

Annual Report

2012-13

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

CERA

Cera Sanitaryware Limited

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

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



Shri Vidush Somany

09/03/1981 - 25/08/2012

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

Board of Directors

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

Bankers

State Bank of India

Auditors

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

Registered Office

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

Marketing Office

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

Works

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

Registrar & Share Transfer Agent

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

President & Company Secretary

Narendra N. Patel

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

NOTICE

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

ORDINARY BUSINESS

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

SPECIAL BUSINESS

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

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

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

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

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

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

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

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

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

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

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

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

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

By Order of the Board of Directors

Narendra N. Patel
President & Company Secretary

NOTES

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

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

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

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

Item No. 6

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

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

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

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

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

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

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

2. Remuneration

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

- Perquisites:

Category – A

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

Category - B

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

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

Category – C

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

Others:

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

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

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

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

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

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

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

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

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

Item No. 7

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

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

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

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

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

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

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

By Order of the Board of Directors

Narendra N. Patel
President & Company Secretary

Directors' Report

To
The Members,

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

Performance

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

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

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

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

Sanitaryware Unit

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

Faucetware Unit

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

Bathware Unit

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

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

Power Unit

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

Corporate Governance and Management discussion and Analysis

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

Corporate Social Responsibility

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

Directors' Responsibility Statement

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

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

Dividend

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

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

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

Exchequer

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

Fixed Deposit

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

Finance

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

Employees

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

Directors

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

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

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

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

Auditors

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

Cost Auditors

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

Insurance

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

Industrial Relations

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

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

Appreciation

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

For and on behalf of the Board of Directors,

Ahmedabad.
25th April, 2013

Vikram Somany
Chairman and Managing Director

Annexure to the Directors' Report

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

A. Energy Conservation

Form - A : Not Applicable

B. Technology Absorption

Form B

Research and Development (R & D)

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

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

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

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

Technology Absorption, Adaptation & Innovation : Nil

C. Foreign Exchange earnings and outgo

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

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

Annexure to the Directors' Report

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

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

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

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

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

Notes :

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