

ANNUAL REPORT

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The Vision that Creates
Value

CERA





CERA

better expressed as...

COZY

• Comfort • Pleasant • Warm

ELEGANT

• Stylish • Graceful • Well Designed

ROYAL

• Imperial • Majestic

AESTHETIC

• Artistic



Board of Directors

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

Bankers

State Bank of India

Auditors

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

Registered Office

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

Marketing Office

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

Works

- 1) Sanitaryware and Faucetware Plants :
9, GIDC Industrial Estate, Kadi-382 715, Dist. Mehsana, Gujarat.
- 2) Wind Farms :
 - a) Vill. Lamba & Patelka, Tal. Kalyanpur, Dist. Jamnagar, Gujarat.
 - b) Vill. & Tal. Kalyanpur, Dist. Jamnagar, Gujarat.
 - c) Vill. Kadoli, Tal. Abdasa, Dist. Kutchh, Gujarat.
 - d) Vill. Jivapar (Anandpar), Tal. Chotila, Dist. Surendranagar, Gujarat.
 - e) Vill. Mota Gunda, Tal. Bhanwad, Dist. Devbhumi Dwarka, Gujarat.
 - f) Vill. Navagam, Tal. Bhanwad, Dist. Devbhumi Dwarka, Gujarat.

Registrar & Share Transfer Agent

MCS Share Transfer Agent Limited,
201, Shatdal Complex, 2nd Floor,
Opp. Bata Show Room, Ashram Road,
Ahmedabad - 380 009.

President & Company Secretary

Narendra N. Patel

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**Annual General Meeting at 11.30 a.m. on Thursday,
the 30th day of July, 2015 at the Registered Office.**

NOTICE

Notice is hereby given that the Seventeenth Annual General Meeting of the Members of **CERA SANITARYWARE LIMITED** will be held at 11.30 a.m. on Thursday, the 30th day of July, 2015 at the Registered Office of the Company at 9, GIDC Industrial Estate, Kadi – 382 715, Dist. Mehsana, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the financial statements of the Company for the year ended 31st March, 2015 including statement of Audited Profit and Loss for the year ended 31st March, 2015 and Balance Sheet as at that date and the Directors' and Auditors' Reports thereon.
2. To declare dividend on Equity Shares.
3. To appoint a director in place of Dr. K. N. Maiti, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), K. G. Goyal & Co., Cost Accountants appointed as Cost Auditors by the Board of Directors of the Company, as per the recommendation of Audit Committee to conduct the audit of the cost records of the Company for the financial year ending March 31, 2016, be paid the remuneration of ₹ 50,000/- p.a. plus out of pocket expenses and service tax, if any.

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

Regd. Office :
9, GIDC Industrial Estate,
Kadi – 382 715
23rd April, 2015
CIN : L26910GJ1998PLC034400

By Order of the Board of Directors

Narendra N. Patel

President & Company Secretary

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIM SELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in aggregate not more than ten percent of total share capital of the company.
2. Members are requested to notify immediately the change of address, if any, to the Company or MCS Share Transfer Agent Limited, Registrar and Share Transfer Agent.
3. The Register of Members and Share transfer book of the Company will remain closed from 18.07.2015 to 24.07.2015 (both days inclusive).

4. The Board of Directors has recommended a dividend of ₹ 6.25 (125%) per fully paid equity share of ₹ 5/- each for the year ended 31.03.2015.
5. Members / Proxies should bring the attendance slip sent herewith duly filled in for attending the meeting.
6. Members are requested to send their queries at least ten days before the date of the meeting so that the information can be made available at the meeting.
7. Statement pursuant to provisions of Section 102 of the Companies Act, 2013 is annexed hereto.
8. The Company has transferred the unpaid or unclaimed dividends up to the financial year 2006-07 to the Investor Education and Protection Fund (the IEPF) established by the Central Government. Members who have not encashed their dividend warrants for the financial year 2007-08 onwards are advised to write to the Company immediately claiming dividends declared by the Company.
9. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company or to the registrar.
10. Shareholders holding shares in Electronic Form may note that their bank account details as furnished by their depositories to the Company will be printed on their dividend warrants as per the applicable regulations of the depositories and the Company will not entertain any direct request from such shareholders for deletion of / change in such bank details. Shareholders who wish to change such bank account details are, therefore, requested to advise their Depository Participants about such change, with complete details of bank account.
11. Annual Report 2014-15 alongwith notice of the AGM, Attendance Slip, Proxy Form and a letter giving the process, instructions and the manner of conducting E-voting is being sent electronically to all the members whose email IDs are registered with the Company / Depository Participant(s). For members who request for a hard copy and for those who have not registered their email address, physical copies of Annual Report are being sent through the permitted mode. Members who have not registered their email address are requested to get their email address registered with the Company / Depository Participants and update the same, if required.
12. All the documents, if any, referred to in this notice and explanatory statement are available for inspection of the members at the registered office of the Company on any working day except Saturday, between 10:00 a.m. to 1:00 p.m. up to the conclusion of this meeting.
13. Voting through electronic means
In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 17th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL). The members shall refer to the detailed procedures on e-voting attached herewith.

14. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.
15. Members are required to vote only through the electronic system or through ballot at Annual General Meeting only and in no other form. In the event a member casts his votes through both the processes, the votes in the electronic system would be considered and the ballot vote would be ignored.
16. The e-voting period commences on 27th July, 2015 (10.00 am) and ends on 29th July, 2015 (5.00 pm). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 23-07-2015 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
17. The e-voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 23rd July, 2015.
18. A member may participate in the Annual General Meeting even after exercising his right to vote through e-voting, but shall not be allowed to vote again.
19. Shri Umesh Parikh, partner of Parikh Dave & Associates, Companies Secretaries, (Membership No.FCS:4152) has been appointed as the Scrutinizer to scrutinize the e-voting process and voting process at AGM in a fair and transparent manner.
20. The scrutiniser shall, immediately after the conclusion of voting at the Annual general meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the company and make, not later than three days of conclusion of the meeting, a consolidated scrutiniser's report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same.
21. The Results will be declared on receipt of Scrutinizer's Report. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.cera-india.com and on the website of CDSL immediately and communicated to the NSE and BSE.
22. Shri Narendra N. Patel, Compliance Officer of the Company, "Madhusadan House", Opp. Navrangpura Telephone Exchange, Ahmedabad - 380 006, shall be responsible for addressing all the grievances in relation to this Annual general meeting including e-voting. His contact details are **E-mail** : nk_acharya@cera-india.com, **Phone No.** 079-26449781.

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

24. Brief resume of director, who is proposed to be appointed / re-appointed at this meeting is given below:

Name of Director	Dr. K. N. Maiti
Date of Birth	23.09.1946
Date of Appointment	24.05.2008
Expertise in Specific Functional Areas	Ceramic Scientist
List of other Directorships	—
Chairman / Member of the Committees of the Board of other Companies	—
Shareholding in the Company	—

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

Item No. 5

The Board on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending March 31, 2016.

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

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at item No.5 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2016.

The Board of Directors accordingly recommends the ordinary resolution as per item no.5 of the accompanying notice for approval of the members of the Company.

None of the Directors, any other Key managerial person(s) of the company and their relatives are, in any way concerned or interested in the said resolution.

Regd. Office :
9, GIDC Industrial Estate,
Kadi – 382 715
23rd April, 2015
CIN : L26910GJ1998PLC034400

By Order of the Board of Directors

Narendra N. Patel
President & Company Secretary

Procedure on e-voting**The instructions for shareholders voting electronically are as under:**

- (i) The voting period begins on 27th July, 2015 (10.00 am) and ends on 29th July, 2015 (5.00 pm). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 23rd July, 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> - Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN Field. The Sequence Number is printed on the address slip. - In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB#	<p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p>
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> - Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- (viii) After entering these details appropriately, click on "SUBMIT" tab.

- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN of Cera Sanitaryware Ltd. on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Non – Individual Shareholders and Custodians
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

Directors' Report

To
The Members,

The Directors have pleasure in submitting the Annual Report together with the Statement of Accounts of your Company for the year ended 31st March, 2015.

Performance

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

	Year ended March 31, 2015	Year ended March 31, 2014
		(` in lacs)
Profit before Depreciation and Taxes & Exceptional item	11638.71	9464.65
Deducting there from Depreciation of	1546.09	1224.70
Profit before Tax	10092.62	8239.95
Deducting there from taxes of:		
- Current Year	2525.25	2651.35
- Deferred Tax	800.92	398.04
Profit after Tax	6766.45	5190.56
Add: Balance brought forward from previous year	3000.00	1900.00
Amount available for Appropriations	9766.45	7090.56
The proposed appropriations are:		
1. Proposed Dividend	812.87	632.74
2. Tax on Proposed Dividend	165.48	111.45
3. General Reserve	3788.10	3346.37
4. Balance carried forward	5000.00	3000.00
Total	9766.45	7090.56

Highlights / Performance of the Company

Turnover of the Company for the year increased by 23.80% to ` 821.67 Cr. as compared to ` 663.69 Cr. previous year.

Profit before tax for the year increased by 22.48% to ` 100.93 Cr. as compared to ` 82.40 Cr. previous year.

Profit after tax for the year increased by 30.36% to ` 67.66 Cr. as compared to ` 51.90 Cr. previous year.

The Directors are pleased to inform you that your Company has continued to grow despite adverse market conditions in 2014-15 due to its distribution strength, product quality, brand equity and after-sales service.

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

Sanitaryware Unit

Your Company has expanded its annual production capacity to 3.0 Mn. Pcs. for meeting the increased demand of its products. During the year the plant had run at its optimum capacity despite being affected by the flooding due to heavy rains. Further, by adding balancing equipments, the company aims to achieve production of 3.2 Mn. Pcs. p.a.

Faucetsware Unit

The new ranges and designs of Faucets have been well accepted by the market. The company attained its full capacity in the year. Owing to this success, the company has further expanded its capacity to 2.34 Mn. Pcs. p.a.

Bathware Unit

Your Company has continued to market products like kitchen sinks and mirrors to its range besides products like shower cubicles, shower panels, steam cubicles, whirlpools and importing & marketing high-end wellness range under the brand name CERA.

Tiles Unit

Your Company has successfully launched CERA tiles in all markets. The exclusive tie up with manufacturers of tiles has helped your Company maintain its quality standards which distinguishes CERA tiles.

Green Energy Unit

As a part of national policy and Green initiative, generation of electricity through non-conventional sources and to stabilize power cost, company has installed two WIND-TURBINES of 4.00 MW and SOLAR ENERGY of 1.00 MW capacity at Dist. Jamnagar & Dist. Mehsana respectively in Gujarat during the year.

Thereby the installed capacity of Non-conventional Energy unit of the company now stands at 12.825 MW from 7.825 MW.

The non-conventional Wind and Solar Power has produced 1,03,61,993 KWH against 62,85,830 KWH in the previous year.

Corporate Governance and Management Discussion and Analysis

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

Corporate Social Responsibility

The report on Corporate Social Responsibility (CSR) Activities alongwith Annexure as per Rule 9 of The Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed as a separate Annexure.

Directors' Responsibility Statement

In compliance of Section 134 (5) of the Companies Act, 2013, the Directors of your Company confirm:

- ❖ that in the preparation of annual accounts, the applicable accounting standards have been followed and there are no material departures;

- ❖ that such accounting policies have been selected and applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2015 and of the Profit of the Company for the year ended on that date.
- ❖ that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- ❖ that the annual accounts have been prepared on a going concern basis.
- ❖ that internal financial controls have been laid down to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- ❖ that proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Dividend

Your Directors recommend a dividend of ` 6.25/- per share (125%) (Previous year ` 5/- per share (100%) on 1,30,05,874 (1,26,54,874) equity shares of ` 5/- each fully paid for the year ended 31.03.2015, to be paid subject to approval by the members at the ensuing Annual General Meeting.

During the year, the unclaimed dividend pertaining to the financial year ending 2006-07 was transferred to the Investor Education and Protection Fund.

Share Capital

The paid up Equity Share Capital as on 31st March, 2014 was ` 632.74 lacs. During the year under review the Company has issued 3,51,000 equity shares on preferential basis. As on 31st March, 2015 the Share Capital was ` 650.29 lacs. Since the shares on preferential basis were issued in March 2015, funds could not be utilized for the objects for which the same were raised. Hence, it is parked temporarily with the Bankers and in market securities.

No shares with differential voting rights, stock option or sweat equity shares were issued by the Company during the year under review.

Conservation of energy, technology absorption and foreign exchange earnings and outgo

Conservation of energy:

The Company has two sources of energy i.e. Natural Gas is being supplied by GAIL & Sabarmati Gas Ltd., for running the Kilns. The pricing and quantity of the gas is based on the availability, international pricing and contract with the company. For energy conservation company has installed fuel efficient burners to control gas consumption and every technological development is being taken care of.

Second source of energy for running machineries are electricity supplied by local Discom. To compensate within the energy consumption by way of electricity, the Company has set up Wind Turbines of 11.825 MW and 1.00 MW Solar Plant which will generate about 90 % of the requirements and it will offset against monthly consumption of energy bill.

The Company has spent ` 36.08 crores for setting up 4.00 MW wind turbines and 1.00 MW solar energy during the year.

The information on technology absorption and foreign exchange earnings and outgo stipulated under Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, is annexed herewith as a separate Annexure.

Exchequer

The Company has contributed ` 121.34 Crores to the exchequer by way of excise duty, customs duty, service tax, income tax, VAT, sales tax and other fiscal levies.

Deposits

The Company has discontinued its Fixed Deposit Scheme from the Financial Year 2012-13. Despite efforts to identify and repay the unclaimed deposits, the total amount of Fixed Deposits matured and remaining unclaimed with the Company as on 31st March, 2015 was ` 2.74 lacs.

The Company has not accepted fixed deposits from the public falling within the ambit of Section 73 of the Companies Act, 2013 and The Companies (Acceptance of Deposits) Rules, 2014.

Finance

During the year under review, the Company repaid loans of ` 675.02 lacs to Financial Institutions and Banks.

Managerial Remuneration and Employees

Details required pursuant to Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are enclosed as a separate Annexure.

Details of employees required pursuant to Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed as a separate Annexure.

Directors

Members at the Annual General Meeting held on 22-08-2014 have appointed Shri Ashok Chhajed, Shri Sajjan Kumar Pasari, Shri Govindbhai P. Patel and Shri Lalitkumar Bohania as Independent Directors of the Company to hold office for five consecutive years for a term up to 31st March, 2019 (they will not retire by rotation). Members have also appointed Smt. Deepshikha Khaitan as Director and Shri Atul Sanghvi as Director & Executive Director and Shri Vikram Somany as Chairman and Managing Director.

Dr. K.N. Maiti is due to retire at the end of the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Brief resume of Dr. K.N. Maiti as required as per clause 49 of the Listing Agreement executed with the Stock Exchanges is provided in the notice convening the Annual General Meeting of the Company.

All independent directors have given declarations that they meet the criteria of independence as laid down under section 149(6) of the Companies Act, 2013. The company keeps informed independent directors about changes in the Companies Act, 2013 and rules from time to time and their role, duties and responsibilities.

Auditors

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

Cost Auditors

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

Secretarial Audit

Secretarial Audit Report given by Umesh Parikh and Associates, Company Secretaries in practice is annexed with this report.

Extract of Annual Return

The details forming part of the extract of annual return in Form No.MGT-9 is annexed herewith as a separate Annexure.

Particulars of loans, guarantees or investments under section 186

The loans if any, made by the Company are within the limits prescribed u/s 186 of the Companies Act, 2013 and no guarantee or security is provided by the Company.

Details of Investments covered u/s 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

Particulars of contracts or arrangements with related parties

Particulars of contracts or arrangements with related Parties as per Section 188(1) of Companies Act, 2013, including arm's length transactions are enclosed as a separate Annexure in Form No.AOC-2 .

There are no materially significant related Party transactions made by the Company with Directors, Key Managerial Personnel or other designated Persons which may have a Potential Conflict with the interest of the Company at large. All related party transactions were placed before the Audit Committee and also the Board for

approval. The Policy on related Party transactions as approved by the Board is uploaded on the Company's website.

Insurance

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

Industrial Relations

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

Your Company has taken adequate steps for the health and safety of its employees, as required under the Gujarat Factories Rules, 1963. The Company has not received any complaint under The Sexual Harassment of women at Workplace (prevention, prohibition and redressal) Act, 2013 and the Company has organized three workshops under the said Act.

Appreciation

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

For and on behalf of the Board of Directors,

Ahmedabad.
23rd April, 2015

Vikram Somany
Chairman and Managing Director

Annexure to the Directors' Report

Disclosure of particulars with respect to information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules, 2014 and forming part of the Report of the Board of Directors for the year ended 31st March, 2015.

A. Conservation of Energy

Discussed in the main report

B. Technology Absorption

NIL

Research and Development (R & D)

1. Specific areas in which R & D is carried out : The Company's Research & Development Unit recognized by the Department of Scientific and Industrial Research (DSIR), Government of India, since 1989 has been relentlessly working for the improvement in quality of sanitaryware products, cost reduction through the use of new and cheaper raw materials, changes incorporated in their quality specifications, minimizing wastes and losses at different stages of production, recycling of unfired and fired wastes generated in production as well as pollution abatement to keep the company ahead of market competition.

Some innovative R&D activities carried out and fully/partly commenced commercial production during the year under report are :-

- ❖ An Opaque Glaze named as "Snow White" developed earlier and voted as the product of the year in Sanitary ware category for successive two years since 2011 in a row has been further upgraded through replacement of costly ingredients by cheaper substitutes and still maintained the high quality standard and also better than previous.
- ❖ Several dark colored glazes have been developed utilizing colorants/stains from indigenous source through import substitution and commenced commercial production minimizing several teething problems.
- ❖ Development of a new cost effective body utilizing increased quantity of fired waste (pitcher) in the body composition and commenced commercial production during the year under report. The said development has thus helped not only on consumption of increased quantity of solid wastes but also in conserving the same quantity of fresh raw materials for future use.
- ❖ Developing of an Antimicrobial glaze, utilizing the indigenously developed antimicrobial material available in the market and its up-scaling activity leading to commercial production is still under consideration.
- ❖ Development of a new and innovative crack resistant body utilizing a new and an unconventional raw material initiated at R & D sometimes back has been completed successfully with promising result. The said body and also other bodies incorporating indigenous raw materials are under trial in the pilot plant. On successful completion of pilot plant production, the said bodies would be introduced for commercial production.
- ❖ The company has launched a project titled "Waste Minimization & Waste Utilization Programme" and lots of measures have been taken to arrest wastage in solid, liquid and gaseous as well as electricity at different stages of production as a continuous programme. Simultaneously, the generated wastes of body & glaze are being benefited and used on regular basis at pilot level. Necessary infrastructure is being developed to continue the activities on commercial basis as a part of regular activity of the company.