.

- II. To brace new technologies related to products, designs and processes being introduced in the ceramic tile industry globally.

(d) Expenditure on R&D

There was no major expenditure incurred to carry out the R&D when compared with the size of the turnover of the Company.

2. Technology absorption, adaptation and innovation

This continues to be an ongoing process and has been resulting in improved sales realisations, productivity and quality on one hand and saving in energy and materials consumption costs on the other.

C. Foreign Exchange Earnings and Outgo

Foreign Exchange Earnings ₹1,116 lacs

Foreign Exchange Outgo ₹6,614 lacs

For and on behalf of the Board

Shreekant Somany
Chairman and Managing Director

Place: New Delhi

Dated: 19th May, 2012

ANNEXURE TO THE DIRECTORS' REPORT

Information as per Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 2012.

Employed for the financial year and in receipt of remuneration at a rate which was not less than ₹60 lacs per annum.

Particulars	Mr. Shreekant Somany	Mr. Abhishek Somany	Mr. G. G. Trivedi
Age	64 years	40 years	66 years
Designation	Chairman and Managing Director	Joint Managing Director	Chief Executive Officer
Nature of Duties	Overall management of the Company and policy decisions	Management of Company operations	Management of plant operations
Remuneration Received	₹231.81 lacs	₹216.01 lacs	₹75.69 lacs
Nature of Employment	Contractual	Contractual	Contractual
Qualifications	B. Sc	BBA (UK)	M. Sc , AICWA, LLB
Experience	41 years	16 years	41 years
Date of Commencement of Employment	1st September, 1992	1st July, 1996	1st May, 1987
Name of last Employment	Hindustan Sanitaryware & Industries Ltd.	–	LMP Precision Engineering Ltd.
Position Held	President	–	President
Percentage of Equity Shares of the Company held	0.47%	0.25%	–

Note:

I. The gross remuneration includes salary, leave encashment, reimbursement of medical expenses and the Company's contribution to provident fund besides value of other perquisites calculated in accordance with Income Tax Act / Rules.

II. Mr. Shreekant Somany, Chairman and Managing Director is father of Mr. Abhishek Somany, Joint Managing Director of the Company, hence they are related to each other.

For and on behalf of the Board

Place: New Delhi

Dated: 19th May, 2012

Shreekant Somany
Chairman and Managing Director

SECTION 212

Statement pursuant to Section 212 of the Companies Act, 1956

Name of the subsidiary companies	SR Continental Ltd.	Somany Global Ltd.
(A) Financial Year of the subsidiary company	31st March, 2012	31st March, 2012
(B) Shares of the subsidiary held by Somany Ceramics Ltd on the above date		
(a) Number and face value	1,85,000 equity shares of ₹10 each fully paid up	5,00,000 equity shares of ₹10 each fully paid up
(b) Extent of holding (together with nominees)	100%	100%
(C) The net aggregate of profit/loss of the subsidiary Company so far as it concerns the members of Somany Ceramics Ltd.		
(a) Not dealt in the accounts of Somany Ceramics Ltd. for the year ended 31st March, 2012 amounted to:		
I. For the subsidiary financial year ended as in (A) above	₹28.87 lacs	₹6.46 lacs
II. For the previous financial years of the subsidiary since it became the holding company's subsidiary	₹191.91 lacs	(₹39.28 lacs)
(b) Dealt with in the accounts of Somany Ceramics Ltd. for the year ended 31st March, 2011 amounted to:		
I. For the subsidiary financial year ended as in (A) above	–	–
II. For the previous financial years of the subsidiary since it became the Holding Company's subsidiary	–	–

Shreekant Somany
Chairman & Managing Director

Abhishek Somany
Joint Managing Director

Amrish Julka
AGM (Legal) & Company Secretary

Place: New Delhi

Date: 19th May, 2012

CORPORATE GOVERNANCE REPORT

Company's philosophy on Corporate Governance

The Company is committed to good Corporate Governance to protect and enhance shareholder value and continues to commit itself to maintain the highest standard of integrity, transparency and accountability in all spheres of its operations. The Company places emphasis on business ethics and responsible conduct and to the disclosers of operating performances and other key events on timely basis to its shareholders and the stakeholders. The Company views their role as trustees of its shareholders, stakeholders and society at large.

Board of Directors

The Board comprises nine Directors as of 31st March, 2012. None of the Non-Executive Directors of the Company has any pecuniary relationship or transaction with the Company. The Non-Executive Directors of the Company are highly respected and accomplished professionals in the corporate and academic world. The Composition of the Board is in conformity with Clause 49 of the Listing Agreement.

The details of the Directors by category, attendance and other Directorships including Memberships/Chairmanships of Board Committees and number of shares held are:

Director	Category	No. of Board Meeting held	No. of Board Meeting attended	Attended last AGM	Number of Directorships in other companies (\$)	No. of Committee positions held in companies@		No. of shares held
						Chairman	Member	
Mr. Shreekant Somany	P	5	4	Yes	5	–	–	1,61,385
Mr. Abhishek Somany	P	5	3	No	2	–	–	85,500
Mr. R. K. Daga	I	5	5	Yes	2	3	1	5,000
Mr. R. L. Gaggar	I	5	4	No	10	–	9	–
Mr. G. L. Sultania	I	5	5	No	11	4	4	1,250
Mr. Salil Singhal	I	5	3	No	5	–	3	–
Mr. Ravinder Nath	I	5	1	No	3	1	1	–
Mr. Sandeep Kumar	I	5	4	No	–	–	–	–
Dr. Y. K. Alagh	I	5	3	No	3	1	4	–

Category: P=Promoter, I=Independent

(\$) Excludes Directorships in Indian Private Limited Companies and memberships of various Chambers and other non-corporate organisations.

@ Includes the membership/chairmanship in Audit Committee and Shareholders'/Investors' Grievance Committee meeting only of Public Limited Companies.

Board functions

Apart from review and consideration of matters referred to under Clause 49 of the Listing Agreement, the Board also undertakes the following:

- Laying down the corporate philosophy and the mission of the Company
- Formulating the strategic business plans
- Setting standards for ethical behaviour
- Compliance with all the rules and regulations
- Informing shareholders of the various developments within the Company

Meeting of the Board of Directors

There were five Board meetings during the year 2011-12 i.e. on 29th April, 28th May, 21st July, 22nd October in 2011 and on 21st January, 2012.

Code of Conduct

The Board of Directors has adopted a Code of Conduct for its members and senior personnel of the Company in terms of Clause 49 of the Listing Agreement. A declaration to this effect, duly signed by Chief Executive Officer was placed before the Board and is enclosed forming part of this report. The Code of Conduct framed by the Company is posted on the Company's website.

Committees of the Board

Audit Committee

The Audit Committee comprises five members and all are Independent and Non-Executive Directors. The Audit Committee members are accomplished professionals from the corporate and academic world. The terms of reference of the audit committee cover the areas as contemplated under Clause 49 of the Listing Agreement and Section 292 of the Companies Act, 1956, besides other terms as may be referred by the Board of Directors.

Terms of reference

Brief description of the terms of reference is:-

- Effective supervision of the financial reporting process, ensuring financial and accounting controls and compliance with the policies of the Company.
- Periodical interaction with the statutory and internal auditors to ascertain

the quality and veracity of the Company's transactions.

- Review of adequacy and effectiveness of Internal Audit Function and the Internal Control System.
- Overall direction on the risk management policies.
- Review of the annual and quarterly financial statements with management before submission to the Board.
- Compliance with Listing.
- Related party transactions.
- Qualifications in the audit report, etc.

Composition of the Audit Committee

All the members of the Audit Committee are Independent and Non-Executive Directors. Mr. R. K. Daga is the Chairman of the Committee. The other members of the Committee are Mr. R. L. Gaggar, Mr. Salil Singhal and Mr. G. L. Sultania. Dr. Y. K. Alagh was appointed as a Member of the Audit Committee by the Board of Directors at its Meeting held on 21st January, 2012, with immediate effect. All members of the Audit Committee are financially literate. The Committee meets the requirements of provisions under Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement in regard to constitution of this Committee. The Company Secretary of the Company acts as the Secretary to the Committee.

Invitees to the Audit Committee

Both the statutory and internal auditors of the Company are regular invitees to the Audit Committee meetings to brief the members. The meeting of the Audit Committee is generally attended by the Chairman and Managing Director, Chief Executive Officer, President (Marketing), Vice-President (Finance) and other departmental heads.

Frequency of meetings

During 2011-12, five Audit Committee meetings were held on 29th April, 28th May, 21st July, 22nd October in 2011 and on 21st January, 2012. The maximum gap between any two meetings was less than four months.

The attendance of the Audit Committee Meetings is given below:

Name of Member Director	No. of Meetings attended
Mr. R. K. Daga (Chairman)	5
Mr. R. L. Gaggar (Member)	4
Mr. G. L. Sultania (Member)	5
Mr. Salil Singhal (Member)	3
Dr. Y. K. Alagh (Member) (*)	

(*) Dr. Y. K. Alagh was appointed as a Member of Audit Committee with effect from 21st January, 2012. However, he attended meetings of Audit Committee held on 28th May, 2011, 22nd October, 2011 and 21st January, 2012, as an Invitee.

The Chairman of the committee was present at the last Annual General Meeting of the Company to answer shareholders queries.

Share Transfer Committee

Your Company has a Share Transfer Committee comprising Mr. G. L. Sultania (who chairs the meeting), Mr. N. Goenka and Mr. S. Banerjee. The Committee met twelve times during the year under review. The Board has delegated the power of Share Transfer to the Company's Registrar & Share Transfer Agent, who process the transfers, in respect of physical shares and shares under Demat. During the year under review, total of 7,700 shares were transferred and dispatched within 15 days of receipt in respect of shares, documents of which were found valid in all respects. There were no pending transfers as on 31st March, 2012.

Shareholders'/Investors' Grievance Committee

The Committee was constituted to oversee redressal of shareholders' grievance relating to transfers, transmissions, issue of duplicate share certificate and all other matters concerning shareholders' complaints. Mr. R. K. Daga, the Non-Executive Independent Director is heading the Committee along with Mr. R. L. Gaggar and Mr. G. L. Sultania, the other members who are also Non-Executive and Independent Directors. Mr.

Amrish Julka, Assistant General Manager (Legal) and Company Secretary is the compliance officer. Three meetings of the Committee were held on 2nd May, 28th September, in 2011 and 4th January, 2012. During the year, 19 complaints were received and resolved. There were no complaints of shareholders pending as on 31st March, 2012.

Remuneration Committee

The Remuneration Committee was formed inter alia to deal with all elements of remuneration for Wholtime Directors, service contracts, severance fee, notice period etc. Mr. R. K. Daga, the Non-Executive Independent Director is the Chairman of the Committee and Mr. R.L. Gaggar and Mr. G.L. Sultania are the other members, who are also Independent Non-Executive Directors of the Company. Two meetings of the Remuneration Committee were held during the year 2011-12, i.e. on 29th April, 2011 and 20th June, 2011.

Remuneration to Directors

	Salary & perquisites (₹)	Commission for 2010-11 (₹)	Sitting Fees (₹)	Total (₹)
Mr. Shreekant Somany*	**1,17,35,272	1,14,45,770	*-	2,31,81,042
Mr. Abhishek Somany*	**1,00,41,143	1,15,60,375	*-	2,16,01,518
Mr. R. K. Daga	-	5,00,000	1,25,000	6,25,000
Mr. R. L. Gaggar	-	5,00,000	1,05,000	6,05,000
Mr. G. L. Sultania	-	5,00,000	1,25,000	6,25,000
Mr. Salil Singhal	-	5,00,000	60,000	5,60,000
Mr. Ravinder Nath	-	5,00,000	15,000	5,15,000
Dr. Y. K. Alagh	-	5,00,000	45,000	5,45,000
Mr. Sandeep Kumar	-	***5,00,000	60,000	5,60,000

* Wholtime Directors are not entitled for sitting fees.

** The remuneration includes Company's contribution to Provident Fund

and leave encashment and the same is paid in accordance with Schedule XIII of the Companies Act, 1956, the value of perquisites being calculated in accordance with the rules framed under the Income Tax Act, 1961.

***The amounts were paid to Export Import Bank of India as per the terms of appointment of nominee Directors on the Board of the Company.

The appointments of Mr. Shreekant Somany, Chairman and Managing Director and Mr. Abhishek Somany, Joint Managing Director are contractual for a period of three years which was renewed with effect from 1st September, 2011 in respect of Chairman and Managing Director and in respect of Joint Managing Director, with effect from 1st June, 2009.

The services of Chairman and Managing Director and Joint Managing Director may be terminated by giving three months' notice or alternatively three months' salary in lieu of notice. No severance fees is payable to them

under their respective service agreements entered into by them with the Company.

Apart from sitting fees, the Non-Executive Directors are entitled for commission @ 1% of net profits of the Company in terms of resolution passed by the Shareholders of the Company at their Annual General Meeting held on 22nd September, 2008 subject to maximum of ₹5,00,000 to each Non-Executive Director as subsequently approved vide special resolution passed by the shareholders of the Company at their Annual General Meeting held on 16th August, 2010.

Mr. Sandeep Kumar was appointed as Nominee Director of Export Import Bank of India, therefore he is not liable to retire by rotation and shall not be taken into account for computing the number of directors to such retirement.

General Body Meetings

The details of general body meeting conducted in the past three years:

Year	Date	Time	Venue
2010-11	11th August, 2011	11.00 AM	43rd Annual General Meeting held at H.L Somany Hall, ASSOCHAM, 47, Prithvi Raj Road, New Delhi-110011
2010-11	18th March, 2011	11.00 AM	Extra-Ordinary General Meeting held at H.L Somany Hall, ASSOCHAM, 47, Prithvi Raj Road, New Delhi-110011
2010-11	30th October, 2010	11.00 AM	Extra-Ordinary General Meeting held at H.L Somany Hall, ASSOCHAM, 47, Prithvi Raj Road, New Delhi-110011
2009-10	16th August, 2010	11.00 AM	42nd Annual General Meeting held at H.L Somany Hall, ASSOCHAM, 47, Prithvi Raj Road, New Delhi-110011
2008-09	22nd September, 2009	11:00 AM	41st Annual General Meeting held at H.L Somany Hall, ASSOCHAM, 47, Prithvi Raj Road, New Delhi-110011

Special Resolutions passed in the previous three AGMs/EOGMs:

Date of Meeting held	AGM/EOGM	Subject matter of the resolution
11th August, 2011	AGM	(i) Reappointment of Mr. Shreekant Somany as Chairman and Managing Director of the Company. (ii) Reappointment of Mr. Abhishek Somany as Joint Managing Director of the Company.
18th March, 2011	EOGM	(i) Authorisation for raising capital. (ii) Increase in limit for investments in capital of the Company by foreign investors.
16th August, 2010	AGM	Ceiling on the commission payable to Non-Executive Directors of the Company.

No special resolution was put through postal ballot last year. As of now, no special resolution is proposed to be conducted through postal ballot at the ensuing Annual General Meeting.

Disclosures

There were no transactions of material nature between the Company and its Directors or management and their relatives or promoters that may have a potential conflict with the interests of the Company. Related party transactions are disclosed in the Notes to Accounts.

There has been no instance of non-compliance by the Company on any matter related to capital markets and hence the question of imposition of penalties or strictures on the Company by the Stock Exchanges or SEBI or any statutory authority, does not arise.

The Company complies with all mandatory requirements of Clause 49 of the Listing Agreement and one non-mandatory requirement viz. Remuneration Committee of Directors.

Means of Communication

The annual, half yearly and quarterly results of the Company are generally published in Economic Times (Delhi and Mumbai), (English edition), Economic Times (Mumbai (Gujarati edition)) and Navbharat Times (Hindi edition) newspapers at New Delhi. The results of the Company are submitted to the stock exchanges in accordance with the Listing Agreements and posted on its website: www.somanyceramics.com. During the year, the Company has not made any presentation to institutional investors or analysts.

"Management Discussion and Analysis" is a part of the Annual Report.

General Shareholder's Information

Registered Office

82/19, Bhakerwara Road, Mundka
New Delhi – 110 041
Phone: 011-28341085
Email: cs@somanytiles.co.in

Plant locations

- i) V&PO Kassar, Bahadurgarh
Distt. Jhajjar, Haryana-124507
Phone: 01276-241002/3/4/5 • Fax: 01276-241006/11
Email: cs@somanytiles.co.in
- ii) GIDC Industrial Area,
Distt. Mehsana, Kadi,
Gujarat-382715
Ph: 02764-242153/54 • Fax: 02764-263011

Date and Venue of Annual General Meeting

Annual General Meeting of the Company will be held on Monday the 13th August, 2012 at 11 a.m at H. L. Somany Hall, ASSOCHAM, 47, Prithvi Raj Road, New Delhi – 110 011.

Financial Calendar : 1st April to 31st March

Financial Reporting for 2012-13 is as follows:

First Quarter : Third week of July, 2012

Second Quarter : Third week of October, 2012

Third Quarter : Third week of January, 2013

Fourth Quarter : Fourth week of May, 2013

Book Closure Date

1st August, 2012 to 13th August, 2012(both days inclusive)

Dividend

The Board of Directors of Company has recommended a dividend of ₹0.80 per share on equity shares of ₹2 each for the year ended 31st March, 2012

subject to approval of the shareholders at the ensuing Annual General Meeting.

Listing on Stock Exchange

Shares of the Company are listed at the National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Ltd. (BSE). The Company has paid annual listing fees to both the exchanges for the financial year 2012-13.

Stock Code:

NSE : SOMANYCERA

BSE : 531548

Demat ISIN Number for NSDL and CDSL : INE 355A01028

Market Price Data:

Month	National Stock Exchange of India Ltd.*			The Bombay Stock Exchange Limited**		
	High (₹)	Low (₹)	No. of Shares Traded	High (₹)	Low (₹)	No. of Shares Traded
April, 2011	51.80	38.60	1,65,110	47.00	38.70	1,32,020
May, 2011	53.55	40.65	87,985	48.50	40.80	82,426
June, 2011	45.00	37.60	90,178	47.00	38.00	61,831
July, 2011	57.60	38.45	3,71,473	57.50	38.50	3,59,090
August, 2011	58.00	40.50	1,54,032	56.25	40.40	92,764
September, 2011	50.95	41.10	70,421	49.75	41.00	44,403
October, 2011	52.70	38.10	79,130	51.00	38.00	1,08,716
November, 2011	48.00	33.00	58,818	51.30	35.00	63,710
December, 2011	40.15	28.80	22,696	42.00	28.60	51,757
January, 2012	41.00	31.55	1,47,623	41.10	28.50	89,460
February, 2012	43.50	34.45	1,15,561	43.10	34.50	1,35,063
March, 2012	42.85	33.00	1,03,269	43.00	33.20	70,339

*Source: Official website of BSE and NSE

Registrar & Share Transfer Agent
(Both for physical and demat segment)

Maheshwari Datamatics Pvt. Ltd.
6, Mangoe Lane, Kolkata – 700 001
Phone No. 033-2243 5809/2243 5029
Fax No. 033-2248 4787
E-mail: mdpl@cal.vsnl.net.in

Share Transfer system

The Company's shares are traded on stock exchanges in compulsory demat mode. Shares in physical mode lodged with the Company with valid documents are transferred and share certificates are returned in physical form within the time prescribed under the Listing Agreement.

Your Company has not issued any GDRs/ADRs/Warrants or any convertible instruments.

Distribution of Shareholding as on 31st March, 2012

No. of Equity Shares	Number of Shareholders	Percentage of Shareholders	No. of Shares	Percentage of Shareholding
1- 500	2,549	59.36	5,23,297	1.52
501-1000	759	17.67	6,12,913	1.78
1001-2000	361	8.41	5,61,488	1.63
2001-3000	169	3.94	4,43,657	1.28
3001-4000	73	1.70	2,62,798	0.76
4001-5000	112	2.61	5,27,388	1.53
5001-10000	128	2.98	9,44,892	2.74
10001 and above	143	3.33	30,620,567	88.76
Total	4,294	100	34,497,000	100.00

Categories of Shareholding as on 31st March, 2012

Category	Number of Shares	Percent
Indian Promoters	2,18,39,360	63.31
Mutual Funds & UTI	250	0.00
Banks, Financial Institutions, Insurance Companies	2,39,419	0.69
Corporate Bodies	25,17,043	7.30
Indian Public	85,17,577	24.69
NRIs/OCBs	13,77,506	3.99
Trusts	1,950	0.01
Clearing Member	3,895	0.01
Total	3,44,97,000	100.00

Dematerialisation of shares

The Company's equity shares enjoy the DEMAT facilities with NSDL as well as CDSL. A total of 3,34,28,690 equity shares representing 96.90% of the paid-up capital of the Company as on 31st March, 2012 was in demat form.

Contact for Clarification on Financial Statements:

Individuals may contact

Mr. R.K. Lakhota, Vice President (Finance) at:

Kassar – 124507, Bahadurgarh

Distt. Jhajjar, Haryana, India

Phone: 01276-241001-05 • Fax: 01276-241006/11

Email: fin@somanytiles.co.in

Shareholder's

Individuals may contact

Mr. Shyamalendu Banerjee at:

2, Red Cross Place, Kolkata – 700 001

Phone: 033-22487406/7 • Fax : 033-22487045

Email: sclinvestors@somanyceramics.com

Enquiries:

Pursuant to the listing agreement with Stock Exchanges, the Company has created email-id for the redressal of investor grievances viz. sclinvestors@somanyceramics .com.

Declaration on compliance with the Code of Conduct

The Company has framed a specific Code of Conduct for the members of the Board of Directors and Senior Management Personnel of the Company pursuant to Clause 49 of the Listing Agreement with stock exchanges. All the members of the Board and Senior Management personnel have affirmed due observation of the said Code of Conduct in so far as it is applicable to them and there is no non-compliance thereof during the year ended 31st March, 2012.

G. G. Trivedi

Chief Executive Officer

Place: New Delhi

Date: 19 May, 2012

As required under Clause 49 of the Listing Agreement, the particulars of the Directors seeking appointment or re-appointment

Shri R.L.Gaggar

Aged about 80 years, Mr. Gaggar is B.A (Hons) & LL.B, practicing as Solicitor and Advocate in the Hon'ble High Court of Kolkata for the last fifty years. He holds rich experience in the field of litigation and consulting. The details of his Directorship and Membership in other public limited companies are:

Sl. no.	Name of the Public Limited Company in which he is a Director	Chairman/ Director	Position held in		
			Audit Committee	Remuneration Committee	Shareholders'/Investors' Grievance Committee
1.	Somany Ceramics Ltd.	Director	Member	Member	Member
2.	Sarda Plywood Industries Ltd.	Director	Member	Member	Member
3.	TIL Ltd.	Director	Member	Member	–
4.	The Peria Karmalal Tea & Produce Co. Ltd.	Director	–	–	–
5.	Paharpur Cooling Towers Ltd.	Director	Member	–	–

Sl. no.	Name of the Public Limited Company in which he is a Director	Chairman/ Director	Position held in		
			Audit Committee	Remuneration Committee	Shareholders'/Investors' Grievance Committee
6.	International Combustion (India) Ltd.	Director	Member	Member	-
7.	SPML Infra Ltd. (formerly Subhas Projects & Marketing Ltd.)	Director	-	-	-
8.	Machino Plastics Ltd.	Director	-	-	-
9.	Sumedha Fiscal Service Ltd.	Director	-	-	-
10.	Shree Cement Ltd.	Director	Member	Member	Member
11.	Machino Polymers Ltd.	Director	-	-	-

Mr. G. L Sultania

Aged about 67 years, Mr. G. L Sultania is B.Com, FCA and FCS. He has served as an Executive Director and Secretary of HSIL Limited. He possesses vast knowledge and experience in the field of financial restructuring, corporate laws and legal compliances. He is a member of Capital Market Standing Committee of MCC Chamber of Commerce & Industry, Kolkata.

Sl. no.	Name of the Public Limited Company in which he is a Director	Chairman/ Director	Position held in		
			Audit Committee	Remuneration Committee	Shareholders'/Investors' Grievance Committee
1.	HSIL Ltd.	Director	-	-	Member
2.	Somany Ceramics Ltd.	Director	Member	Member	Member
3.	SR Continental Ltd.	Director	-	-	-
4.	Schablona India Ltd.	Director	Chairman	-	Chairman
5.	The United Provinces Sugar Co. Ltd.	Director	-	-	-
6.	SKP Securities Ltd.	Director	Chairman	Member	Chairman
7.	Paco Exports Ltd.	Director	-	-	-
8.	Bhilwara Holdings Ltd.	Director	-	-	-
9.	Sarvottam Vanijya Ltd.	Director	-	-	-
10.	Somany Global Ltd.	Director	-	-	-
11.	Kirtivardhan Finvest Services Ltd.	Director	-	-	-
12.	Intimate Fashions Ltd.	Director	Member	Member	-

AUDITORS' CERTIFICATE

We have audited the compliance of conditions of Corporate Governance procedure implemented by Somany Ceramics Limited for the year ended on 31st March, 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges in India.

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

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

On the basis of our review and according to the information and explanations given to us, the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the stock exchanges have been complied with in all material respect by the Company and that no investor grievance(s) is/are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders'/Investors' Grievance Committee.

For **LODHA & CO.**

Chartered Accountants

Firm Registration No. 301051E

Place: New Delhi

Date: 19th May, 2012

N. K. LODHA

Partner

M.No.85155

FINANCIAL STATEMENTS

AUDITORS' REPORT

To
The members of
Somany Ceramics Limited

We have audited the attached Balance Sheet of Somany Ceramics Limited as at 31st March 2012, the statement of Profit & Loss and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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 purposes 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, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956;
- e) On the basis of written representations received from the Directors of the Company and taken on record by the Board of Directors, we report that none of the directors of the Company is disqualified as on 31st March 2012 from being appointed as a Director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956;

In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with note no. 2.5 and other notes thereon, give the information required by the Companies Act, 1956 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 Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
 - b) in the case of the statement of Profit & Loss, of the profit of the Company for the year ended on that date; and
 - c) in the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
- f) As required by the Companies (Auditor's Report) Order, 2003 (The Order) (as amended) issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 (The Act), on the matters specified in paragraphs 4 and 5 of the said Order, We further report that:
1. (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets except in case of certain locations where records are in process of updation / compilation.
 - (b) As per the information and explanations given to us, certain fixed assets have been physically verified by the management according to a regular programme of periodic verification in a phased manner which in our opinion is reasonable having regard to the size of the company and nature of fixed assets. The discrepancies noticed on such physical verification were not material.
 - (c) As per records and information and explanation given to us, no substantial part of fixed assets has been disposed off during the year.
2. (a) As per the information and explanations given to us, the inventories (except stocks with third parties and in transit) have been physically verified by the management at reasonable intervals.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - (c) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory (in respect of process stock records are updated after physical verification). The discrepancies noticed on such physical

verification of inventory as compared to book records were not material which have been properly dealt with.

- 3A. (a) As per the information and records made available, the company has not granted any loans, secured or unsecured, to companies, firms or other parties except to one company in the register maintained under section 301 of the Act. The maximum amount involved during the year and the closing balance is ₹23.47 lacs and ₹ NIL respectively.
- (b) In our opinion, the rate of interest and other terms and condition of loan granted are not prima facie prejudicial to the interest of the company.
- (c) In accordance with the information and explanations given to us in respect of the aforesaid loans, there is no as such stipulated schedule for recovery of principal and interest and the same are recovered on demand.
- B. (a) As per the information and records made available, the Company has not taken any loans secured or unsecured from companies, firms or other parties except from two companies covered in the register maintained under section 301 of the Act. The maximum amount involved during the year is ₹100 lacs and the year end balance of such loans are ₹75 lacs.
- (b) In our opinion, the rate of interest and other terms and conditions of loans taken are not prima facie prejudicial to the interest of the Company.
- (c) In accordance with the information and explanations given to us in respect of the aforesaid loans, there in no as such stipulated schedule for repayment of principal and interest and the same are repayable on demand.
4. In our opinion and according to the information and explanations given to us, having regard to the explanations that certain items purchased/sold are of special nature for which, as explained, suitable alternatives sources do not exist for obtaining comparative quotations, taking in to consideration the quality, usage and such other factors, there are adequate internal control systems (read with note no. 2.6 & 2.16) commensurate with the size of the company and nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods. Further on the basis of examination of the books and records of the company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanation given, we have neither come across nor have we been informed of any instance of major weakness in internal control systems of the company.
5. (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements (exceeding the value of ₹5 lacs in respect of any party during the financial year) have been made at prices which are generally reasonable having regard to prevailing market prices at the relevant time (read with para 4 above).
6. In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public within the meaning of section 58A and 58AA or any other relevant provisions of the Act and rules framed there under. We have been informed that no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in this regard.
7. In our opinion, the company has an internal audit system commensurate with the size and 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 Act in respect of the Company's products to which the said rules are made applicable and are of the opinion that prima facie, the prescribed records have been made and maintained. We have however not made a detailed examination of the said records with a view to determine whether they are accurate or complete.
9. (a) According to the records and information made available to us, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues to the extent applicable to it and there are no undisputed statutory dues payable for a period of more than six months from the date they became payable as at 31st March 2012.
- (b) According to the records and information and explanations given to us, there are no dues in respect of income tax, wealth tax, service tax, custom duty, excise duty and cess that have not been deposited with appropriate authorities on account of disputes and the dues in respect of customs duty, excise duty, service tax and sales tax that

have not been deposited with appropriate authorities on account of disputes and the forum where the dispute is pending are as given below:

Name of Statute	Nature of Dues	Period to which it relates	Amount (₹ in Lacs)	Forum where dispute is pending
Custom Act	Custom Duty	1997-1999	5.91	Deputy Commissioner of Customs, (Import) Tughlakabad
Central Excise Act	Excise duty/ Cenvat Credit	1999-2004	317.43	CESTAT, New Delhi
		2005-2007	13.04	Commissioner (A), Gurgaon
		1996-2000	9.33	CCE Appeals, Ahemdabad
		1994-1995	0.07	Asst. Commissioner, Kalol
		2008-2009	1.81	CCE Appeals
Sales Tax Act	Local Area Development Tax	2002-2003	5.15	Haryana Tax Tribunal, Chandigarh
		2006-2007	60.12	Supreme Court of India
		2007-2008	76.40	Supreme Court of India
		2008-2009	89.27	Supreme Court of India
		2009-2010	93.56	Supreme Court of India
		2010-2011	59.62	Supreme Court of India
		2011-2012	60.16	Supreme Court of India
Turnover Tax	Turnover Tax	1990-1993	45.83	Maharashtra Sales Tax Tribunal
		2006-2007	65.81	Asst. Commissioner, Ahemdabad
		2007-2008	35.96	Joint. Commissioner, Commercial Taxes, Banglore
		2006-2009	22.76	Joint. Commissioner, Commercial Taxes, Banglore
Finance Act	Service Tax credit/ abatement	2008-09	0.33	Commissioner of Central Excise, Ahemdabad
			0.43	Deputy Commissioner of Central Excise
		2007-2008	0.74	CESTAT, Ahemdabad
		2005-2007	6.72	Gujrat High Court
		2009	3.25	Asst. Commissioner of Central Excise, Ahemdabad
Income Tax Act*	Income Tax	2004-05	113.79	CIT Appeals, Kolkata
		2006-07	5.00	CIT Appeals, Kolkata
		2008-09	5.55	CIT Appeals, Kolkata
		2009-10	42.51	CIT Appeals, Kolkata

* Excluding penalty if any (Refer note no. 2.1)

10. The company does not have accumulated losses as at the end of the financial year and has not incurred cash losses in the current financial year and in the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the management, the Company has not defaulted in repayment of dues to financial institution, banks or debenture holders.
12. According to the information and explanations given to us, the Company has not granted any loans and/or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. Clause 4 (xiii) of the Order is not applicable to the Company as the Company is not a chit fund or a nidhi / mutual benefit fund / society.
14. In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the terms and conditions on which Company has given guarantee aggregating to ₹1230 lacs for loans taken by others from banks and financial institutions, are not prima facie prejudicial to the interest of the Company.
16. According to the information and explanations given to us, the term loans were applied for the purposes for which the loans were obtained.
17. On an overall examination of the financial statements of the Company and on the basis of information and explanations given to us, we are of the opinion that the company has not used funds raised on short-term basis for long-term investment.
18. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to any parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. On the basis of the records made available to us, the Company has no debentures outstanding during the year.
20. The company has not raised any money through public issue during the year.
21. During the course of our examination of the books and records of the company carried out in accordance with the auditing standards generally accepted in India, we have neither come across any material instance of fraud on or by the company, noticed or reported during the year nor we have been informed of such case by the management.

For **LODHA & Co.**
Chartered Accountants
 Firm Registration No. 301051E

Place: New Delhi
 Date: The 19th day of May, 2012

N. K. Lodha
Partner
 M.No. 85155

Balance Sheet as at 31st March, 2012

(₹ in Lacs)

	Note No.	31.03.2012	31.03.2011
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	689.94	689.94
Reserves & Surplus	4	11711.52	9557.09
		12401.46	10247.03
Non- current Liabilities			
Long term Borrowings	5	6684.67	6823.84
Deffered Tax Liabilities (Net) (Refer Note No. 2.7)		2535.16	2566.45
Other Long-term Liabilities	6	1419.75	1269.96
Long-term Provisions	7	229.38	197.71
		10868.96	10857.96
Current Liabilities			
Short-term Borrowings	8	8353.08	8960.67
Trade Payables	9	11074.82	9743.01
Other Current Liabilities	10	5630.01	5139.25
Short-term Provisions	11	4193.22	3010.05
		29251.13	26852.98
Total		52521.55	47957.97
ASSETS			
Non-current Assets			
Fixed Assets			
Tangible Assets	12	18991.92	17238.21
Intangible Assets	12	75.38	72.09
Capital work-in-progress		329.67	282.37
		19396.97	17592.67
Non-current Investments	13	595.05	171.96
Long-term Loans and Advances	14	458.53	691.01
Total		20450.55	18455.64
Current Assets			
Inventories	15	9850.75	9764.12
Trade Receivables	16	13884.07	12932.79
Cash and Bank Balances	17	2203.37	1558.32
Short-Term Loans and Advances	18	6043.08	5135.86
Other Current Assets	19	89.73	111.24
		32071.00	29502.33
Total		52521.55	47957.97
Significant Accounting Policies & Explanatory Notes 1&2			
The accompanying Notes are an integral part of the Financial Statements.			

As per our report of even date
For **Lodha & Co.**
Chartered Accountants
(ICAI FRN. NO.: 301051E)

For and on Behalf of Board of Directors

N. K. Lodha
Partner
M.NO. 85155

Shreekant Somany
Chairman & Managing Director

Abhishek Somany
Joint Managing Director

Ambrish Julka
AGM (Legal) and Company Secretary

Place: New Delhi
Dated : The 19th day of May, 2012

THE STATEMENT OF PROFIT & LOSS for the year ended 31st March, 2012

(₹ in Lacs)

	Note No.	31.03.2012	31.03.2011
Income			
Revenue from Operations	20	87323.32	71432.86
Other Income	21	106.53	121.72
Total Revenue		87429.85	71554.58
Expenses:			
Cost of Materials Consumed	22	15318.09	12746.30
Purchases of Stock-in-Trade		35208.00	28409.57
Change in Inventories of Finished Goods			
Work-in-progress and Stock-in-Trade	23	30.26	(2107.73)
Employee Benefit Expense	24	6552.28	5430.72
Finance Costs	25	2065.01	1712.01
Depreciation and Amortization Expense	12	1822.06	1726.47
Other Expenses	26	22847.95	20266.07
Total Expenses		83843.65	68183.41
Profit Before Exceptional and Extraordinary Items and Tax		3586.20	3371.17
Exceptional Items (Net) {Refer Note 2.5(a)}		17.30	0.00
Profit before tax		3568.90	3371.17
Tax Expense:			
(1) Current Tax		1125.00	782.00
(2) Deferred Tax Charges/Credit		(31.28)	246.39
Profit After Tax		2475.18	2342.78
Earnings Per Equity Share (Per Share Value of ₹2 each)			
Basic		7.18	6.79
Dilutive		7.18	6.79
(Refer Note No.2.12)			
Significant Accounting Policies & Explanatory Notes 1&2			
The accompanying Notes are an integral part of the Financial Statements.			

As per our report of even date
For **Lodha & Co.**
Chartered Accountants
(ICAI FRN. NO.: 301051E)

For and on Behalf of Board of Directors

N. K. Lodha
Partner
M.NO.85155

Shreekant Somany
Chairman & Managing Director

Abhishek Somany
Joint Managing Director

Ambrish Julka
AGM (Legal) and Company Secretary

Place: New Delhi
Dated : The 19th day of May, 2012

CASH FLOW STATEMENT for the year ended 31st March, 2012

(₹ in Lacs)

	31.03.2012	31.03.2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX & EXCEPTIONAL ITEMS as per Statement of Profit & Loss Account	3,586.20	3,371.17
I. ADJUSTED FOR :		
Depreciation & Amortisation Expense	1,822.06	1,726.47
Interest and Finance Charges	2,065.01	1,856.89
Interest Income	(74.17)	(62.36)
Dividend Income	(1.74)	(1.33)
Unrealized Foreign Exchange Loss (Net)	53.91	8.65
Diminution in the value of Investment (net)	2.71	0.79
Provision for Doubtful Debts (net of write back)	17.33	5.16
Bad Debts	–	0.61
Liabilities no longer required written back (net)	(21.09)	(79.25)
Sundry Balances written off / (back) (net)	17.30	(11.44)
Loss on sale / Discard of Fixed Assets/ Assets written off (net)	17.11	56.71
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	7,484.63	6,872.07
II. ADJUSTED FOR :		
Trade & Other Receivable	(633.34)	(2,466.32)
Inventories	(86.63)	(2,669.43)
Trade & Other Payable	2,498.53	1,486.31
Cash Generated from Operation	9,263.19	3,222.63
Income Taxes Paid	(1,087.14)	(850.77)
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	8,176.05	2,371.86
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(3,493.34)	(3,501.35)
Sale of Fixed Assets	53.76	38.21
Sale of Investment	–	–
Purchase of Investment	(503.10)	–
Interest Income	77.95	36.89
TDS on Interest	(5.91)	(7.47)
Dividend Income	1.74	1.33
NET CASH (Used In) INVESTING ACTIVITIES (B)	(3,868.90)	(3,432.39)

CASH FLOW STATEMENT (Contd.) for the year ended 31st March, 2012

(₹ in Lacs)

	31.03.2012	31.03.2011
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long Term Borrowings	1,292.97	2,852.05
Repayment of Long Term Borrowings	(1,962.92)	(1,871.95)
Short Term Borrowings (net)	(665.93)	2,175.08
Interest Paid	(2,047.96)	(1,841.40)
Dividend Paid (including corporate dividend tax)	(278.26)	(240.00)
NET CASH (Used In) FINANCING ACTIVITIES (C)	(3,662.10)	1,073.78
NET DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	645.05	13.25
CASH AND CASH EQUIVALENTS		
Opening		
Cash & Cash Equivalent	946.93	1,054.56
Other Bank Balances	611.39	490.51
	1,558.32	1,545.07
Closing		
Cash & Cash Equivalent	1,428.98	946.93
Other Bank Balances	774.39	611.39
	2,203.37	1,558.32
Net increase/Decrease in Cash and Cash Equilants	645.05	13.25

Notes :

- Cash & Cash Equivalents represents cash and bank balances.(Note No.17)
- Figures for the previous year have been regrouped/rearranged wherever considered necessary.

As per our report of even date
For **Lodha & Co.**
Chartered Accountants
(ICAI FRN. NO.: 301051E)

For and on Behalf of Board of Directors

N. K. Lodha
Partner
M.NO.85155

Shreekant Somany
Chairman & Managing Director

Abhishek Somany
Joint Managing Director

Ambrish Julka
AGM (Legal) and Company Secretary

Place: New Delhi

Dated : The 19th day of May, 2012

NOTES TO THE BALANCE SHEET

(₹ in Lacs)

	31.03.2012	31.03.2011
Note 3 SHARE CAPITAL		
Authorised		
Equity Shares 125,000,000 (Previous year 125,000,000) of ₹2 /-each	2500.00	2500.00
Issued, Subscribed and Paid up		
Equity Shares 34,497,000(previous year 34,497,000) of Rs 2/- each fully paid up	689.94	689.94
	689.94	689.94
Notes :		
(a) Reconciliation of Equity Share Capital (In numbers)		
Shares outstanding at the beginning of the year	34,497,000	34,497,000
Add : Shares issued during the year	-	-
Less : Shares bought back during the year	-	-
Shares outstanding at the end of the year	34,497,000	34,497,000
(b) Equity Shares:		
The Company has only one class of Equity Shares having face value of ₹2/- each and each shareholder is entitled to one vote per share.Each shareholders have the right in profit / surplus in proportion to amount paid up with respect to share holder. In the event of winding up, the equity shareholders will be entitled to receive the remaining balance of assets if any, in proportionate to their individual shareholding in the paid up equity capital of the the company.		
(c) List of shareholders holding more than 5% of the Equity Share Capital of the Company (In numbers)		
i) Bhilwara Holding Limited	9,009,840	9,009,840
ii) Sarvottam Vanijay Limited	6,212,980	6,212,980
iii) Scope Vinimoy Private Limited	3,491,075	3,491,075
	18,713,895	18,713,895

Note 4 RESERVES AND SURPLUS

Capital Reserve		
Balance at the beginning of the year	45.00	45.00
Addition/ (Transfer) during the year	-	-
Closing balance	45.00	45.00
Capital Redemption Reserve		
Balance at the beginning of the year	0.03	0.03
Addition/ (Transfer) during the year	-	-
Closing balance	0.03	0.03
General Reserve		
Balance at the beginning of the year	3329.82	3079.82
Addition/ (Transfer) during the year	250.00	250.00
Closing balance	3579.82	3329.82
Surplus in Statement of Profit & Loss Account		
Balance at the beginning of the year	6182.24	4370.12
Net Profit for the current Year	2475.18	2342.78
Amount available for appropriation	8657.42	6712.90
Less : Appropriation:		
Transfer to General Reserve:	250.00	250.00
Proposed Dividend	275.98	241.48
Corporate Dividend Tax	44.77	39.18
Closing Balance	8086.67	6182.24
Total of Reserve & Surplus	11711.52	9557.09

NOTES TO THE BALANCE SHEET

	(₹ in Lacs)	
	31.03.2012	31.03.2011
Note 5 LONG-TERM BORROWINGS		
Secured		
Term Loans		
– From Banks	5138.63	5826.05
– From Financial Institutions	1500.00	1561.49
Car Loans		
From Banks	236.05	208.16
From Others	110.32	59.23
Deferred Payment Liabilities	1338.93	1236.06
	8323.93	8890.99
Less: Current Maturities of Long Term Borrowings		
Term loans		
– From Banks	1213.34	1898.76
– From Financial Institutes	225.00	61.49
Car Loans		
From Banks	83.88	79.71
From Others	36.69	27.19
Deferred Payment Liabilities	80.35	0.00
	1639.26	2067.15
	6684.67	6823.84

Note:

- Rupee Loan of ₹329.41 lacs (Previous Year ₹1321.55 lacs) from a bank are secured by first charge by way of hypothecation of all movable assets and mortgage of all immovable properties of the Company, both present and future, excluding assets exclusively charged and subject to prior charges created and/or to be created in favour of Company's bankers on the stock of raw materials, finished and semi-finished goods, consumable stores and such other movables, for securing the borrowings for working capital requirements in the ordinary course of business. Above mortgages and charges shall rank pari-passu with other banks/financial institutions and is repayable in 8 quarterly equal installments from June 2012.
- Rupee Loan of nil (previous year 183.33 lacs) from a bank and rupee loan of nil (previous year ₹148.98 lacs) from an another bank were secured by first charge by way of hypothecation of all movable fixed assets and mortgage of all immovable properties of the Company both present and future, excluding government land and assets exclusively charged in favour of other banks/financial Institutions. Above mortgages and charges ranked pari-passu with other banks/financial Institutions and are repaid fully during the year.
- Rupee loan of nil (previous year ₹61.49Lacs) from a financial institution was secured by first exclusive charge over house property at New Delhi jointly owned by the key managerial person and his relatives and is repaid fully during the year.
- Rupee loan of ₹750.00 lacs (Previous Year ₹1050.00 lacs) from a bank and ₹1322.88 lacs(previous year ₹1447.19 lacs) from an another bank and deferred suppliers credit ₹1338.93 lacs (previous year ₹1236.06 lacs) (equivalent Euro 19.41 lacs, previous year Euro 19.41 lacs) is secured by first exclusive charge over hypothecation of machinery, equipment and other fixed assets purchased/ to be purchased out of the said loan. The aforesaid loans are repayable in 24 monthly installments starting from April 2012 and 16 quarterly installments from June 2012 respectively. Deferred supplier credit facility is due to get converted into rupee term loan from a bank starting from December 2012 and shall be repayable in 13 quarterly installments starting from March 2013.
- Rupee loan of ₹325.00 lacs (previous year ₹475.00 lacs) from a bank is secured by first charge by way of hypothecation of stocks of raw material, finished goods, stock and all other movable fixed assets, both present and future and mortgage of immovable properties of the Company. Above charges shall rank pari-passu with other financial institutions and are repayable in 24 monthly installments from April 2012.

NOTES TO THE BALANCE SHEET

6. Rupee loan of ₹1197.34 lacs (previous year Rs 1200.00 lacs) from a bank is secured by first pari-passu charge by way of hypothecation of all movable assets and mortgage of all immovable properties of the Company, both present and future, excluding assets exclusively charged to other banks and are repayable in 16 equal quarterly installments from April 2012.
7. Rupee loan of ₹1500.00 lacs (previous year ₹1500.00 lacs) from a financial institution is secured by all plant and machinery, land and building, furniture, fixtures and equipments of Company excluding government land at Kassar/Kadi and are repayable in 20 equal quarterly installments from September 2012.
8. Rupee Loan of ₹1214.00 lacs (previous year ₹ Nil) from a bank is secured by first pari-passu charges by way of hypothecation of plant and machinery and other movable fixed assets of the company situated at Kassar and Kadi excluding those exclusively charged to other banks and second pari-passu on current assets of the Company both present and future and are repayable in 20 installments starting from June 2013.
9. Car loan from banks and others are secured by hypothecation of cars purchased there under are repayable in monthly installment over the period of loan.

	(₹ in Lacs)	
	31.03.2012	31.03.2011
Note 6 OTHER LONG TERM LIABILITIES		
Trade Deposit	943.87	897.36
Security Deposit & others (Refer note 2.4)	475.88	372.60
	1419.75	1269.96

Note 7 LONG-TERM PROVISIONS		
Employee Benefit	229.38	197.71
	229.38	197.71

Note 8 SHORT-TERM BORROWINGS		
Secured Loans*:		
Working Capital facilities from Banks		
Working Capital Demand Loans	4697.67	4817.64
Cash Credit	2140.10	2985.16
Buyer's Import Credit	1440.31	1103.57
Un-Secured Loans:		
From Body Corporate (From Wholly owned Subsidiary)	75.00	54.30
	8353.08	8960.67

* Working Capital Facilities from Banks are secured by :

- i. First charge by way of hypothecation of stocks of raw materials, finished goods and stock in process, stores & spares and book debts and ranking pari-passu and
- ii. Second and subservient charge by way of Equitable Mortgage on all assets, both present and future, of the company, both movable and immovable & ranking pari-passu, excluding assets exclusively charged.

NOTES TO THE BALANCE SHEET

	(₹ in Lacs)	
	31.03.2012	31.03.2011
Note 9 TRADE PAYABLES		
Acceptances	5521.42	4688.96
Others (Refer Note 2.6)	5553.40	5054.05
	11074.82	9743.01

Note 10 OTHER CURRENT LIABILITIES		
Current Maturities of Long Term Borrowings	1639.26	2067.15
Interest Accrued But not Due on Borrowings	18.77	9.53
Interest Accrued and Due on Borrowings	45.58	37.77
Statutory Dues	1090.92	921.28
Capital Creditors(Refer Note 2.6)	423.05	90.32
Security Deposit	45.02	49.46
Advance from Customers	482.18	321.23
Unclaimed Dividends #	6.70	4.30
Other Liability(Refer Note 2.6)	1878.53	1638.21
	5630.01	5139.25

Investor Education & Protection Fund shall be credited when due.

Note 11 SHORT TERM PROVISION		
Proposed Dividend	275.98	241.48
Corporate Dividend Tax	44.77	39.18
Income Tax	3682.00	2557.00
Fringe Benefit Tax	153.50	153.50
Employees Benefits	36.97	18.89
	4193.22	3010.05

NOTES TO THE BALANCE SHEET

Note 12 FIXED ASSETS

(₹ in Lacs)

Particulars	GROSS CARRYING VALUE				DEPRECIATION / AMORTISATION				NET CARRYING VALUE	
	Book Value at 01.04.2011	Additions	Deductions/ Adjustments	Book Value at 31.03.2012	Up to 31.03.2011	For the year	Written Back / Adjustments	Up to 31.03.2012	As on 31.03.2012	As on 31.03.2011
TANGIBLE ASSETS										
1. (a) Freehold Land	334.64			334.64					334.64	334.64
(b) Leasehold Land	116.09			116.09	8.33	1.31		9.64	106.45	107.76
2. Buildings	4448.11	697.80	8.46	5137.45	1822.15	163.46	0.47	1985.14	3152.31	2625.96
3. Plant & Equipment	28023.45	2189.63	100.00	30113.08	14812.93	1335.36	97.74	16050.55	14062.53	13210.52
4. Furniture & Fixtures	1064.63	389.90	128.63	1325.90	620.87	154.79	105.69	669.97	655.93	443.76
5. Office Equipments	192.68	66.69	3.14	256.23	101.83	18.27	2.57	117.53	138.70	90.85
6. Vehicles	694.40	281.61	90.03	885.98	269.68	127.86	52.92	344.62	541.36	424.72
Sub Total (A)	34874.00	3625.63	330.26	38169.37	17635.79	1801.05	259.39	19177.45	18991.92	17238.21
Previous year	29014.51	6068.58	209.09	34874.00	16038.06	1711.91	114.17	17635.79		
INTANGIBLE ASSETS										
Computer Software	117.94	24.30		142.24	45.85	21.01		66.86	75.38	72.09
Sub Total (B)	117.94	24.30		142.24	45.85	21.01		66.86	75.38	72.09
Previous year	65.18	52.76		117.94	31.28	14.57		45.85		
Total's (A+B) Current Year	34991.94	3649.93	330.26	38311.61	17681.64	1822.06	259.39	19244.31	19067.30	17310.30
Previous year	29079.69	6121.34	209.09	34991.94	16069.34	1726.47	114.17	17681.64		

Note :

- Plant and equipment includes Machinery Gross ₹62.29 (previous year ₹62.29) lying with third parties, pending confirmation.(Note No. 2.4)
- Furniture & Fixtures includes certain expenditure on lease hold premises Gross ₹281.96 WDV ₹196.21 (Previous Year Gross ₹210.29 WDV ₹75.73) which are amortised over the useful life of the respective assets.
- Addition to Plant & equipments includes foreign exchange loss amounting to ₹89.95 capitalised (Previous year ₹ NIL) (Refer to Note No. 2.20)

(₹ in Lacs)

	31.03.2012	31.03.2011
Note 13 NON-CURRENT INVESTMENTS		
Long term Investments (At cost less provision)		
Trade- Investment in Equity Shares		
A) Unquoted, fully paid up shares		
(a) Equity Shares of Subsidiary Company ₹10/- each 185,000 SR Continental Limited (Previous year 185,000) (including 7 Equity Shares of ₹10/- each fully paid up held in the name of nominees)	18.50	18.50
(b) Equity Shares of Subsidiary Company ₹10/- each 500,000 (Previous year 500,000)Somany Global Ltd.	50.00	50.00
(c) 773,000 Equity Shares of ₹10/- each (Previous year 773,000) of Somany Keraben (P) Ltd	77.30	77.30
(d) 2,340,000 Equity Shares ₹10/- each (Previous year Nil) of Vintage Tiles P.Ltd.	503.10	0.00
	648.90	145.80

NOTES TO THE BALANCE SHEET

	31.03.2012	31.03.2011
(₹ in Lacs)		
Note 13 NON-CURRENT INVESTMENTS (Contd.)		
B) Quoted, fully paid up (Others)		
(a) Equity Shares of ₹4/- each		
2,00,000 (Previous year 2,00,000)Schablona India Ltd	20.00	20.00
(b) Equity Shares of ₹10 each		
5,850 (Previous year 5,850)Orient Ceramics & Industries Ltd (Including Bonus shares)	0.58	0.58
	20.58	20.58
Non Trade others-Quoted		
(a) Equity Shares of ₹10/- each		
110 (Previous Year 110) Punjab National Bank Ltd.	0.43	0.43
(b) Equity Shares of ₹10/-each		
66,698 (Previous year 66,698) Soma Textile & Industries Ltd.	10.74	10.74
Total	11.17	11.17
	680.65	177.55
Less: Provision for diminution in value of investment {Refer 2.5(a)}	85.60	5.59
	595.05	171.96
Aggregated Book Value of Quoted Investment	31.75	31.75
Market value of Quoted Investments	68.21	77.12
Aggregated Book Value of Unquoted Investment	648.90	145.80
Note 14 LONG TERM LOAN AND ADVANCES		
(Unsecured, Considered Good Unless Stated Otherwise)		
Deposit with Government Authorities	83.02	161.20
Deposit with Others	212.30	248.10
Prepaid Expenses	4.82	1.00
Capital Advance	118.47	223.98
Inter Corporate Deposit	25.50	43.50
Others	14.42	13.23
	458.53	691.01
Note 15 INVENTORIES		
(Valued at Lower of Cost and Net Realisable value)		
(As taken , Valued and Certifiedby the Management)		
Raw Materials & Packing Material (Including Goods in transit ₹20.74 Lacs ,Previous Year ₹10.29 Lacs)	1322.03	1334.71
Work -in-Process Note no.23	293.27	230.09
Finished Goods Note no.23	3451.48	3390.74
Stock in Trade Note no.23	3450.85	3525.00
(Including Goods in transit ₹8.65 Lacs,Previous Year ₹18.58 Lacs)		
Stores and Spares (Including Goods in transit ₹14.82 Lacs,Previous Year ₹4.78 Lacs)	1333.12	1283.58
	9850.75	9764.12

NOTES TO THE BALANCE SHEET

(₹ in Lacs)

	31.03.2012	31.03.2011
Note 16 TRADE RECEIVABLES		
(Unsecured, Considered Good Unless Stated Otherwise)		
Exceeding Six month from Due Date		
i) Good	359.02	423.27
ii) Doubtful	127.73	110.40
	486.75	533.67
Less: Provision for Doubtful Debt	127.73	110.40
	359.02	423.27
Others	13525.05	12509.52
	13884.07	12932.79
Note 17 CASH & BANK BALANCES		
Cash & Cash Equivalents		
Cash on Hand (Including Stamp in Hand ₹0.39 Lacs Previous year ₹0.18 Lacs)	10.26	13.20
Draft / Cheque in hand	27.31	99.82
Balance with Banks :		
Current Accounts	1391.41	833.91
Earmarked Balance with Banks		
Bank Deposit (Pledge with Government Department)	56.49	20.64
Unclaimed Dividend Accounts	6.70	4.30
Other Bank Balance		
Fixed Deposits held as Margin Money with Banks/ FI's	711.20	586.45
	2203.37	1558.32
Note 18 SHORT TERM LOANS AND ADVANCES		
(Unsecured, Considered Good Unless Stated Otherwise)		
Inter Corporate Deposits		
– To Subsidiary Company (Maximum Bal. ₹23.47 Lacs, Previous Year ₹43.50 Lacs)	0.00	23.47
– With Others	18.00	16.50
Advance Income Tax / Tax Deducted at Source	3874.98	2781.93
Balance with Government Authorities	952.20	680.18
Deposit with Others	169.98	176.05
Prepaid Expenses	121.27	58.08
Other Advances	906.65	1399.65
	6043.08	5135.86
Note 19 OTHER CURRENT ASSETS		
Accrued Interest	3.32	7.11
Export Incentive Receivable	72.69	68.41
Derivative Financial Assets	13.72	35.72
	89.73	111.24

NOTES TO THE PROFIT & LOSS ACCOUNTS

	(₹ in Lacs)	
	31.03.2012	31.03.2011
Note 20 REVENUE FROM OPERATIONS		
Sales of Tiles	51552.87	42936.96
Sale of traded goods (Refer note 2.23(A))	40556.85	32016.58
Other Operating Revenue		
Scrap Sales	192.59	224.27
Liabilities No Longer Required Written Back (Net)	21.09	79.25
Sundry Balance Written Back (Net)	0.81	14.22
Provision for Doubtful Debt Written Back	8.07	8.21
Insurance Claim	64.56	158.84
Gain on Foreign Exchange Flucturtion (Net)	0.00	114.64
	92396.84	75552.97
Less: Excise Duty	5073.52	4120.11
	87323.32	71432.86
Note 21 OTHER INCOME		
Interest Received	74.17	62.36
Dividend on Long-term Investments	1.74	1.33
Rent and Lease Rent Received	2.98	3.05
Profit on Sale of Fixed assets	15.05	23.16
Miscellaneous Receipts	12.59	31.82
	106.53	121.72
Note 22 COST OF MATERIALS CONSUMED		
Raw Material Consumed	12552.64	10364.16
Packing Material Consumed	2765.45	2382.14
	15318.09	12746.30

NOTES TO THE PROFIT & LOSS ACCOUNTS

	(₹ in Lacs)	
	31.03.2012	31.03.2011
Note 23 CHANGE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS AND STOCK-IN-TRADE		
Closing Stock*		
Finished Goods	3451.48	3390.74
Stock-in-Trade	3442.20	3506.42
Total Finished Goods	6893.68	6897.16
Work-in-Process	293.27	230.09
	7186.95	7127.25
Less:Opening Stock*		
Finished Goods	3390.74	2175.98
Stock-in-Trade	3506.42	2549.46
Total Finished Goods	6897.16	4725.44
Work-in-Process	230.09	196.12
	7127.25	4921.56
(Increase)/ Decrease in Stock	(59.70)	(2205.69)
Add / (Less): (Increase) Decrease in Excise duty on Stock	(89.96)	(97.96)
	30.26	(2107.73)

*Excluding Goods in Transit

Note 24 EMPLOYEE BENEFIT EXPENSE		
Salary, Wages, Bonus etc.	5934.50	4943.05
Contribution to Provident Fund and Other Funds	395.10	268.22
Workmen & Staff Welfare	222.68	219.45
	6552.28	5430.72

Note 25 FINANCE COST		
Interest	1937.55	1602.17
Other Borrowing Cost	75.44	109.84
Applicable Net Loss on Foreign Currency Transactions/ Translation	52.02	0.00
	2065.01	1712.01

NOTES TO THE PROFIT & LOSS ACCOUNTS

	(₹ in Lacs)	
	31.03.2012	31.03.2011
Note 26 OTHER EXPENSES		
Stores and Spare Parts Consumed	1777.62	1643.89
Power & Fuel	10917.40	8683.19
Repairs and Maintenance:		
Buildings	157.62	149.10
Plant & Machinery	166.42	158.97
Others	93.12	66.61
Rent	468.28	449.42
Rates & Taxes	77.71	77.95
Insurance	40.07	30.88
Travelling & Conveyance Expenses	790.76	755.27
Exchange Rate Difference (Net)	99.82	0.00
Directors' Fees	5.35	4.28
Non Executive Directors' Commission	35.00	35.00
Selling & Distribution Expenses	2371.24	1868.38
Discount	1031.13	675.01
Freight Outward and Handling Charges	2444.24	2901.73
Export Expenses	43.48	47.81
Advertisement Expenses	913.29	1250.02
Commission to Agents	359.28	423.85
Provision for Doubtful Debts	25.40	13.37
Bad Debts	0.00	0.61
Provision for Diminution in Value of Long Term Investment	2.71	0.79
Prior Period Adjustment(Net)	0.01	0.42
Sundry Balances Written Off (Net)	18.11	6.24
Loss on Sale of Fixed Assets	32.16	79.86
Fixed Assets Discard /Written Off	0.00	0.01
Legal & Professional,Telephone,Bank charges, Watch & ward etc.	977.73	943.41
	22847.95	20266.07

NOTES TO THE BALANCE SHEET AND THE STATEMENT OF PROFIT AND LOSS

Note 1 SIGNIFICANT ACCOUNTING POLICIES

1.1 Accounting Concepts

The financial statements have been prepared under the historical cost convention on accrual basis in compliance with applicable accounting standards notified by the companies (Accounting standards) Rules, 2006 and relevant provisions of the Companies Act, 1956.

1.2 Fixed Assets

- i) Fixed assets are shown at cost of acquisition and/or construction less accumulated depreciation and impairment losses.
- ii) Intangible assets are stated at cost less amortisation.
- iii) Pre-operative expenditure during the construction/erection period is included under capital work-in-progress and is allocated to the respective fixed assets on completion of construction/erection.

1.3 Depreciation, Amortisation and Impairment Loss

- a) Fixed assets are depreciated using written down value method except fixed assets of the floor tile unit (including vitrified tile plant) and addition made after 1st April, 1995 to plant and machinery of wall tile units, where depreciation is provided on a straight line method, at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956. Continuous process plants as defined in Schedule XIV have been considered on technical evaluation. Impaired assets are amortised over the estimated balance useful life.
- b) In case of indication of impairment of the carrying amount of the Company's assets, an asset recoverable amount is estimated. Impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Reversal of impairment loss recognised in prior periods is recorded when there is an indication that the impairment losses recognised for the assets no longer exist or have decreased. Post impairment, depreciation is provided on the revised carrying value of the asset over its remaining useful life.
- c) Intangible assets being computer software is amortised over a period of five years.

1.4 Transaction of Foreign Currency Items

Transactions denominated in foreign currencies are recorded at exchange rate prevailing at the time of transactions. Monetary items denominated in foreign currencies at the year end translated at exchange rates prevailing on the balance sheet date. Premium in respect of forward contract is accounted over the period of the contract. Exchange differences arising on settlement/translation of monetary items including forward contracts are dealt in the statement of Profit and Loss Account except foreign exchange loss/gain arising after 1st April, 2011 on long-term foreign currency monetary items used for depreciable assets, which are capitalised.

1.2 Investments

Long-term investments are stated at cost less provision for diminution in the value other than temporary. Current investments are stated at cost or market value whichever is lower.

1.6 Inventories

Inventories are valued at lower of cost and net realisable value except waste/scrap which is valued at net realisable value. Cost of raw materials and stores and spare parts is computed on weighted average basis. Cost of finished goods and stock in process is determined by taking material, labour and related overheads. Cost of finished goods includes excise duty.

1.7 Revenue expenditure on research and development is charged to Profit and Loss Accounts and capital expenditure is added to fixed assets.

1.8 Interest on Borrowings

Interest on borrowings is charged to the Profit and Loss Account for the year in which it is incurred except interest on borrowings for qualifying fixed assets which is capitalised till the date of commercial use of the asset.

NOTES TO THE BALANCE SHEET AND THE STATEMENT OF PROFIT AND LOSS

Note 1 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

1.9 Employee Benefits:

- a) **Defined Contribution Plan:**
Employee benefits in the form of Provident Fund (with Government Authorities), Employees' pension Scheme and Employees' State Insurance are defined as contribution plan and charged as expenses during the period in which the employees perform the services.
- b) **Defined Benefit Plan:**
Retirement benefits in the form of gratuity, long-term compensated leaves; other long-term employee benefit and provident fund (multi-employer plan) are considered as defined benefit obligations and are provided for on the basis of an actuarial valuation, using the projected unit credit method, according to the date of the Balance Sheet. Actuarial gain/losses, if any, are immediately recognised in the Profit and Loss Account.
- c) **Short-term employee benefit:**
Short-term benefits are charged off at the undiscounted amount in the year in which the related services rendered.

1.10 Government Grants

Grants from government relating to fixed assets are shown as a deduction from the gross value of fixed assets and those of the nature of project capital subsidy are credited to capital reserve. Other government grants including incentive, duty drawback among others are credited to Profit and Loss account or deducted from the related expenses.

1.11 Provision for Current and Deferred Tax

Provision for current tax liability of the Company is estimated considering the provisions of the Income Tax Act, 1961.

Deferred tax is recognised subject to the consideration of timing, differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

1.12 Intangible assets are being recognised if the future economic benefits attributable to the assets are expected to flow to the Company and cost of the assets can be measured reliably. The same are being amortised over the expected duration of benefits.

1.13 Use of accounting estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions in certain circumstances, affecting amounts reported in these financial statements and related notes. Actual results could differ from these estimates.

1.14 Contingent liability, contingent assets and provision

Contingent liabilities if material, are disclosed by way of notes, contingent assets are not recognised or disclosed in the financial statement, a provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle obligation(s), in respect to which an estimate can be made for the amount of obligation.

NOTES TO THE BALANCE SHEET AND THE STATEMENT OF PROFIT AND LOSS

Note 2 EXPLANATORY NOTES

2.1 Contingent liabilities and commitments (to the extent not provided for) (As certified by the Management)

		(₹ in Lacs)	
Sr. No.	Particulars	31.03.2012	31.03.2011
i)	Estimated amount of contracts remaining to be executed on capital account and not provided for [net of advances]	829.97	2064.84
ii)	Contingent liabilities not provided for in respect of: (As certified by the Management)		
a)	Claims and other demands against the Company not acknowledged as debts.	115.84	109.80
b)	Sales tax and purchase tax demands, among others against which the Company has preferred appeals.	200.72	164.76
c)	Excise/custom duty and service tax demands and show-cause notices issued against which the Company/Department has preferred appeals/filed replies.	361.86	390.87
d)	Disputed income tax and wealth tax demand (excluding penalty if any)	166.85	122.66
e)	Against the imposition of Local Area Development Tax (LADT) levied by Haryana Government, the Hon'ble Supreme Court of India vide its order dated 10th May 2006 has accepted the Company's application for stay. Further, Hon'ble Supreme Court vide their order dated 30th October 2009 stated the assessee to file the LADT returns; however, no recovery of tax will be made till further order. In the meantime, the Haryana Government has repealed the LADT Act and introduced another Act by the name of 'Entry Tax' on the same line, which was also been held ultra vires by the Hon'ble Punjab and Haryana High Court. Pending the final Order of the Hon'ble Supreme Court on the above matter And there is no act either LADT/Entry Tax prevalent in Haryana, no provision for the same is considered necessary by the Company for the period from 1st April, 2006. In this regard, liability provided but not paid amounting to ₹60 lacs for the financial year 2006-07 has been written back as advised to the Company.	439.13	318.97
iii)	Bond executed in favour of sales tax/custom authorities.	25.00	25.00
iv)	As against a term loan of ₹1,230 lacs (previous year ₹504 lacs) by a financial institution to M/s Schablona India Ltd (SIL), the Company has given an undertaking to the former for non-disposal of its shareholding in SIL.		
v)	The Company has entered into a Memorandum of Undertaking with a party for the purchase of ceramic tiles and accordingly has initially committed to invest up to ₹325 lacs (till date invested ₹200 lacs) in a phase manner for acquiring 26% equity stake in the target company.		

2.2 Sales are reported net of trade discounts and returns and export benefits of ₹67.34 lacs (previous year ₹55.29 lacs).

2.3 Since it is not possible to ascertain with reasonable certainty the quantum of accrual in respect of certain insurance and other claims and interest on overdue bills from customers, the same are continued to be accounted for as and when received/settled.

2.4 Other long-term liabilities include encashment of bank guarantee in earlier years amounting to ₹202.50 lacs (previous year ₹202.50 lacs) provided by the supplier of machinery. The supplier of machinery has challenged the encashment of bank guarantee and the case is pending before Hon'ble High Court of Delhi and Kolkata. Pending decision, no adjustment has been carried out in accounts.

2.5 (a) Exceptional item (net) includes provision for diminution in the value of investment of the joint venture company – M/s Somany Keraban Private Limited (SKPL) of ₹77.30 lacs and write back of liability towards LADT of ₹60 lacs {Refer note 2.1(ii) (e)}.

(b) Debtors and advance recoverable in cash/kind (net) includes amount due from JV Company (SKPL) amounting to ₹41.17 lacs and ₹6.17 lacs respectively, for which management is confident of full recovery and accordingly the same has been considered good.

2.6 The Company has not received full information from vendors regarding their status under Micro, Small and Medium Enterprises Development Act,

NOTES TO THE BALANCE SHEET AND THE STATEMENT OF PROFIT AND LOSS

Note 2 EXPLANATORY NOTES (Contd.)

2006 (MSMED ACT); hence, disclosure relating to amount unpaid at year end together with interest paid/payable have been given based on the information so far available with the Company/identified by the Company management. The detail of the same is as under:-

		(₹ in Lacs)	
Sr. No.	Particulars	31.03.2012	31.03.2011
a) i)	Principal amount remaining unpaid at the end of the accounting year	-	-
	ii) Interest due on above	-	-
b) i)	Interest paid by the Company in terms of Section 16 of MSMED Act.	-	-
	ii) Payment made to supplier beyond the appointed day during the year.	-	-
c)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year) but without adding interest specified under this Act.	-	-
d)	The amount of interest accrued and remaining unpaid at the end of financial year.	-	-
e)	The amount of further interest remaining due and payable even in succeeding years, until such date when the interest due as above are actually paid.	-	-

2.7 The major components of Deferred Tax Liability and Deferred Tax Assets are as under:

		(₹ in Lacs)	
Particulars	31.03.2012	31.03.2011	
Deferred Tax Liability			
Related to Depreciable Assets	2,676.81	2,689.80	
Deferred Tax Assets			
Provisions for Doubtful Debts	41.44	36.67	
Disallowance under Income Tax Act, 1961	100.21	86.69	
	141.65	123.36	
Deferred Tax Liability (Net)	2,535.16	2566.44	
Deferred tax Liability/(Assets) for the year	(31.28)	246.39	

2.8 Employee benefits:

a) The status of the gratuity, leave encashment and sick leave as at 31st March 2012 is as follows:

		(₹ in Lacs)			
	Gratuity (Funded)	Leave Encashment and Sick Leave (Non-Funded)	Gratuity (Funded) (Previous Year)	Leave Encashment and Sick Leave (Non-Funded) (Previous Year)	
I. Expense recognised in the statement of Profit and Loss					
a) Current service cost	58.59	44.27	53.68	40.12	
b) Past service cost	-	-	55.13	-	
c) Interest cost	48.23	18.41	43.13	13.72	
d) Expected return on plan assets	(56.45)	-	(53.01)	-	
e) Curtailment cost /(credit)	-	-	-	-	
f) Settlement cost /(credit)	-	-	-	-	
g) Net actuarial (gain)/loss recognised in the period	76.10	44.76	56.40	19.77	
h) Total expenses	126.47	107.44	42.53	73.61	

NOTES TO THE BALANCE SHEET AND THE STATEMENT OF PROFIT AND LOSS

Note 2 EXPLANATORY NOTES (Contd.)

2.8 Employee benefits: (Contd.)

(₹ in Lacs)

	Gratuity (Funded)	Leave Encashment and Sick Leave (Non-Funded)	Gratuity (Funded) (Previous Year)	Leave Encashment and Sick Leave (Non-Funded) (Previous Year)
II. Net assets/(liability) recognised in the Balance sheet as at 31st March 2012				
a) Present value of obligation as at the end of the period	679.88	260.68	604.87	216.61
b) Fair value of plan assets as at the end of the period	674.21	–	705.66	–
c) Funded status	(5.67)	(260.68)	100.79	(216.61)
d) Net asset/(liability) recognised in balance sheet	(5.67)	(260.68)	–	(216.61)
III. Change in present value of obligation				
a) Present value of obligation as at the beginning of the period	604.87	216.61	559.30	171.54
b) Acquisition adjustment	–	–	–	–
c) Interest cost	48.23	18.41	43.13	13.72
d) Past service cost	–	–	55.53	–
e) Current service cost	58.59	44.27	53.68	40.12
f) Curtailment cost/(credit)	–	–	–	–
g) Settlement cost/(credit)	–	–	–	–
h) Benefits paid	(75.01)	(63.36)	(40.30)	(28.55)
i) Actuarial (gain)/loss on obligation	43.20	44.76	66.06	19.77
j) Present value of obligation as at the end of period.	679.88	260.68	604.87	216.61
IV. Changes in the fair value of plan assets				
a) Fair value of plan assets at the beginning of the period	705.66	–	662.62*	–
b) Acquisition adjustment	–	–	–	–
c) Expected return on plan assets	–	–	–	–
d) Contributions	20.00	–	40.00	–
e) Benefits paid	(75.01)	–	(40.30)	–
f) Actuarial gain/(loss) on plan assets	(32.90)	–	(9.67)	–
g) Fair value of plan assets at the end of the period	674.21	–	705.66	–
V. The major category of plan assets as a percentage of total plan				
Mutual funds	100%		100%	
Government securities	0%		0%	
Bank	0%		0%	

NOTES TO THE BALANCE SHEET AND THE STATEMENT OF PROFIT AND LOSS

Note 2 EXPLANATORY NOTES (Contd.)

2.8 Employee benefits: (Contd.)

(₹ in Lacs)

	Gratuity (Funded)	Leave Encashment and Sick Leave (Non-Funded)	Gratuity (Funded) (Previous Year)	Leave Encashment and Sick Leave (Non-Funded) (Previous Year)
VI. Actuarial assumptions				
Economic assumptions:				
Discounting rate	8.50 %		8.00 %	
Future salary increase	5.00 %		5.00 %	
Expected rate of return on plan assets	8.00 %		10.00 %	
Demographic assumptions:				
Retirement age	58		58	
Mortality table	LIC (1994-96) duly modified		LIC (1994-96) duly modified	
Withdrawal rates	Ages	Withdrawal rate (%)	Ages	Withdrawal rate (%)
	Up to 29 years	1.00	Up to 29 years	1.00
	Up to 45 years	3.00	Up to 45 years	3.00
	Above 45 years	6.00	Above 45 years	6.00

* Based on the actuarial valuation done by an actuary appointed during the year.

- (b) Amounts recognised as an expense/(income) and included in the Note Number 24 are as under:
- (i) Contributions to Provident and other Funds' of the statement of Profit and Loss Account includes ₹292.47 lacs (previous year ₹258.98 lacs) towards contribution to Provident Fund [including ₹92.55 lacs (previous year ₹75.69 lacs) towards Somany Provident Fund, a multi-employer plan, refer to (c) below].
- (c) The Guidance issued by the Accounting Standard Board (ASB) on implementing AS-15, Employee Benefits (revised 2005) states that provident funds set up by employers, the investment and actuarial risk of which fall on the employer, needs to be treated as defined benefit plan. Pending determination of liability in view of issues in making reasonable actuarial assumptions and due to the non-availability of other sufficient information to use defined benefit accounting for such multi-employer plan. Its effect in this respect has not been ascertained and the same has been accounted for, as defined contribution plan. The Fund has a surplus, determined net of investments less corpus (contribution plus interest thereon). However, according to the management, the impact, if any, that may arise on considering it as defined benefit plan, is not expected to be material.
- (d) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- (e) The expected return on the plan assets is determined by considering several applicable factors mainly the composition of the plan assets held, assessed risks of assets management, historical results of return on plan assets and the policy for plan assets management.
- (f) The principal assumptions are the discount rate and salary growth rate. The discount rate is generally based upon the market yields available on Government bonds at the accounting date with a term that matches that of the liabilities.

NOTES TO THE BALANCE SHEET AND THE STATEMENT OF PROFIT AND LOSS

Note 2 EXPLANATORY NOTES (Contd.)

2.9 The business activity of the Company falls within a single primary business segment namely 'Ceramic Tiles and allied products' and basically sale of the product is within the country. Hence, the disclosure requirement of Accounting Standard 17 of 'Segment Reporting' notified under Companies (Accounting Standards) Rules, 2006 is not considered applicable.

2.10 Related Party Transactions (As certified by the Management)

A. Names of related parties where control exists and nature of relationship:

Subsidiary Company : M/s SR Continental Ltd.
M/s Somany Global Ltd. (Formerly Somany Retail Ltd)

B. Other related parties with whom transactions have taken place and description of relationship:

1. Joint Venture : M/s Somany Keraban Private Ltd.
2. Key Management Personnel : Mr. Shreekant Somany, Chairman & Managing Director.
Mr. Abhishek Somany, Joint Managing Director.
(Son of Chairman & Managing Director)
3. Relatives of Key Management Personnel : Mrs. Minal Somany
(Wife of Joint Managing Director)
Mrs. Anjana Somany
(Wife of Chairman and Managing Director and Mother Of Joint Managing Director)
4. Associate Company : Vintage Tiles Private Ltd.
5. Associate : Scope Vinimoy Limited

C. Details of transactions with related parties

	31.03.2012	31.03.2011
	(₹ in Lacs)	
SR Continental Ltd.		
Purchase of goods	395.49	257.72
Sale of goods	51.74	1.52
Job work charges	36.99	39.59
Rent received	0.06	0.06
Rent paid	1.08	1.08
Interest paid	5.67	4.00
Inter-corporate loans taken	105.00	53.00
Repayment of inter-corporate loans (including interest)	84.30	27.30
Expenses incurred on their behalf	32.76	12.67
Sundry balances written off	1.01	-
Outstanding at the year-end:		
Sundry debtors	11.04	0.62
Advance against supply	2.77	99.43
Unsecured loans	75.00	54.30
Co-surety taken	12.50	12.50
Somany Global Ltd.		
Expenses incurred on their behalf	32.79	39.55
Inter-corporate loans received back	20.00	10.00
Interest received	4.19	13.50

NOTES TO THE BALANCE SHEET AND THE STATEMENT OF PROFIT AND LOSS

Note 2 EXPLANATORY NOTES (Contd.)

C. Details of transactions with related parties (Contd.)

	31.03.2012	31.03.2011
	(₹ in Lacs)	
Sales of goods (including samples)	193.76	209.65
Incentive paid	5.82	5.70
Outstanding at the year-end:		
Advance received against supply	8.46	–
Sundry debtors	–	13.80
Unsecured loans given	–	20.00
Interest accrued but not due	–	3.47
Somany Keraben Private Ltd.		
Advances given for asset/material	0.75	17.00
Expenses incurred on behalf of Somany Keraben Pvt. Ltd.	0.16	1.08
Purchase of fixed assets	1.61	9.69
Settlement/Claims	50.00	–
Diminution in the value of investments	77.30	–
Outstanding at the year-end:		
Sundry debtors	41.17	91.03
Sundry creditors	1.52	1.52
Advances	7.69	8.40
Scope Vinimoy Private Ltd.		
Interest paid	–	1.27
Repayment of inter-corporate loans	–	113.00
Outstanding at the year-end:		
Unsecured loans	–	–
Mr. Shreekant Somany		
Remuneration paid	117.35	78.22
Commission	89.52	114.46
Mr. Abhishek Somany		
Remuneration paid	100.41	72.08
Rent paid	6.82	6.24
Outstanding at the year-end	0.52	–
Commission	106.46	115.60
Mrs. Anjana Somany		
Remuneration paid	–	0.02
Mrs. Minal Somany		
Rent paid	7.52	6.88
Outstanding at the year-end	0.58	–
Remuneration paid	14.42	4.49
Vintage Tiles Private Limited		
Purchase of goods	1,152.03	–
Outstanding at the year-end	216.50	–

NOTES TO THE BALANCE SHEET AND THE STATEMENT OF PROFIT AND LOSS

Note 2 EXPLANATORY NOTES (Contd.)

2.11 Interest in Joint Venture Company

- a) Company's contribution in the joint venture (by the name Somany Keraben Private Ltd., a 50:50 Joint Venture Company) till 31st March, 2012 is ₹77.30 lacs (previous year Rs 77.30 lacs) towards share capital of Joint Venture entity.

Pursuant to Accounting Standard 27 'Financial Reporting of Interests in Joint Venture' the relevant information relating to Joint Venture Company (JVC) are given below:

Name of the JVC	Country of Incorporation	Proportion of Ownership Interest
Somany Keraben Private Limited	India	50%

- a) The Company's share in the aggregate amounts of each of the assets, liabilities, income, expense, contingent liabilities and capital commitments as at/for the years ended 31st March 2012 in the above Company, as per its unaudited financial statements is as under:

Proportion of Company's Interest in JVC	(₹ in Lacs)	
	2011-12 (Unaudited)*	2010-11 (Audited)**
Assets		
Fixed assets(net block) (including CWIP)	0.61	1.67
Investments	–	–
Inventories	–	–
Sundry debtors	–	–
Cash and bank balances	0.02	0.05
Loans and advances	29.26	29.29
Miscellaneous expenditure	–	–
Liabilities		
Share application money	–	–
Secured loans	–	–
Unsecured loans	–	–
Current liabilities and provisions	32.01	33.45
Income		
Income from operations less excise duty	–	–
Other incomes	2.35	27.26
Expenses		
Administrative and other expenses	1.65	27.65
Interest and financial charges	0.03	0.17
Depreciation	0.35	1.53
Provision for tax	–	–

*Unaudited and certified by the management

** Revised as subsequent to the adoption and made available to the Company.

NOTES TO THE BALANCE SHEET AND THE STATEMENT OF PROFIT AND LOSS

Note 2 EXPLANATORY NOTES (Contd.)

2.12 Earning Per Share: The numerators and denominators used to calculate basic and diluted earnings per share:

		31.03.2012	31.03.2011
Profit/(Loss) attributable to the equity share holders (₹in lacs)	(A)	2,475.18	2,342.78
Weighted average number of equity shares outstanding during the year	(B)	34,497,000	34,497,000
Nominal value of equity shares (Rs.)		2	2
Basic earning per share (Rs.)	(A/B)	7.18	6.79
Diluted earning per share (Rs.)	(A/B)	7.18	6.79

2.13 Capital work in progress includes machinery under installation and/or in transit, construction/erection material and pre-operative expenses pending allocation/appropriation. The details of pre-operative expenses are as follows:

		31.03.2012	31.03.2011
(₹ in Lacs)			
Opening Balance		106.98	86.10
i) Power and fuel		–	43.05
ii) Raw material consumed		1.89	36.25
iii) Stores and spares consumed		–	0.74
iv) Salary/Wages		–	26.35
v) Travelling expenses		0.13	6.72
vi) Interest on term loans		–	16.91
vii) LC Charges /Bank Charges		2.88	17.00
viii) Legal and professional charges		–	36.41
ix) Foreign technology expenses		3.17	38.35
x) Others		–	23.09
Total		115.05	330.97
Less: Allocated to fixed assets/adjusted		27.36	223.99
Closing Balance		87.69	106.98

2.14 Research and development expenditure on revenue account amounting to ₹21.37 lacs (previous year ₹28.66 lacs) has been charged to Profit and Loss account.

2.15 In the opinion of the management, current assets and loans and advances have a value on realisation in ordinary course of business at least equal to the amount at which they are stated.

2.16 Balances of certain trade receivables, trade payables, other liabilities and other advances are in process of confirmation or reconciliation.

2.17 Profit and/or Loss on sale of stores and raw materials remain adjusted in respective consumption accounts.

NOTES TO THE BALANCE SHEET AND THE STATEMENT OF PROFIT AND LOSS

Note 2 EXPLANATORY NOTES (Contd.)

2.18 (a) Foreign exchange derivatives and exposures outstanding at the year-end:

(₹ in Lacs)

Name	Amount in Foreign Currency 2012	Amount (in lacs Equivalent) 2012	Amount in Foreign Currency 2011	Amount (in lacs Equivalent) 2011
Derivatives				
Option	–	–	EURO 8,75,000	557.20
Option	–	–	EURO 5,00,000	318.40
Forward contract	EURO 8,75,000	603.57	EURO 5,00,000	318.40
Forward contract	EURO 2,41,729	174.66	–	–
Forward contract	USD 7,39,883	396.00	–	–
Open Exposures				
Receivables	USD 4,44,830	226.42	USD 3,56,589	158.36
Receivables	GBP 4,589	3,72,704	GBP 10,592	7.54
Payables	USD 6,39,708	328.53	USD 17,74,197	792.55
Payables	EURO 22,96,542	1,573.13	EURO 10,29,525	652.03

The Company uses derivative instruments for hedging and/or reducing finance cost.

- 2.19 i) Debtors include due from subsidiaries and joint venture Company amounting to ₹11.04 lacs (previous year Rs 14.43 lacs) and ₹41.17 lacs (previous year ₹91.03 lacs) respectively.
- ii) The Company has investment of ₹50 lacs in its wholly-owned subsidiary – M/s Somany Global Limited (SGL) which has substantial carry forward losses. In view of this the management, considering the profit in SGL in past two years and Company's long-term strategic investment, no provision of diminution in the value of investment in SGL has been considered in these financial statements.
- 2.20 In view of option allowed by the Ministry of Corporate Affairs vide its notification dated 29th December, 2011 on Accounting Standard -11 'The Effects of Changes in Foreign Exchange Rates', the Company during the year has charged to cost of depreciable assets the exchange difference on loan/liability (long-term foreign currency monetary items) used for depreciable assets which were hitherto charged to the statement of profit and loss. Accordingly, the exchange difference of ₹89.95 lacs has been charged to the cost of depreciable fixed assets and to the extent profit for the year is higher.
- 2.21 In terms of agreement dated 13th January 2012, the Company has acquired ₹23.40 lacs fully paid up equity shares of ₹10 each at the rate of Rs 21.50 per share, amounting to ₹503.10 lacs, representing 26% equity stake in M/s Vintage Tiles Private Limited (VTPL). By this agreement, the Company is having right to buy entire production of 26.50 lacs square metre per annum of polished vitrified tiles from VTPL.

NOTES TO THE BALANCE SHEET AND THE STATEMENT OF PROFIT AND LOSS

Note 2 EXPLANATORY NOTES (Contd.)

2.22 (a) Payments to Auditors :

	31.03.2012	31.03.2011
Statutory audit fees	4.45	4.45
Tax audit fees	1.00	1.00
Certification fee	2.49	3.51
Other services	3.50	-
Reimbursement of expenses	1.13	0.50
Total	12.57	9.46

(b) Directors' Remuneration:

	31.03.2012	31.03.2011
Managerial Remuneration (To Managing Director and Joint Managing Director)		
i) Salary *	135.75	89.75
ii) House Rent Allowance	43.25	37.15
iii) Contribution to Provident Fund	16.29	10.77
iv) Leave Encashment	11.05	-
v) Perquisites (As per Income Tax valuation)	11.42	12.63
vi) Commission	195.98	230.06
Total	413.74	380.36

* Excluding provision for leave encashment liability provided on actuarial valuation basis payable to Managing Director, Joint Managing Director and Executive Director at the end of the tenure. Liability for gratuity funded with SPL Gratuity Fund hence cannot be ascertained separately.

2.23 (A) Purchases, stocks and sales of trading goods

Particulars	Tiles	Sanitary ware	CP Fittings	Others	Total
Opening stock	2,882.35	432.79	176.79	33.07	3,525.00
	(2,261.66)	(171.83)	(91.51)	(24.46)	(2,549.46)
Purchases	33,176.30	1,256.09	492.28	283.33	35,208.00
	(26,767.70)	(1,223.68)	(370.89)	(47.30)	(28,409.57)
Closing stock	2,737.48	458.53	178.35	76.49	3,450.85
	(2,882.35)	(432.79)	(176.79)	(33.07)	(3,525.00)
Sales	37,708.34	1,893.26	610.20	345.05	40,556.85
	(30,129.55)	(1,474.70)	(365.13)	(47.20)	(32,016.58)

Note: Figures in bracket shows previous year figures

(B) Raw Material/Packing Material Consumed

	2011-12	2010-11
Clay and minerals	5,557.77	4,858.55
Chemicals and glaze materials	6,994.87	5,505.61
Packing material	2,765.45	2,382.14
Total	15,318.09	12,746.30

NOTES TO THE BALANCE SHEET AND THE STATEMENT OF PROFIT AND LOSS

Note 2 EXPLANATORY NOTES (Contd.)

(C) Value of Imported & Indigenous Raw Materials/Packing and Spares Consumed

	Raw Materials/ Packing Material				Stores, Spares among others			
	2011-2012		2010-2011		2011-2012		2010-2011	
	In lacs	%	In lacs	%	In lacs	%	In lacs	%
Imported	526.41	3.44	413.62	3.25	653.00	36.73	522.45	31.78
Indigenous	14,791.68	96.56	12,332.68	96.75	1,124.62	63.27	1,121.44	68.22
	15,318.09	100.00	12,746.30	100.00	1,777.62	100.00	1,643.89	100.00

(D) Details of Work-in-process

	2011-12		2010-11	
	(₹ in Lacs)		(₹ in Lacs)	
Body	80.04	63.66		
Glaze	126.34	101.40		
Semi finished goods	86.89	65.03		
Total	293.27	230.09		

(E) C.I.F. Value of Imports

	2011-12		2010-11	
	(₹ in Lacs)		(₹ in Lacs)	
Raw materials	404.44	456.23		
Spare parts	715.57	624.21		
Capital goods	1,204.62	230.78		
Trading goods	4,210.23	3,637.15		

(F) Expenditure in Foreign Currency

	2011-12		2010-11	
	(₹ in Lacs)		(₹ in Lacs)	
Travelling expenses	53.63	33.70		
Commission to selling agents	8.99	16.43		
Export promotion	6.06	–		
Others	10.03	6.25		

(G) Earnings in Foreign Currency

	2011-12		2010-11	
	(₹ in Lacs)		(₹ in Lacs)	
Exports on FOB basis	1,115.76	727.95		

2.24 The previous year's figures have been regrouped, rearranged and recast as per Revised Schedule VI as notified by notification number S.O. 447(E) dated 28th February 2011 (as amended by F. No 2/6/2008-CL-V dated 30th March 2011).

As per our report of even date
For Lodha & Co.
Chartered Accountants
(ICAI FRN. NO.: 301051E)

For and on Behalf of Board of Directors

N. K. Lodha
Partner
M.NO. 85155

Shreekant Somany
Chairman & Managing Director

Abhishek Somany
Joint Managing Director

Ambrish Julka
AGM (Legal) and Company Secretary

Place: New Delhi
Dated : The 19th day of May, 2012

CONSOLIDATED AUDITORS' REPORT

To

The Board of Directors of
Somany Ceramics Limited

On the Consolidated Financial Statements of Somany Ceramics Limited, its subsidiaries, joint venture and associate

1. We have examined the attached consolidated Balance Sheet of Somany Ceramics Limited, its subsidiary, joint venture and interest in associates as at 31st March 2012, and the consolidated statement of Profit and Loss and also the consolidated Cash Flow Statement for the year then ended.
 2. These financial statements are the responsibility of the Somany Ceramics Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial presentation. We believe that our audit provides a reasonable basis for our opinion.
 3. We did not audit the financial statements of subsidiary (namely SR Continental Ltd), whose financial statements reflect total assets of ₹604.74 lacs as at 31st March 2012 and total revenues of ₹ 876.65 lacs for the year then ended. These financial statements have been audited by other auditor, whose report have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of the subsidiary, is based solely on the report of the other auditor.
 4. We have relied on the unaudited financial statements of a Joint Venture wherein the Company's share of losses aggregate to ₹79.42 lacs. These financial statements have been certified by Management and have been furnished to us (read with note no. 2.11), and in our opinion, insofar as it relates to the amounts included in respect of a Joint Venture, are based solely on the these certified financial statements.
 5. We have relied on the unaudited financial statements of a Associate namely Vintage Tiles Pvt. Ltd. whose financial statements reflect total assets of ₹ 4146.01 lacs as at 31st March 2012 and total revenues of ₹996.57 lacs for the year then ended. These financial statements have been certified by Management and have been furnished to us us (read with note no. 2.12), and in our opinion, insofar as it relates to the amounts included in respect of the associate, are based solely on the these certified financial statements.
 6. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, "Consolidated Financial Statements" and (AS) 23 "Accounting for Investments in Associates in Consolidated Financial Statement" notified under Companies (Accounting Standards),2006 and on the basis of the separate audited financial statements of Somany Ceramics Limited, its subsidiaries, joint venture and interest in associates are included in the consolidated financial statements.
- On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of Somany Ceramics Limited, its subsidiaries, joint venture and interest in associate (attention is invited and read with us (read with note no. 2.10, 2.11 and 2.12) included in the consolidated financial statements read together with other Notes on Accounts of Consolidated Financial Statements, we are of the opinion that:
- (a) the consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of Somany Ceramics Limited, its subsidiaries and joint venture and interest in associate as at 31st March 2012;
 - (b) the consolidated Statement of Profit & Loss gives a true and fair view of the consolidated results of operations of Somany Ceramics Limited, its subsidiaries and joint venture and interest in associate for the year then ended; and
 - (c) the consolidated Cash Flow Statement gives a true and fair view of the consolidated cash flows of Somany Ceramics Limited, its subsidiaries and joint venture and interest in associate for the year ended on that date.

For LODHA & Co.

Chartered Accountants

Firm Registration No. 301051E

N. K. Lodha

Partner

M.No. 85155

Place: New Delhi

Date: The 19th day of May, 2012

Consolidated Balance Sheet as at 31st March, 2012

(₹ in Lacs)

	Note No.	31.03.2012	31.03.2011
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	689.94	689.94
Reserves & Surplus	4	11899.44	9696.71
		12589.38	10386.65
Non- current Liabilities			
Long term Borrowings	5	6724.68	6823.85
Deffered Tax Liabilities (Net)		2537.71	2567.24
Other Long-term Liabilities	6	1421.57	1271.21
Long-term Provisions	7	232.62	201.17
		10916.58	10863.47
Current Liabilities			
Short-term Borrowings	8	8327.44	8962.37
Trade Payables	9	11138.64	9698.10
Other Current Liabilities	10	5720.46	5200.69
Short-term Provisions	11	4244.03	3063.32
		29430.57	26924.48
Total		52936.53	48174.60
ASSETS			
Non-current Assets			
Fixed Assets			
Tangible Assets	12	19035.41	17298.04
Intangible Assets	12	75.38	72.08
Capital work-in-Progress		329.67	282.38
		19440.46	17652.50
Non-current Investments	13	519.34	99.14
Long-term Loans and Advances	14	504.98	737.94
Total		20464.78	18489.58
Current Assets			
Inventories	15	10056.57	9881.62
Trade Receivables	16	13996.84	12934.58
Cash and Bank Balances	17	2222.96	1582.09
Short-Term Loans and Advances	18	6105.65	5175.49
Other Current Assets	19	89.73	111.24
		32471.75	29685.02
Total		52936.53	48174.60
The accompanying Notes are integral part of the Financial Statements			

As per our report of even date

For **Lodha & Co.**

Chartered Accountants

(ICAI FRN. NO.: 301051E)

For and on Behalf of Board of Directors

N. K. Lodha

Partner

M.NO.85155

Shreekant Somany

Chairman & Managing Director

Abhishek Somany

Joint Managing Director

Ambrish Julka

AGM (Legal) and Company Secretary

Place: New Delhi

Dated : The 19th day of May, 2012

CONSOLIDATED STATEMENT OF PROFIT & LOSS for the year ended 31st March, 2012

(₹ in Lacs)

	Note No.	31.03.2012	31.03.2011
INCOME			
Revenue from Operations	20	87903.75	71992.98
Other Income	21	116.82	121.22
Total Revenue		88020.57	72114.20
Expenses:			
Cost of Materials Consumed	22	15241.63	12735.14
Purchases of Stock-in-Trade		35678.00	28765.71
Change in Inventories of Finished Goods			
Work-in-process and Stock-in-Trade	23	(44.32)	(2150.96)
Employee Benefit Expense	24	6649.58	5514.72
Finance Costs	25	2066.82	1710.05
Depreciation and Amortization Expense	12	1833.72	1746.57
Other Expenses	26	22957.06	20354.73
Total Expenses		84382.49	68675.96
Profit Before Exceptional and Extraordinary Items and Tax		3638.08	3438.24
Exceptional items (Net)		17.30	0.00
Profit before tax		3620.78	3438.24
Extraordinary Items		-	-
Profit before tax		3620.78	3438.24
Tax Expense:			
(1) Current tax		1138.34	805.75
(2) Deferred tax charges/credit		(29.53)	246.04
(3) Tax for Earlier Year		1.13	0.03
Profit After Tax		2510.84	2386.42
Share in Profit of Associate		0.32	0.00
Profit after tax (including associate)		2511.16	2386.42
Earnings per Equity Share (₹)			
Basic		7.28	6.92
Dilutive		7.28	6.92
The accompanying Notes are an integral part of the Financial Statements.			

As per our report of even date
For **Lodha & Co.**
Chartered Accountants
(ICAI FRN. NO.: 301051E)

For and on Behalf of Board of Directors

N. K. Lodha
Partner
M.NO.85155

Shreekant Somany
Chairman & Managing Director

Abhishek Somany
Joint Managing Director

Ambrish Julka
AGM (Legal) and Company Secretary

Place: New Delhi
Dated : The 19th day of May, 2012

CONSOLIDATED CASH FLOW STATEMENT for the year ended 31st March, 2012

(₹ in Lacs)

	31.03.2012	31.03.2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX & EXCEPTIONAL ITEMS as per Statement of Profit & Loss Account	3,638.08	3,438.24
I. ADJUSTED FOR :		
Depreciation	1,833.72	1,746.57
Interest and Finance Charges	2,066.82	1,854.83
Interest Received	(73.44)	(59.47)
Dividend Income	(4.87)	(3.67)
Unrealized Foreign Exchange Loss (Net)	53.91	8.65
Diminution in the value of Investment (net)	5.91	0.79
Provision for Doubtful Debts (written Off) (net)	17.14	5.16
Bad Debts	1.06	0.61
Liabilities no longer required written back (net)	(24.81)	(79.79)
Sundry Balances written off / (back) (net)	16.13	(11.43)
(Profit) Loss on sale / Discard of Fixed Assets/ Assets written off (net)	22.16	63.83
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	7,551.81	6,964.32
II. CHANGES IN		
Trade & Other Receivable	(789.41)	(2,406.16)
Inventories	(174.95)	(2,723.29)
Trade Payable	2,709.94	1,400.19
Cash Generated from Operation	9,297.39	3,235.06
Income Taxes Refund /(paid)	(1,102.50)	(884.15)
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	8,194.89	2,350.91
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(3,499.45)	(3,501.84)
Sale of Fixed Assets	59.50	42.83
Purchase of Current Investment	(503.10)	(0.40)
Interest Received	77.23	23.97
TDS on Interest	(5.91)	(7.47)
Dividend Received	4.87	3.67
NET CASH USED IN INVESTING ACTIVITIES (B)	(3,866.86)	(3,439.24)

CONSOLIDATED CASH FLOW STATEMENT for the year ended 31st March, 2012

(₹ in Lacs)

	31.03.2012	31.03.2011
C. CASH FLOW FROM FINANCING ACTIVITIES		
Long Term Loans raised during the year	1,297.07	2,879.18
Repayment of Long Term Loans	(1,962.92)	(1,899.08)
Increase / (Decrease) in Short Term Loans	(693.27)	2,203.60
Interest Paid	(2,049.78)	(1,842.94)
Dividend Paid	(278.26)	(240.00)
NET CASH USED IN FINANCING ACTIVITIES (C)	(3,687.16)	1,100.76
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	640.87	12.43
CASH AND CASH EQUIVALENTS		
Opening		
Cash & Cash Equivalent	970.70	1,092.64
Other Bank Balances	611.39	477.02
	1,582.09	1,569.66
Closing		
Cash & Cash Equivalent	1,448.57	970.70
Other Bank Balances	774.39	611.39
	2,222.96	1,582.09
Net increase/Decrease in Cash and Cash Equilants	640.87	12.43

Notes :

a) Cash & Cash Equivalents represents cash and bank balances.(Note No.17)

b) Figures for the previous year have been regrouped/rearranged wherever considered necessary.

As per our report of even date

For and on Behalf of Board of Directors

For **Lodha & Co.**

Chartered Accountants

(ICAI FRN. NO.: 301051E)

N. K. Lodha

Partner

M.NO.85155

Shreekant Somany

Chairman & Managing Director

Abhishek Somany

Joint Managing Director

Amrish Julka

AGM (Legal) and Company Secretary

Place: New Delhi

Dated : The 19th day of May, 2012

NOTES TO THE CONSOLIDATED BALANCE SHEET

	31.03.2012	31.03.2011
		(₹ in Lacs)
Note 3 SHARE CAPITAL		
Authorised		
Equity Shares 125,000,000 (Previous year 125,000,000) of ₹2 /-each	2500.00	2500.00
Issued, Subscribed and Paid up		
Equity Shares 34,497,000(previous year 34,497,000) of ₹2/- each fully paid up	689.94	689.94
	689.94	689.94
Notes :		
(a) Reconciliation of Equity Share Capital (In numbers)		
Shares outstanding at the beginning of the year	34,497,000	34,497,000
Add : Shares issued during the year	-	-
Less : Shares bought back during the year	-	-
Shares outstanding at the end of the year	34,497,000	34,497,000
(b) Equity Shares:		
The Company has only one class of Equity Shares having face value of ₹2/- each and each shareholder is entitled to one vote per share.Each shareholders have the right in profit / surplus in proportion to amount paid up with respect to share holder. In the event of winding up, the equity shareholders will be entitled to receive the remaining balance of assets if any, in proportionate to their individual shareholding in the paid up equity capital of the the company.		
(c) List of shareholders holding more than 5% of the Equity Share Capital of the Company (In numbers)		
i) Bhilwara Holding Limited	9,009,840	9,009,840
ii) Sarvottam Vanijay Limited	6,212,980	6,212,980
iii) Scope Vinimoy Private Limited	3,491,075	3,491,075
	18,713,895	18,713,895

NOTES TO THE CONSOLIDATED BALANCE SHEET

	31.03.2012	31.03.2011
(₹ in Lacs)		
Note 4 RESERVES AND SURPLUS		
Capital Reserve		
Balance at the Beginning of the Year	45.00	45.00
Addition/Transfer During the Year	0.00	0.00
Closing Balance	45.00	45.00
Capital Redemption Reserve		
Balance at the Beginning of the Year	0.03	0.03
Addition/Transfer During the Year	0.00	0.00
Closing Balance	0.03	0.03
General Reserve		
Balance at the Beginning of the Year	3408.87	3158.87
Addition During the Year	250.00	250.00
Closing Balance	3658.87	3408.87
Surplus in Statement of Profit & Loss Account		
Balance at the Beginning of the Year (Refer note no 2.11)	6255.13	4387.05
Net Profit for the Current Year	2511.16	2386.42
Amount Available for Appropriation	8766.29	6773.47
Less:- Appropriation:		
Transfer to General reserve:	250.00	250.00
Proposed Dividend	275.98	241.48
Corporate Dividend Tax	44.77	39.18
Closing Balance	8195.54	6242.81
Total	11899.44	9696.71
Note 5 LONG-TERM BORROWINGS		
Secured		
Term Loans		
– From Banks	5138.63	5825.87
– From Financial Institutions	1500.00	1561.49
Car Loans		
From Banks	239.38	208.16
From Others	110.32	59.23
Deferred Payment Liabilities	1338.93	1236.06
	8327.26	8890.81
Less: Current Maturities of Long Term Borrowings		
– From Banks	1213.35	1898.57
– From Financial Institutes	225.00	61.49
Car Loans		
From Banks	83.88	79.71
From Others	0.00	27.19
Deferred Payment Liabilities	80.35	0.00
	1602.58	2066.96
	6724.68	6823.85

NOTES TO THE CONSOLIDATED BALANCE SHEET

(₹ in Lacs)

	31.03.2012	31.03.2011
Note 6 OTHER LONG TERM LIABILITIES		
Trade Deposit	944.73	898.61
Security Deposit	274.34	170.10
Others	202.50	202.50
	1421.57	1271.21

Note 7 LONG-TERM PROVISIONS		
Employee Benefit	232.62	201.17
	232.62	201.17

Note 8 SHORT-TERM BORROWINGS		
Secured Loans*:		
From Banks		
Working Capital Demand Loans	4697.67	4817.64
Cash Credit	2189.46	3041.16
Buyer's Import Credit	1440.31	1103.57
	8327.44	8962.37

* Working Capital Facilities from Banks are secured by :

- i. First charge by way of hypothecation of stocks of raw materials, finished goods and stock in process, stores & spares and book debts and ranking pari-passu and
- ii. Second and subservient charge by way of Equitable Mortgage on all assets, both present and future, of the company, both movable and immovable & ranking pari-passu, excluding assets exclusively charged.

Note 9 TRADE PAYABLES		
Acceptances	5521.42	4688.96
Due to Other (Refer Nte no 2.3)	5617.22	5009.14
	11138.64	9698.10

NOTES TO THE CONSOLIDATED BALANCE SHEET

	(₹ in Lacs)	
	31.03.2012	31.03.2011
Note 10 OTHER CURRENT LIABILITIES		
Current Maturities of Long Term Borrowings	1603.32	2067.16
Interest Accrued But not Due on Borrowings	18.77	9.53
Interest Accrued and Due on Borrowings	45.58	37.77
Statutory Dues	1093.76	925.67
Employees Dues	0.00	0.00
Capital Creditors (Refer Note 2.3)	423.05	90.32
Security Deposit	45.02	51.46
Advance from Customers	573.52	354.80
Unclaimed Dividends#	6.70	4.30
Other Liability (Refer Note 2.3)	1910.74	1659.68
	5720.46	5200.69

Investor Education & Protection Fund shall be credited when due.

Note 11 SHORT TERM PROVISIONS		
Proposed Dividend	275.98	241.48
Corporate Dividend Tax	44.77	39.18
Income Tax	3727.59	2608.10
Fringe Benefit Tax	153.50	153.50
Employees Benefits	42.19	21.06
	4244.03	3063.32

NOTES TO THE CONSOLIDATED BALANCE SHEET

Note 12 FIXED ASSETS

(₹ in Lacs)

Particulars	GROSS CARRYING VALUE				DEPRECIATION / AMORTISATION				NET CARRYING VALUE	
	Book Value at 01.04.2011	Additions	Deductions/ Adjustments	Book Value at 31.03.2012	Up to 31.03.2011	For the year	Written Back / Adjustments	Up to 31.03.2012	As on 31.03.2012	As on 31.03.2011
TANGIBLE ASSETS										
1. (a) Freehold Land	335.64			335.64					335.64	335.64
(b) Leasehold Land	116.09			116.09	8.33	1.31		9.64	106.45	107.76
2. Buildings	4,570.26	697.80	38.78	5,229.28	1,902.80	170.54	20.72	2,052.62	3,176.66	2,667.46
3. Plant and Equipment	28,091.93	2,189.63	105.63	30,175.93	14,873.97	1,336.50	103.25	16,107.22	14,068.71	13,217.96
4. Furniture and Fixtures	1,079.34	389.97	130.44	1,338.87	627.84	156.59	106.89	677.54	661.33	451.50
5. Office Equipments	196.71	66.69	3.72	259.68	103.71	18.74	3.16	119.29	140.39	93.00
6. Vehicles	694.40	287.66	90.03	892.03	269.68	129.04	52.92	345.80	546.23	424.72
Sub Total (A)	35,084.37	3,631.75	368.60	38,347.52	17,786.33	1,812.72	286.94	19,312.11	19,035.41	17,298.04
Previous year	29,256.60	6,069.07	241.30	35,084.37	16,188.68	1,732.00	134.35	17,786.33		
INTANGIBLE ASSETS										
Computer Software	118.09	24.30	0.15	142.24	46.01	21.00	0.15	66.86	75.38	72.08
Sub Total (B)	118.09	24.30	0.15	142.24	46.01	21.00	0.15	66.86	75.38	72.08
Previous year	65.33	52.76		118.09	31.44	14.57		46.01		
Total (A+B) Current Year	35,202.46	3,656.05	368.75	38,489.76	17,832.34	1,833.72	287.09	19,378.97	19,110.79	17,370.12
Previous year	29,321.93	6,121.83	241.30	35,202.46	16,220.12	1,746.57	134.35	17,832.34		

Note :

- Plant and equipment includes Machinery Gross ₹62.29 (previous year ₹62.29) lying with third parties, pending confirmation. (Note No. 2.2)
- Furniture and Fixtures includes certain expenditure on lease hold premises Gross ₹281.96 WDV ₹196.21 (Previous Year Gross ₹210.29 WDV ₹75.73) which are amortised over the useful life of the respective assets.
- Addition to Plant and equipment includes foreign exchange loss amounting to ₹89.95 capitalised (Previous year ₹ NIL) (Refer to Note No. 2.14)

(₹ in Lacs)

	31.03.2012	31.03.2011
Note 13 NON-CURRENT INVESTMENTS		
Long term Investments (At cost)		
Trade- Investment in Equity Shares		
(a) 2,340,000 Equity Shares of ₹10/- each (Previous year Nil) Vintage Tiles P.Ltd.	503.42	0.00
Cost of Investment:	503.10	
Add: Share in profit of associate	0.32	
	503.42	0.00

NOTES TO THE CONSOLIDATED BALANCE SHEET

	31.03.2012	31.03.2011
(₹ in Lacs)		
Note 13 NON-CURRENT INVESTMENTS (Contd.)		
(B) Quoted, fully paid up (Others)		
(a) Equity Shares of ₹4/- each		
5,90,800 (Previous year 5,90,800) Schablona India Ltd	23.91	23.91
(b) Equity Shares of ₹10 each		
5,850 (Previous year 5,850) Orient Ceramics & Industries Ltd (Including Bonus shares)	0.58	0.58
	24.49	24.49
Non Trade others-Quoted		
(a) Equity Shares of ₹10/- each		
110 (Previous Year 110) Punjab National Bank Ltd.	0.43	0.43
(b) Equity Shares of ₹10/-each		
68,771 (Previous year 68,771) Soma Textile & Industries Ltd.	11.06	11.06
(c) Equity Shares of ₹10/- each		
19,500 (Previous year 19,500) Bhilware Holding Ltd	3.94	3.94
Total	15.43	15.43
	543.34	39.92
Less: Provision for diminution in value of investment	88.80	5.58
	454.54	34.34
In Mutual Fund		
37360.51 No (Previous year 37360.51) HDFC Mutual Fund	64.80	64.80
	519.34	99.14
Aggregated book value of quoted investment	39.93	39.93
Market value of quoted investments	183.59	289.89
Aggregated book value of unquoted investment	714.02	714.02
NAV of Mutual Fund	80.47	79.91
Note 14 LONG TERM LOAN AND ADVANCES		
(Unsecured, Considered Good Unless Stated Otherwise)		
Deposit with Government Authorities	112.08	191.15
Deposit with Others	226.82	262.60
Prepaid Expenses	4.82	1.00
Capital Advance	118.46	223.98
Inter Corporate Deposit	25.50	43.50
Others	17.30	15.71
	504.98	737.94

NOTES TO THE CONSOLIDATED BALANCE SHEET

(₹ in Lacs)

	31.03.2012	31.03.2011
Note 15 INVENTORIES		
(Valued at lower of cost and net realisable value)		
(As taken , valued and certified by the management)		
Raw Materials & Packing Material	1372.20	1369.10
(Including Goods in transit ₹20.74 Lacs ,Previous Year ₹10.29 Lacs)		
Work -in-Process	302.22	236.92
Finished Goods	3461.06	3397.96
Stock in Trade	3572.49	3573.74
(Including Goods in transit ₹12.20 Lacs Previous Year ₹20.09 Lacs)		
Stores and Spares	1348.60	1303.90
(Including Goods in transit ₹14.82 Lacs,Previous Year ₹4.78 Lacs)		
	10056.57	9881.62

Note 16 TRADE RECEIVABLES		
(Unsecured, Considered Good Unless Stated Otherwise)		
Exceeding Six month from Due Date		
i) Good	369.26	450.09
II) Doubtful	128.79	113.17
	498.05	563.26
Less: Provision for Doubtful Debt	128.79	113.17
	369.26	450.09
Others	13627.58	12484.49
	13996.84	12934.58

Note 17 CASH & BANK BALANCES		
Cash & Cash Equivalents		
Cash in Hand	11.14	14.08
Draft / Cheque in Hand	34.23	99.82
Balance with Banks :		
Current Accounts	1403.20	856.80
Earmarked balance with banks		
Bank Deposit	56.49	20.64
Unclaimed Dividend Accounts	6.70	4.30
Other Bank Balance		
Held as Margin Money in Fixed Deposit	711.20	586.45
	2222.96	1582.09

NOTES TO THE CONSOLIDATED BALANCE SHEET AND THE STATEMENT OF PROFIT AND LOSS

(₹ in Lacs)

	31.03.2012	31.03.2011
Note 18 SHORT TERM LOANS AND ADVANCES		
(Unsecured, Considered Good Unless Stated Otherwise)		
Inter Corporate Deposits With Others	18.00	16.50
Advance Income Tax / Tax deducted at source	3931.15	2842.72
Balance with Government Authorities	958.13	682.61
Deposit with Others	171.48	176.05
Prepaid Expenses	121.27	58.08
Other Advances	905.62	1399.53
	6105.65	5175.49
Note 19 OTHER CURRENT ASSETS		
Accrued Interest	3.32	7.11
Export Incentive Receivable	72.69	68.41
Derivative Financial Assets	13.72	35.72
	89.73	111.24
Note 20 REVENUE FROM OPERATIONS		
Sales of Tiles	51503.06	42921.19
Sales of Colours/Refractory	121.11	186.67
Sale of Traded Goods	41113.59	32440.59
Other Operating Revenue		
Scrap Sales	191.02	223.79
Liabilities No Longer Required Written Back (Net)	24.81	79.79
Sundry Balance Written Back (Net)	2.42	14.22
Provision for Doubtful Debt Written back	8.26	8.21
Incentive Income	0.04	0.29
Insurance Claim Recd	64.55	158.84
Gain on Foreign Exchange Flucturion (Net)	0.00	114.64
	93028.86	76148.23
Less: Excise Duty	5125.11	4155.25
	87903.75	71992.98
Note 21 OTHER INCOME		
Interest Received	73.44	59.46
Dividend on Long-term Investments	4.87	3.68
Rent and Lease Rent Received	3.16	2.99
Profit on Sale of Fixed assets	20.07	23.16
Miscellaneous Receipts	15.28	31.93
	116.82	121.22

NOTES TO THE CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(₹ in Lacs)

	31.03.2012	31.03.2011
Note 22 COST OF MATERIALS CONSUMED		
Raw Material Consumed	12474.04	10351.45
Packing Material Consumed	2767.59	2383.69
	15241.63	12735.14

Note 23 CHANGE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS AND STOCK-IN-TRADE		
Closing Stock*		
Finished Goods	3461.06	3397.96
Stock-in-Trade	3560.29	3553.65
Total Finished Goods	7021.35	6951.61
Work-in-Process	302.22	236.92
	7323.57	7188.53
Less: Opening Stock*		
Finished Goods	3397.96	2179.24
Stock-in-Trade	3553.65	2559.95
Total Finished Goods	6951.61	4739.19
Work-in-Process	236.92	200.07
	7188.53	4939.26
(Increase)/Decrease in Stock	(135.04)	(2249.27)
Add / (Less): (Increase) Decrease in Excise duty on Stock	(90.72)	(98.31)
	(44.32)	(2150.96)

*Excluding Goods in Transit

Note 24 EMPLOYEE BENEFIT EXPENSE		
Salary, Wages, Bonus etc.	6019.74	5015.81
Contribution to Provident Fund and Other Funds	400.53	272.72
Workmen & Staff Welfare	229.31	226.19
	6649.58	5514.72

Note 25 FINANCE COSTS		
Interest	1939.22	1600.08
Other Borrowing Cost	75.58	109.97
Applicable Net Loss on Foreign Currency Transactions/ Translation	52.02	0.00
	2066.82	1710.05

NOTES TO THE CONSOLIDATED STATEMENT OF PROFIT AND LOSS

	31.03.2012	31.03.2011
	(₹ in Lacs)	
Note 26 OTHER EXPENSES		
Stores and Spare Parts Consumed	1779.57	1635.42
Power & Fuel	10951.73	8725.74
Repairs and Maintenance:		
Buildings	158.97	150.43
Plant & Machinery	167.09	159.18
Others	94.71	69.30
Rent	468.72	448.39
Rates & Taxes	79.78	80.98
Insurance	40.92	31.63
Travelling & Conveyance Expenses	797.87	759.31
Exchange Rate Difference (Net)	99.82	0.00
Directors' Fees	5.37	4.29
Directors' Commission	35.00	35.00
Selling & Distribution Expenses	2392.69	1872.22
Discount	1032.57	676.12
Electricity & Water Charges	6.63	8.40
Freight Outward and Handling Charges	2445.29	2904.59
Export Expenses	43.48	47.81
Advertisement Expenses	913.58	1250.54
Commission to Agents	360.91	427.00
Provision for Doubtful Debts	25.40	13.37
Bad Debts	1.06	0.61
Provision for Diminution in Value of Long Term Investment	5.91	0.79
Prior Period Adjustment(Net)	0.32	0.42
Sundry Balances Written Off (Net)	18.55	6.33
Loss on sale of Fixed Assets	42.23	86.98
Fixed Assets Discard /Written Off	0.00	0.01
Legal & Professional, Telephone, Bank charges, Watch & ward etc.	988.89	959.87
	22957.06	20354.73

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

OF SOMANY CERAMICS LIMITED, ITS SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE FOR THE YEAR ENDED 31ST MARCH, 2012

Note 1 PRINCIPLES OF CONSOLIDATION

- 1.1 The financial statements of the parent company and its subsidiary companies have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses, if any, as per Accounting Standard (AS) 21, 'Consolidated Financial Statements', notified under Companies (Accounting Standards) Rules, 2006. Interest in assets, liabilities, income and expenses of the Joint Venture Company have been consolidated using proportionate consolidation method. Intra-group balances, transactions and unrealised profits/losses have been eliminated to the extent of parent company's proportionate shares as per Accounting Standard-27, Financial Reporting of Interests in Joint Ventures, notified under Companies (Accounting Standards) Rules, 2006. Investments in associates and share in profits/losses in associate after eliminating intra group transactions resulting in unrealized profits or losses if any, as per accounting standard-23, Investment in associates, notified under Companies (Accounting Standards) Rules, 2006.
- 1.2 The consolidated financial statements include the accounts of Somany Ceramics Limited (Parent Company), its subsidiaries companies S R Continental Limited and Somany Global Limited (Formerly Somany Retail Limited) incorporated in India and wholly owned by the parent company, Joint Venture Company (JVC) Somany Keraben Private Limited (a 50:50 Joint Venture with Keraben S.A. of Spain) and its associate company Vintage Tiles Private Limited.
- 1.3 As the subsidiary companies are wholly owned by the parent company there is no minority interest.
- 1.4 All intra group balances and intra-group transactions resulting into unrealised profits/losses are eliminated in full on consolidation.

Note 2 EXPLANATORY NOTES

2.1 Contingent liabilities and commitments (to the extent not provided for) (As certified by the Management)

		(₹ in Lacs)	
Sr. No.	Particulars	31.03.2012	31.03.2011
i).	Estimated amount of contracts remaining to be executed on capital account and not provided for [net of advances]	829.97	2064.84
ii)	Contingent liabilities not provided for in respect of: (As certified by the Management)		
a)	Claims and other demands against the Company not acknowledged as debts.	115.84	109.80
b)	Sales tax and Purchase tax demands etc. against which the Company has preferred appeals.	202.32	164.76
c)	Excise/Custom duty and Service Tax demands and show cause notices issued against which the Company/Department has preferred appeals/filed replies.	361.86	390.87
d)	Disputed Income Tax and Wealth Tax Demand (Excluding Penalty if any)	167.31	122.66
e)	Against the imposition of Local Area Development Tax (LADT) levied by Haryana Government, the Hon'ble Supreme court of India vide its order dated 10th May 2006 has accepted the Company's application for stay. Further Hon'ble Supreme Court vide their order dated 30th October 2009 stated the assesses to file the LADT returns, however no recovery of tax will be made till further order. In the meantime the Haryana Government has repealed the LADT Act and introduced another Act by the name of 'Entry Tax' on the same line, which was also been held ultra vires by the Hon'ble Punjab and Haryana high court. Pending the final Order of the Hon'ble Supreme Court on the above matter And there is no act either LADT/ Entry Tax prevalent in Haryana state, no provision for the same is considered necessary by the Company for the period from 1st April 2006. In this regard, liability provided but not paid amounting to ₹60 lacs for the financial year 2006-07 has been written back as advised to the Company.	439.13	318.97

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

OF SOMANY CERAMICS LIMITED, ITS SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE FOR THE YEAR ENDED 31ST MARCH, 2012

Note 2 EXPLANATORY NOTES (Contd.)

		(₹ in Lacs)	
Sr. No.	Particulars	31.03.2012	31.03.2011
iii)	Bond executed in favour of Sales Tax/Custom Authorities.	25.00	25.00
iv)	As against a term loan of ₹1230 lacs (previous Year ₹504 lacs) by a Financial Institution to M/s Schablona India Ltd (SIL), the Company has given an undertaking to the former for non- disposal of its shareholding in SIL.		
v)	The Company has entered into a Memorandum of Undertaking with a party for the purchase of ceramic tiles and accordingly has initially committed to invest up to ₹325 lacs (till date invested ₹200 lacs) in a phase manner for acquiring 26% equity stake in the Target Company.		

2.2 Other long term liabilities include encashment of performance bank guarantee in earlier years amounting to ₹20,250,000 (Previous Year ₹20,250,000) provided by the supplier of machinery. The supplier of machinery has challenged the encashment of bank guarantee and the case is pending before Hon'ble High Court of Delhi and Kolkata. Pending decision, no adjustment has been carried out in accounts.

2.3 The Company has not received full information from vendors regarding their status under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED ACT); hence disclosure relating to amount unpaid at year end together with interest paid/payable have been given based on the information so far available with the Company/identified by the Company management. The detail of the same is as under:-

		(₹ in Lacs)	
Sr. No.	Particulars	2011-12	2010-11
a) i)	Principal amount remaining unpaid at the end of the accounting year		
	ii) Interest due on above	-	-
b) i)	Interest paid by the Company in terms of section 16 of MSMED Act.		
	ii) Payment made to supplier beyond the appointed day during the year.	-	-
c)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year) but without adding interest specified under this act.	-	-
d)	The amount of interest accrued and remaining unpaid at the end of financial year.	-	-
e)	The amount of further interest remaining due and payable even in succeeding years, until such date when the interest due as above are actually paid.	-	-

2.4 Earning Per Share: The numerators and denominators used to calculate basic and diluted earnings per share:

		31.03.2012	31.03.2011
Profit /(Loss) attributable to the equity share holders (₹in lacs)	(A)	2511.16	2386.42
Weighted average number of equity shares outstanding during the year.	(B)	34,497,000	34,497,000
Nominal value of equity shares (₹)		2/-	2/-
Basic EPS (₹)	(A/B)	7.28	6.92
Diluted EPS (₹)	(A/B)	7.28	6.92

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

OF SOMANY CERAMICS LIMITED, ITS SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE FOR THE YEAR ENDED 31ST MARCH, 2012

Note 2 EXPLANATORY NOTES (Contd.)

2.5 Balances of certain trade receivables, trade payables, other liabilities and other advances are in process of confirmation reconciliation.

2.6 The business activity of the Company falls within a single primary business segment namely 'Ceramic Tiles and allied products' and basically sale of the product is within the country. Hence the Disclosure requirement of Accounting Standard 17 of 'Segment Reporting' notified under Companies (Accounting Standards) Rules, 2006 is not considered applicable.

2.7. (a) Foreign Exchange derivatives and exposures outstanding at the yearend:

Name	Amount in Foreign Currency 2012	Amount (in lacs Equivalent) 2012	Amount in Foreign Currency 2011	Amount (in lacs Equivalent) 2011
Derivatives				
Option	–	–	EURO 875,000	557.20
Option	–	–	EURO 500,000	318.40
Forward contract	EURO 875,000	603.58	EURO 500,000	318.40
Forward contract	EURO 241729	174.66	–	–
Forward contract	USD 739,883	396.00	–	–
Open Exposures				
Receivables	USD 444,830	226.42	USD 356,589	158.36
Receivables	GBP 4,589	3.73	GBP 10592	7.54
Payables	USD 639,708	328.53	USD 1,774,197	792.55
Payables	EURO 2,296,542	1573.13	EURO 1,029,525	652.03

(b) The Company uses derivative instruments for hedging and/or reducing finance cost.

2.8 The accumulated losses of Somany Global Limited are more than fifty percent of its net worth and the net worth of Somany Keraben Private limited (JV Company-negative net worth) has been considerably eroded on account of losses.

2.9 In respect of the Joint Venture Company (Somany Keraben Private Limited), the auditors have drawn attention in their audit report for the year ended March 2011 on the following:

- In respect of confirmation of debtors, creditors, loans and advance and other liabilities and non- provision against overdue debtors and advances.
- In respect of implementation of internal controls.

2.10 Accounting policies and Notes on Accounts (including disclosure requirements of Accounting Standard 15 – Employee Benefits, Accounting Standard 18 -Related Party Disclosures and Accounting Standard 22- Accounting for taxes on income notified under Companies (Accounting Standards)Rules, 2006 of the financial statement of the parent company and subsidiary company are set out in their respective financial statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

OF SOMANY CERAMICS LIMITED, ITS SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE FOR THE YEAR ENDED 31ST MARCH, 2012

Note 2 EXPLANATORY NOTES (Contd.)

- 2.11** The Financial statements of JVC (Somany Keraben Private Limited) are unaudited and are certified by the management. Subsequent to the approval of financial statement of previous year, Audited financial statements of JVC were made. Accordingly the effect of audited financial statements of the previous year has been given in the current year for the purposes of consolidation.
- 2.12 a)** Financial statements of a Associate namely Vintage Tiles Pvt. Ltd. are unaudited and are certified by the management.
- b) While applying equity method, the company has considered cost of acquisition of shares in associate and adjusted it by the profits earned for the year 2011-12 on proportionate basis.
- 2.13** In terms of agreement dated 13th January 2012, the Company has acquired 2340000 of fully paid up equity shares of ₹10 each for amounting to ₹503.10 lacs, representing 26% equity stake in M/s Vintage Tiles Private Limited (VTPL). By this agreement, the Company is having right to buy entire production of 26.50 lacs square metre per annum of polished vitrified tiles from VTPL.
- 2.14** In view of option allowed by the Ministry of Corporate Affairs vide its notification dated 29th December 2011 on Accounting Standard -11 'The Effects of Changes in Foreign Exchange Rates', the Company during the year has charged to cost of depreciable assets the exchange difference on loan/liability (long- term foreign currency monetary items) used for depreciable assets which were hitherto charged to the statement of profit and loss. Accordingly, the exchange difference of ₹89.95 lacs has been charged to the cost of depreciable fixed assets and to the extent profit for the year is higher.
- 2.15** The previous year's figures have been regrouped, rearranged and recast as per Revised Schedule VI as notified by notification number S.O. 447(E) dated 28th February 2011 (as amended by F. No 2/6/2008-CL-V dated 30th March 2011).

As per our report of even date

For **Lodha & Co.**

Chartered Accountants

(ICAI FRN. NO.: 301051E)

For and on Behalf of Board of Directors

N. K. Lodha

Partner

M.NO.85155

Place: New Delhi

Dated : The 19th day of May, 2012

Shreekant Somany

Chairman & Managing Director

Abhishek Somany

Joint Managing Director

Ambrish Julka

AGM (Legal) and Company Secretary

FINANCIAL INFORMATION OF SUBSIDIARY COMPANIES

(₹ in Lacs)

Name of the subsidiary Company	SR Continental Limited		Somany Global Limited	
	2011-12	2010-11	2011-12	2010-11
Share Capital	18.50	18.50	50.00	50.00
Reserves & Surplus/ (Accumulated Losses)	299.85	270.97	(32.83)	(39.29)
Total Assets	604.74	513.88	70.44	93.01
Total Liabilities	604.74	513.88	70.44	93.01
Details of Investment (other than investment in subsidiary Companies)	69.78	72.98	Nil	Nil
Turnover including other income	896.87	586.48	378.72	495.90
Profit/ (Loss) Before Taxation	43.76	78.43	7.80	3.06
Income Tax Expenses	14.88	23.43	1.34	0
Profit/ (Loss) after taxation	28.88	55.00	6.46	3.06
Proposed Dividend	Nil	Nil	Nil	Nil

The Company has complied with the conditions as stipulated by Ministry of Corporate Affairs, Govt. of India, New Delhi vide its General Circular No.2/2011 dated 8th February, 2011, whereby direction u/s 212(8) of the Companies Act, 1956 was issued granting general exemption from attaching the Accounts of Subsidiaries of the Company. However, annual accounts of the subsidiary companies and the related details information will be made available to the investors of the company and its subsidiaries seeking such information at any point of time. The annual accounts of the subsidiary companies are available for inspection by any investor at the Head Office of the Company and the concerned subsidiary.

BUSINESS NETWORK

WORKS

UNIT - 1

P. O. Kassar, Bahadurgarh
Distt. Jhajjar, Haryana, Pin - 124 507
Ph: 01276-241002 to 005
Fax: 01276-241006
email: marketing@somanytiles.co.in

UNIT - 2

14, G.I.D.C, Industrial Estate,
Kadi, Distt. Mehsana, Gujarat
Ph: 02764-242153/54, 02764-242630
Fax: 02764-263011
email: spl.kadi@somanytiles.co.in

SOMANY DEPOT/WAREHOUSE

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Bangalore - 560 022
Tel: 080 - 23575736
Fax: 080 - 23575726
Email: bangalore@somanyceramics.com

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West Hill, Calicut - 673005
Tel: 0495 - 2382310/2381653
Fax: 0495 - 2381653
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No.89, GNT Road, Madhavaram
Chennai - 600 110
Tel: 044 -23452106
Fax: 044 - 25530375
Email: chennai@somanyceramics.com

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Coimbatore

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Tamil Nadu
Tel: 0422-2451450
Fax: 0422 - 2451450
Email: splcoimbatore@somanytiles.co.in/
coimbatore@somanyceramics.com

Delhi

Khasra No.85/21 min(2-14)
Road No.7, Udyog Nagar, Mundka
New Delhi - 110 041
Tel: 011 - 28341085
Fax: 011 - 28345049
Email: Acjain.del@somanytiles.co.in/
trading.delhi@somanytiles.co.in

Ghaziabad

Plot No 1088 Vikash Nagar
Opp. Uttam Toyota
Meerut Road
Ghaziabad, Uttar Pradesh
Tel: 0120 - 2783947
Fax: 0120 - 2624705
Email: splghaziabad@somanytiles.co.in

Hubli

Survey No-14/B, Handa Farms
Anchatgeri Village, Karwar Road
Hubli, Karnataka-580024
Tel: 0836-2200768/2200767
Fax: 0836-2200767
Email: hubli@somanyceramics.com

Indore

Shanti Heights
32/2, South Tukoganj
Indore-452001
Tel: 0731 - 4526367
Email: splind@somanytiles.co.in

Jaipur

E-45, Road No. 1,
Vishwakarma Industrial Area
Jaipur - 302 013, Rajasthan
Tel: 0141 - 4047154
Fax: 0141 - 2330283
Email: spljpr@somanytiles.co.in/
scljpr@somanytiles.co.in

Kolkata

147, Nilganj Road, Belghoria
Kolkata-700056
Ph: 033-25234337
Email: kolkatadepot@somanyceramics.com

Lucknow

E-172, Transport Nagar
Kanpur Road
Lucknow 226012
Tel: 0522 - 2431665
Fax: 0522 - 2431665
Email: spllko@somanytiles.co.in/
spllko2@somanytiles.co.in

Morbi

8-A, National Highway, Lalpur
Distt. Rajkot-363642, Morbi, Gujarat
Tel: 02822-240051/40
Email: morbi@somanyceramics.com

Mumbai

Umiya Commercial Complex
Gala 1-4 Block A
Village Kalnes, Bhiwandi
Thane-421302
Tel: 022 - 32470899
Fax: 022 - 27685128
Email: mumbai@somanyceramics.com

Pune

C/O. Parekh Traders
SR. NO. 37, Hissar 1 to 4/3/2,
Pissoli, TQ. Haweli
Pune - 411 028, Maharashtra
Tel: 020-26933687

Fax: 020-26933687

Email: pune@somanyceramics.com

Secunderabad

7-20/4A, Survey No. 830/1,

Goods Shed Road

Moosapet, Secunderabad -500 018

Andhra Pradesh

Tel: 040 - 23816404

Fax: 040 - 23816406

Email: splsecunderabad@somanytiles.co.in

Tuticorin

C/O: Swastik Warehouse

R.S.No 361/A, Sankaraperi Village

Madurai Bye Pass Road

Tuticorin - 628008, Tamilnadu

Tel: 0461 - 6540419

Fax: 0461 - 2390370

Email: tuticorin@somanytiles.co.in

Zirakpur

Godown Area Behind Mayur Hotel

Ambala CHD Road Village Pabhat

Dist Sas Nagar Mohali, Near JP Hospital

Zirakpur

Tel: 01762 - 287554/555

Fax: 01762 - 287554

Email: splchandigarh@somanytiles.co.in

MARKETING OFFICES

Ahmedabad

7 - 14, 4th Floor, Agrawall Mall

S.G Road, Sola

Ahmedabad - 380 060, Gujarat

Tel: 079 - 27661103

Fax: 079 - 27661104

Email: marketing.ahd@somanytiles.co.in

Bangalore

6th cross road, Pampanagar

Yeswanthpura, ward no.3

Bangalore - 560 022

Tel: 080 - 23575736

Fax: 080-23575726

Email: cheriyan@somanyceramics.com

Cochin

29/370, Devi Tower

Thykoodam, NH-By Pass

Vyttila, Ernakulam - 682 019, Kerala

Ph: 0484-4041435, 4041436

Fax: 0484-4041437

email: planetcochin@somanyceramics.com

Guwahati

514, A T Road, Shreemanta Market

Guwahati - 781 001, Assam

Tel: 0361 - 2736665

Email: prasanjit@somanyceramics.com

Kolkata

2 Red Cross Place

Kolkata - 700 001, West Bengal

Tel: 033 - 22485668/22487406

Fax: 033 - 22487045

Email: eastcoordinator@somanyceramics.com

Mumbai

27-E Laxmi Industrial Estate

Andheri(West), Mumbai, Maharashtra

Tel: 022 - 26344314

Email: splmumbai@somanytiles.co.in

OWNED DISPLAY CENTRES

Ahmedabad

302-303, Sakar - 1, Opp. Gandhigram Rly

Station, Opp. Ashram Road,

Ahmedabad - 380 009, Gujarat

Ph: 079-65415241

Fax: 079-26576444

Email: planetahd@somanyceramics.com

Bangalore

6th cross road, Pampanagar

Yeswanthpura, ward no.3

Bangalore - 560 022

Tel: 080 - 23575736

Fax: 080-23575726

Email: cheriyan@somanyceramics.com

Bhubneshwar

Plot No. 267/1007, 1st Floor, Vasudha Mansion

N.H No.5, Opp. Hotel Urmi, Rasulgarh

Bhubneshwar, Orissa

Ph: 0674-2586843

Fax: 0674-2586843

email: planetbbsr@somanyceramics.com

Chandigarh

SCO-1, 1st Floor, Sector-26,

Madhya-Marg, Chandigarh.

Ph: 09216164890

Email:sunilgarg@somanyceramics.com

Cochin

29/370, Devi Tower

Thykoodam, NH-By Pass

Vyttila, Ernakulam - 682 019, Kerala

Ph: 0484-4041435, 4041436

Fax: 0484-4041437

email: planetcochin@somanyceramics.com

Mumbai

27 E, Laxmi Industrial Estate,

New Link Road, Andheri (W),

Mumbai-400 053

Ph: 022-26344314

Nagpur

Khamla Chowk, Kotwal Nagar,

Old Post office, Ring Road, Nagpur

Ph: 0712-2286753

Pune

289/6, Ground Floor, K.D. Plaza,

Timber Market Road, Gorpade Peth,

Pune-411042

Ph.: 020-26448182

SOMANY GLOBAL SHOWROOMS

Bangalore

6th cross road, Pampanagar

Yeswanthpura, ward no.3

Bangalore - 560 022

Tel: 080 - 23575736

Fax: 080-23575726

Email: cheriyan@somanyceramics.com

Chennai

AB No.13, 24 Avenue Main Road Anna Nagar

Chennai, Tamilnadu

Ph: 044-42170544
Fax: 044-26256698
email: chennai@somanyglobal.com

Hyderabad

Flat No. 101 & 102, Satya Sai residency
Near Food World, Dharam Karam Road
Ameerpet, Hyderabad - 500018
Andhra Pradesh
Ph: 040-23740283
Fax: 040-23740183
email: hyderabad@somanyglobal.com

Indore

Shop No.3, 4, 19, 20, Scheme 54
Bombay Hospital Road
Indore, Madhya Pradesh
Ph: 0731-4275940
email: indore@somanyglobal.com

New Delhi

K-4, Inner Circle, Opp. Odean Cinema,
Connaught Place, New Delhi - 110 001
Ph: 011-23416827
email: marketing@somanyceramics.com

Pune

Shop No. 289/6/7, K. D. Plaza
Timber Market Road, Ghorpade Peth,
Pune, Maharashtra
Ph: 020-26448182/83
Fax: 020-26933687
email: pune@somanyglobal.com

Surat

Siddhi Commercial Complex
1st Floor, Shop No. 1-4
Citylight Road, Surat, Gujarat
Ph: 0261-6548818
email: surat@somanyglobal.com

SOMANY GLOBAL EXCLUSIVE

Anand Buildway

SCO 302, 1st Floor, Sector-29
Near Huda Gymkhana Club, Gurgaon, Haryana
Ph: 0124-4269741

Kailash Co. (Thar Marbles)

86/2a Topsia Road(South), Opp. Vishwakarma
Buldg Kolkata-700046
Ph: 9831691011, 033-22851111-2222

Madhu Lifestyle

M-35, GK-II Market, New Delhi
Ph: 011-40595175/76

Parnami Sales Corporation

4 & 5 New Tikona Park,
NIT Faridabad,
Haryana
Ph:0129-4023267-268

Peekay Incorporate

34/283 A-Kailas Building,
N.H. Bye Pass Road,
Edappally, Cochin-24
Ph:0484-2806607

Shyam Global

GF 24, Agrawall mall, Opp. Sola Bhagwat
Vidhyapith, SG Highway,
Ahmedabad - 380060
Ph: 9825060015

Sri Maruti Ceramics

10 MM Pearl, 13 Crossjaya Nagar 7th cross,
Bangalore
Ph: 9980069003

Shyam Tiles

New Kalimati Road, Sakchi,
Jamshedpur, Jharkhand
M- 9431131827, 9234624015

Swastik Bath Creation

136, New Atish Market, Mansarovar,
Jaipur -302020,
M- 9950150001, 9829008181, 995010000

SOMANY GLOBAL STUDIO

V.K. Enterprises

104 Zone II, Maharana Pratap Nagar,
Bhopal, MP
Ph: 0755 555264

Kaizen Marketing

Shop No -5,Shukla Market,
Station Road, Raipur, Chhatisgarh
Ph: 0771-4033466,3202727 , 9301022445

Shree Swastik Granites & Plywood

555-Ga/74/1, Jafar Khara
Barabirwa, Alambagh
Lucknow.
Ph: 9415022217 , 9415058024

SOMANY EXCLUSIVES

BIHAR

Nalanda Ceramics

Near Nalanda Medical College
Kankarbagh, Main Road , Patna
Ph: 0612- 2350273 , 9431016116

GOA

Ducklo Bhobo

154-Damodar Prasad, Opp. Hotel Liberty,
Governor Pestana Road, Panaji, Goa
Ph: 9822102703,0832-2235346

GUJRAT

Arihant Ceramics

Near S.G. Highway,
Opp. Kodiyar Temple, Gota Gam
Ahmedabad-81, Gujarat
Ph: 9426072561/079-65422561,
9428603475

Bansidhar Ceramics

20/25 New Jagnath,
Near Dr. S.V. Mori's Clinic, Rajkot-360001
Ph: 9974092473/9427206231,
0281-2481246

J & K

Delhi Building Material Co.

229-A, Last Morh, Gandhi Nagar
Jammu – 180004
Ph: 0191-2454767, 2434215,9419161815

H.K. Home Solution

Nowgam Bye Pass, Srinagar
Ph: 9697000560

M.A Traders

General Bus Stand
Anantnag- 192101
Ph: 01932-223621 , 9419040774

JHARKHAND**Jagdamba Agencies**

R.K.Chatterjee lane, Bye pass road,Chas
Bokaro, Jharkhand - 827013
Ph: 09934169400 , 06542-235851

Shyam Tiles

New Kalimati Road, Sakchi
Jamshedpur, Jharkhand
Ph: 09431131827

Tirupati Steel

Lake Road, Shahid Jaswant Singh Marg, Ranchi
Jharkhand - 834001
Ph: 0651-2206933 , 9835167471

KARNATAKA**Alankar Tiles & Sanitaryware**

No -19 Near – BDA Complex,
Nagarbhavi Ring Road,
Bangalore. 560072
Ph: 080-23216355,9886383636

Imperial Tiles

Near Hotel Deepa Comforts,
MG Road, Dakshina Kannada, Mangalore
Ph: 9448471299, 0824-2276979

Kkriss Kkross

No-54 City Mansion. Long For Road,
Shanthi Nagar, Bangalore
Ph: 9845014419

Koliwad Marbles

P.B. Road, Beside Manickbagh, Vidyanagar,
Hubli-580031
Ph: 0836-2372580

Meenakshi Enterprises

Vijaya Laxmi Complex
Nagashetty Halli,Badrappa Layout,
Outer Ring Road, Hebbal Post,

Bangalore- 560032
Ph: 9448290000, 080-23419762

Smart Ceramics

#12,1ST Floor
Kaikondara Halli, G Road
Bangalore.-35
Ph: 080-28441938/28441950,9900244280

Sri Ceramics

No. 14 Indian Air Force,Yelanka, Int. Airport
Road, Bangalore – 63
Ph: 9845224947 ,9243755102

KERALA**Aishwarya Marbles**

31/986C, Subhash Chandra Bose Road,
Chettichara, Vyttila, Cochin
Ph 9387275576

Beena Granites

Niriyilmukku, Kayamkulam - Chettikulangara
Road, Kayamkulam
Ph: 0479-2449224, 9447765605

K PK Agencies

KPK Realto,
Thana - Kannur
Ph: 0497-2701865

Kurikkal Tile Centre

Soubhagya Shopping Complex,
Mavoor Road, Calicut-4
Ph: 0483-3048101-04

Pee Kay Enterprises

34/193, CDE, N.H. Bye Pass Road,
Edappally, Cochin-24
Ph. 0490-2343624,
9895280000, 0484-2806607

Taj Marble

Allepey, Kerala
Ph: 9645077528, 0479-2306255

MAHARASHTRA**Swastik Marble Works**

27, Great Nag road,

Baidyanath Square,
Nagpur-440009
Ph: 0712-2740311,2740411

NAGALAND**Intanki Construction**

V. Mehta Building, Nyaro Latha Road, Dimapur
Nagaland
Ph: 03862-233664

NEPAL**Rajesh Sanitaryware**

Tripureshwor Teku Road,
Pan: 300705317 Nepal, Kathmandu
Ph: 9779851060639, 260714

NEW DELHI**Jamdagni Traders**

1, Rati Ram Park, Main Shivaji Marg
Nazafgarh, New Delhi - 110043
Ph: 9810030244

ORISSA**Shiv Marble**

Barbil Trade Centre, Near Kali Mandir,
Barbil, Keonjhar-758035
Ph: 09437070676, 9437072280, 9937599550

Swati Marble

127, Sec-A , Manchester Ind. Area
Bhubaneshwar-751010
Ph: 0674- 2571664, 2571412

PORT BLAIR**Shree Om Traders**

Near – TCI Seaways, Jungalighat
Port Blair- 744103
Ph: 9434280774

RAJASTHAN**Nectar Infra**

162, Ganpati Ngr, Katta Farm, Nr Bajri Mandi,
Triveni Ngr Bridge, Gopalpura, Jaipur
Ph: 0141-2391841, 9314504501

U. P.

Coronation Lifestyle

LGF, Coronation IV Court,
11-J.C.Marg, Lal Bagh,
Lucknow- 226001, Uttar Pradesh
Ph: 0522-3012231, 2200084, 2625200

Sonu Ceramics

111/60, Ashok Nagar, Coca-Cola Road,
G.T. Road, Kanpur-208006
Ph: 09889006774, 0512-3294225, 3277400

UTTARANCHAL

Trimurti Floorings (R.S Traders)

Bazpur Road , U.S Nagar,
Kashipur, Uttaranchal
Ph: 9837090379, 05947-278377

TAMIL NADU

Devaki Traders

No.58,Kaveri Nagar, (Opp. to Presidency High
School) Reddiar-Palayam
Pondicherry-605 010
Ph: 9345428342/0413-2293102

Khumar Ceramics

101, Sivagangai road, opp. Avin Malik depot,
Madurai - 625020
Ph: 9842120239 / 9842840239

Lakshmi Ceramics

63, Krishnasamy Road, Brooke Bond Road,
Coimbatore
Ph: 0422- 2545421,2540625

Vaigai Sanitation

No. 14 Musirisubramaniam (Oliver) Salai,
Mylapore, Chennai.
Ph: 044-24993820,43950800

WEST BENGAL

Garg Enterprises

2nd Mile Sevoke Road, Siliguri-734001
Darjeeling, West Bengal
Ph: 0353-2777238, 2541098, 2546033

SOMANY STUDIO

Aaren Industries

12, Tribhuvan Complex, opp. Friends colony,
Mathura road, Delhi
Ph: 9811421866

Bindu Hardware

Koteshwor, Kathmandu, Nepal
Ph: 9851046595, 9771-4481353/207,
9851046595

Golden Marble

Ring Road - 1, Near Santosi Nagar,
Raipur, Chhatisgarh
Ph: 09300404049, 9826120004, 9827142502

K.P.Sanitary Stores

Opp. K.S.R.T.C., Centrel Works, Pappanamcode,
Trivandrum-18
Ph: 0471-2490866, 2492626

Kailash Marble

33, Puddu, Thottam, Ralladam road,
Tirupur, 641604
Ph: 0421 - 2212666, 2212777

Krishna Agencies

284 A 1 Bairahna, Near CMP Degree Collage
Allahabad, Uttar Pradesh-211003
Ph: 0532-2503918, 9415214397

Laxmi Tiles & Sanitaryware

S.No.-25, New Atish Market, Gopalpura Bypass,
Mansrover, Jaipur
Ph: 9314630370, 0141-2391422

Mahaalaxmi Ceraamics

5-D, Dharampuram Road, Tirupur Dt,
Udumalpet-642126, T.N.
Ph:9600676968, 04252291291

Manikandan Ceramic Centre

127 (New No.7) Poonamallee High Road,
Varalakshmi Nagar, Maduravoyal, Chennai
Ph: 9840447044, 23783366/77

O.G.M Marketing

16, K.L.N. Building, T.P.K. Main Road,
Palanganatham, Madurai-625003
Ph:9894752955, 452-2372724

Rajasthan Lime Udyog

16 A Dhanuka Complex, Athgaon
Guwahati – 781 001
Ph: 0361-631823

Rajeev Distributors

P.S. Road, Gangtok, Sikkim.
Ph: 9434024001, 0359-2203779

Sanghvi Marble & Sanitaryware

Shop no 16, Siddhivinayak Complex, Plot no 1,
Word 6 (commercial),
Gandhidham - 370201, Gujarat
Ph: 9825227809

Sanitary House

Gautam Buddh Marg, Bansmandi
Lucknow
Ph: 0522-2205075

Shree Ram Traders

22, Ridhi Complex, Sec-13, Khanda Colony, Opp.
Petrol Pump, New Panvel(West),
Mumbai-410206
Ph: 9892868282, 27462038

Sri Ram Sanitation

4-1-549, Troop Bazar, Hyderabad- 500001
Ph: 040-24612180, 65761100,9396541100

Suraj Trading Co.

EC-80, Scheme No. 94/C,
Ring Road, Opp. Hotel Radisson,
Indore-452001
Ph: 9926800020

Surana Ceramics

2/88, Meyannor main road, Salem - 636004
Ph: 9443191125

Taps & Tiles Corner

Shop No H-84,Ground Floor,
Sector-9, Noida (G.B Nagar) U.P-201301
Ph: 01204334969, 9810043300

Walls & Floor

Shanti Complex, Chirwapatty Road,
Tinsukia-786125 Assam
Ph:9435335430,0374-2340479

Corporate information

MANAGEMENT TEAM

G. G. Trivedi, *Chief Executive Officer*

A. K. Beejawat, *President*

T. K. Jena, *Joint President (Sales & Marketing)*

R. K. Lakhota, *Vice President (Finance)*

Ketan Dave, *Vice President (Technical)*

R. P. Mittal, *Vice President (Corporate Affairs)*

L. Sunder Rajan, *Vice President (Commercial)*

Dalip Dudani, *Head Business Operations (Aquaware)*

D. K. Arora, *General Manager (Materials)*

Biju Sebastian, *General Manager (Corporate HR)*

Satyendra Gautam, *General Manager
(Tile Master, Adhesives & Project Sales)*

Amit Sahai, *General Manager (Sales & Marketing)*

Munish Tandon, *General Manager (Sales & Marketing)*

Sanjay Sharma, *General Manager (Sales & Marketing)*

K.C. Shah, *General Manager (Outsource Business)*

COMPANY SECRETARY

Ambrish Julka

BANKERS

Punjab National Bank

IDBI Bank Limited

Central Bank of India

AUDITORS

Lodha & Company

REGISTERED OFFICE

82/19, Bhakerwara Road, Mundka

New Delhi – 110041

Email: marketing@somanyceramics.com

CORPORATE OFFICE

F-36, Sector 6, Noida (U.P)- 201301

Phone: 0120-4627900

WEBSITE

www.somanyceramics.com

PLANTS

Gujarat

KADI WORKS

14, G.I.D.C, Industrial Estate,

Kadi, Distt. Mehsana, Gujarat – 382715

Tel: 02764-242153/54/ 242630

Fax: 02764-242169/70/ 263011/326408

Haryana

KASSAR WORKS

P.O – Kassar – 124507,

Bahadurgarh, Distt. Jhajjar (Haryana)

Tel: 01276-241001/0005

Fax: 01276-241006/1011

PLANTS UNDER JV

Gujarat

VINTAGE TILES PVT.LTD.

S. No. 56

NazarBaug Road, Behind Science College

Bhadiyad, Morbi- 363642

Tel: 02822-240100

Fax: 02822-240101

COMMANDER VITRIFIED PVT. LTD.

S. No. 70

Behind Landgrace Ceramic,

Tal. – Wankaner, Sartanpar

Rajkot – 363622

Notes

SOMANY CERAMICS LIMITED

Regd. Office: 82/19, Bhakerwara Road, Mundka, New Delhi – 110 041

NOTICE

of the 44th Annual General Meeting

Notice is hereby given that the 44th Annual General Meeting of the Members of Somany Ceramics Limited will be held at H.L. Somany Hall, ASSOCHAM, 47, Prithvi Raj Road, Opposite Safdarjung Tomb, New Delhi 110011, on Monday the 13th August, 2012 at 11:00 A.M. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2012 and the Profit and Loss Account for the year ended on that date together with the reports of directors' and auditors' thereon.
2. To declare a dividend on equity shares.
3. To appoint a Director in place of Shri R.L.Gaggar, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri G.L.Sultania, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint auditors and to fix their remuneration.

By Order of the Board

Place: New Delhi

Dated: 19th May, 2012

Amrish Julka

AGM (Legal) and Company Secretary

NOTES:

1. A Member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote on a poll, instead of himself. A proxy need not be a member of the Company. Proxies, in order to be effective must be received at the registered office of the Company not less than 48 hours before the meeting.
2. Corporate members intending to send their authorised representatives to attend the meeting are requested to send the Company a certified copy of the board resolution authorizing their representative to attend and vote on their behalf at the meeting.
3. The register of members and the share transfer books of the Company will remain closed from Wednesday the 1st August, 2012 to Monday, the 13th August, 2012 (both days inclusive).
4. Dividend on equity shares as recommended by the Directors, if declared at the meeting will be payable to those members whose name appears on the register of members of the Company as on 31st July, 2012 and in respect of shares held in the dematerialised form, to those beneficial owners whose particulars will be furnished by the depositories on the said date.
5. Members/Proxy holders are requested to bring their copies of Annual Report alongwith them at the meeting.

6. In accordance with the provisions of Section 205A of the Companies Act, 1956 the Company had from time to time transferred unclaimed/unpaid dividend for and up to the financial year ended 31st March, 1995 to the general revenue account of the Central Government. Members who have a valid claim to any of the unclaimed/unpaid dividend as aforementioned may claim the same from the Registrar of Companies, NCT of Delhi and Haryana, New Delhi.
7. Pursuant to the provisions of Section 205A (5) read with Section 205C of the Companies Act, 1956, the Company has transferred, unpaid/unclaimed amount of refunds against Rights cum Public issue of the Company made in the year 1993, unclaimed dividend for the year ended 31st March, 1996 to 31st March, 2002 and unclaimed debenture redemption amount including unclaimed interest on such debentures up to 30th September, 2000, to Investor Education and Protection Fund. The amount of dividend for the financial year ended on 31st March, 2008 and thereafter remaining unclaimed or unpaid for a period of 7 (seven) years from the dates of their respective payment or transfer to the unpaid dividend account shall be transferred by the Company to the Investor Education and Protection Fund established by the Central Government and no claim shall lie against the Company or the said fund for such transfer and upon such transfer. The Company did not declare any dividend during the financial year 2002-03 to 2006-07.

Members who have not encashed their dividend warrants for the financial year ended 31st March, 2008 and onwards are requested to lodge their claim with the Company forthwith.
8. Members are requested to write to the Company, their query (ies), if any, on the Accounts and operations of the Company at least 10 days before the meeting to keep the information ready at the meeting.
9. Members holding shares in physical form are requested to notify changes, if any, in their address and the bank account particulars to the Company's Registrar and Transfer Agent M/s. Maheshwari Datamatics Pvt. Ltd., 6, Mangoe Lane, Kolkata 700 001. Telephone No. 2248 2248, Fax No. 2248 4787.
10. Members who hold shares in dematerialised form are requested to bring their depository ID Number and client ID Number for easier identification of attendance at the Annual General Meeting.
11. Members having multiple folios in the same order of name(s) may inform the Company for consolidation into one folio.
12. Brief resume along with other particulars, pursuant to Clause 49 of the Listing Agreement in respect of Non-Executive Directors, offered

themselves for re-appointment, are given under the Corporate Governance section of the Annual Report.

13. The Securities and Exchange Board of India (SEBI) has made it mandatory for all Companies to use the bank account details furnished by the depositories for crediting dividend to the account of respective shareholders. Accordingly, the Company has made arrangements for crediting the dividend through National Electronic Clearing Services (NECS) / Electronics Clearing Services (ECS) to Members account where NECS/ECS facility is available. Members holding shares in electronic form are therefore requested to furnish their Bank particulars in which they wish to receive dividend, through their Depository Participants (DPs). Members holding shares in physical form and desirous of availing the NECS/ECS facility, are requested to update their bank particulars by sending it to the Company's Registrar and Share Transfer Agent, M/s Maheshwari Datamatics Pvt Ltd., directly quoting their respective folio number under which shares of the Company are held by them.
14. The Securities and Exchange Board of India (SEBI) has now mandated to furnish a copy of PAN Card in all the cases of transfer of shares in physical form.
15. **Important Communication to Members**

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to inform their e-mail address to the Registrar and Transfer Agent of the Company M/s Maheshwari Datamatics Pvt. Ltd., 6, Mangoe Lane, Kolkata 700001, quoting their folio nos. at email ID – mdpl@cal.vsnl.net.in

By Order of the Board

Place : New Delhi
Dated : 19th May, 2012

Ambrish Julka
AGM (Legal) and Company Secretary

SOMANY CERAMICS LIMITED

Registered Office : 82/19, Bhakerwara Road, Mundka, New Delhi – 110 041

ATTENDANCE SLIP

The Folio No. and Name(s) of the Member(s) is/are to be furnished below in block letters

Folio No. _____ Number of Shares held _____

Client ID _____ DP ID _____

Full Name (s) of Member/Joint Members

1. _____ 2. _____

3. _____ 4. _____

Full Name of the Proxy/Authorised Representative if attending the Meeting _____

I hereby record my presence at the forty-fourth Annual General meeting of the Company being held on Monday, the 13th August 2012, at 11-00 A.M. at H.L.Somany Hall, ASSOCHAM, 47, Prithvi Raj Road, New Delhi-110011

Signature of the Member / Joint Members/ Proxy attending the Meeting

Please complete this attendance slip and hand it over at the entrance of the meeting hall.



SOMANY CERAMICS LIMITED

Registered Office : 82/19, Bhakerwara Road, Mundka, New Delhi – 110 041

PROXY FORM

I/We _____ resident of _____

being a Member(s) of Somany Ceramics Limited hereby appoint _____

resident of _____ failing him/her _____

resident of _____ failing him/her _____

resident of _____ as my/our Proxy to vote for me/us and on my/our behalf at the forty-fourth Annual General Meeting of the Company to be held on Monday, the 13th August 2012 at 11.00 a.m at H.L. Somany Hall, ASSOCHAM, 47, Prithvi Raj Road, Opp. Safdurjung Tomb, New Delhi – 110 011 and at any adjournment thereof.

Signed at _____ this _____ day of _____ 2012

Affix
₹ 1/-
Revenue
Stamp

Folio No. _____ Client ID and DP ID _____ No. of Shares _____ Signature _____

Note:

The Proxy form in order to be effective must reach the registered office of the Company not less than 48 hours before the time for holding the aforesaid meeting or adjourned meeting.

BOARD OF DIRECTORS



Shreekant Somany
Chairman and Managing Director



Abhishek Somany
Joint Managing Director



G. L. Sultania



R. L. Gaggar



R. K. Daga



Salil Singhal



Ravinder Nath



Dr. Y. K. Alagh



Sandeep Kumar

The logo for SOMANY, featuring the word "SOMANY" in a bold, white, sans-serif font. A small registered trademark symbol (®) is located at the end of the word. To the right of the text is a red square icon containing a white outline of a square with a smaller square inside it, slightly offset to the top-right corner.

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