



WHAT'S VH1 GOT TO DO WITH FACEBOOK GOT TO DO WITH IPAD GOT TO DO WITH YOUTUBE GOT TO DO WITH GOOGLE CHROME GOT TO DO WITH SOMANY CERAMICS?



SOMANY CERAMICS LIMITED | ANNUAL REPORT 2010-11

CONTENTS

Corporate identity **02** Key financial highlights **05** Chairman's statement **12** Joint Managing Director's review **14**
Strengths **17** Business segment **18** Business driver **22** Management Discussion and Analysis **25**
Financial statement analysis **29** De-risking the Company **31** Director's Report **34** Corporate Governance report **40**
Auditor's report **50** Financial statements **54** Business network **95** Corporate information **100** Notice and Proxy **101**



YOUTHFULNESS!



CORPORATE IDENTITY

IF IT IS TRENDY, IT MUST BE SOMANY CERAMICS.

IF IT IS INNOVATIVE, IT MUST BE SOMANY CERAMICS.

IF IT IS EXCELLENT PRICE-VALUE, IT MUST BE SOMANY CERAMICS.

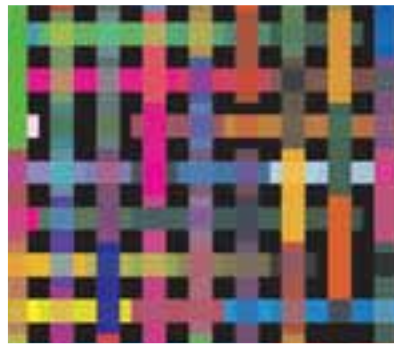
Not surprisingly, Somany Ceramics is not just among the oldest (largest and fastest-growing) ceramic tile manufacturers in India. But also the youngest.



Origin: The Company (part of the HL Somany Group) is a prominent player in the Indian ceramic tile industry. Incorporated in 1968 as Somany Pilkington in collaboration with UK-based Pilkington Tiles, the Company changed its name to Somany Ceramics Limited in 2007.

Presence: The Company is headquartered in New Delhi and its equity shares are listed on the Bombay Stock Exchange and the National Stock Exchange (market capitalisation of ₹ 140 crores as on 31st March, 2011)

Product basket: The Company's product basket comprises a wide range of wall and floor tiles, imported tiles, sanitaryware products, bathroom fittings and faucets in varied colours and designs.



Manufacturing units: The Company's two manufacturing units (in Kadi, Gujarat, and Kassar, Haryana) possess a combined annual tile making capacity of 19.15 mn sqm



Market position: The Indian ceramic tile industry is highly fragmented (branded market around 50%). The Company emerged as the second-largest tile manufacture in the Indian ceramic tile industry in terms of capacity with a share of about 11% of the branded market in 2010-11.



Market reach: The Company's products are marketed across India through an extensive distribution network of dealers, sub-dealers, showrooms and sales to brand-enhancing corporates like L&T, Shapoorji Pallonji, Adani Infrastructure, DLF and Unitech, among others.



Certifications: The Company's production facilities are ISO 9001:2008-certified. The Kadi unit is accredited with the ISO 14001 certification for environment-friendly manufacture. Both units were awarded the 5S certification.

GROWTH IN NUMBERS [FIVE YEARS' CAGR]

Revenue growth		EBIDTA growth		Cash profit growth		PAT growth	
25.43%		18.96%		24.04%		49.89%	
2005-06	2010-11	2005-06	2010-11	2005-06	2010-11	2005-06	2010-11
₹ 228.86 crores	₹ 710.58 crores	₹ 28.93 crores	₹ 68.92 crores	₹ 14.70 crores	₹ 43.15 crores	₹ 3.10 crores	₹ 23.43 crores
PBT margin growth		Net margin growth		RONW growth		ROCE growth	
26.36%		19.50%		32.08%		15.15%	
2005-06	2010-11	2005-06	2010-11	2005-06	2010-11	2005-06	2010-11
1.47%	4.74%	1.35%	3.30%	6.32%	25.42%	8.65%	17.52%

MILESTONES

- 1968**
Incorporated as Somany Pilkington's Ltd, in collaboration with the UK-based Pilkington Tiles
- 1971**
Started production from the first unit in Kassar, Haryana
- 1981**
Started production from the second unit in Kadi, Gujarat
- 1996**
Received government recognition for R&D facility (a first in the tiles industry)
- 1999**
Accredited with ISO 14001 for environment-friendly manufacturing for Kadi unit
- 2007**
 - Changed the name of the Company to Somany Ceramics Limited and ventured into retailing
 - Ventured into the sanitaryware space under the brand name of 'Somany Aquaware'
- 2009**
Received patent for its product -VC shield (India's highest abrasion-resistant tiles)
- 2010**
 - Purchased 15-acre land near the existing Kadi unit (near Ahmedabad) for future expansions/diversification
 - Widened the Aquaware segment by adding bathroom fitting products
- 2011**
 - Received BIS certification for its products, the only Indian company to receive the certification
 - Received the prestigious Power Brand award
 - Re-branded the Company with a changed logo

KEY FINANCIAL HIGHLIGHTS, 2010-11

Earnings per share (Face Value ₹ 2 each) (₹)

As on 31st March,

2007	0.73
2008	1.18
2009	2.53
2010	5.93
2011	6.79

Net sales (₹ crores)

2006-07	275.83
2007-08	329.36
2008-09	442.09
2009-10	536.94
2010-11	710.58

Book value (Face Value ₹ 2 each) (₹)

2006-07	15.37
2007-08	16.32
2008-09	18.50
2009-10	23.73
2010-11	29.70

EBIDTA (₹ crores)

2006-07	31.19
2007-08	37.86
2008-09	43.54
2009-10	58.32
2010-11	68.92

Net worth (₹ crores)

2006-07	53.03
2007-08	56.29
2008-09	63.82
2009-10	81.85
2010-11	102.47

Profit after tax (₹ crores)

2006-07	2.52
2007-08	4.06
2008-09	8.74
2009-10	20.46
2010-11	23.43

Gross block (including Capital Work-in-Progress) (₹ crores)

2006-07	257.05
2007-08	277.96
2008-09	277.89
2009-10	314.54
2010-11	352.74

Cash profit (₹ crores)

2006-07	16.89
2007-08	20.44
2008-09	22.76
2009-10	32.94
2010-11	43.15



' I AM YOUNG. I BUY PRODUCTS THAT REFLECT MY MINDSET. '



Guess, what happened when we entered our 40th year. We got younger! Just how do you make a five-decade company relevant to thirty-year olds fitting their first home? Simple.

By getting to their age and mindset.

Somany Ceramics did precisely this through the following initiatives in 2010-11:

- It re-branded: The Company unveiled a new logo to reflect a more vibrant and exciting personality in line with the changing profile of the Indian consumer
- It invested: The Company invested ₹ 14.12 crores in advertising and sales promotion to strengthen its consumer-connect
- It analysed: The Company began to map its showroom preferences to gauge emerging trends
- It went closer: The Company opened 25 more Somany Global stores, Somany exclusive stores and Somany studios across India and appointed 209 new dealers
- It re-classified: The Company marketed medium-end and high-end tiles under the Somany brand and sub-brands (VC, Durastone, Duragres and Somany Vitro); the high-end sanitaryware marketed as Somany Signature, while the mass marketing products were marketed as Somany Express
- It excelled: The Company was recognised as a Power Brand for its perception, performance and brand recall.



' I HAVE **DIVERSE** INTERESTS. I BUY BRANDS THAT PROVIDE ME WITH CHOICE. '



Everyone says that the younger generation is more focused. We introduced a wider variety to confuse them a wee bit!

Just how do you service consumers who holiday abroad, watch MTV, spend time on Facebook and yet eat idlies for breakfast.

Simple.

By taking Somany tiles to the international level and bringing international tiles home.

Somany did precisely this through the following initiatives in 2010-11:

■ It widened its range of proprietary and imported (Italy, Spain, China, Indonesia, Malaysia and Turkey) tiles across the wall/floor/vitrified/ceramic/porcelain varieties in various sizes/colours/designs) ■ It introduced a number of tiles that didn't appear like tiles in the first place comprising wood, marble and fabric finishes, among others ■ It launched a number of tiles that consumers thought would only be available abroad - full body glazed vitrified tiles (Duragres), possessing the durability of full body vitrified tiles with VC shield technology in various designs and shades (rustic, wood and marble); it launched a glazed, semi-polished porcelain tile (Lapato) that is abrasion and stain-resistant in naturally appearing textures (wood, fabric and stone); it introduced anti-bacterial tiles suitable for interior applications (washrooms, hotels, hospitals and outdoors such as swimming pools) ■ It introduced new size ranges for glazed vitrified tiles (2x2 and 2x1), unglazed vitrified tiles (1x1 and 2x2) and glazed polished tiles (2x1) ■ It introduced sanitaryware products (toilets, basins, urinals and cisterns, among others) and CP fittings products (faucets, showers, bathroom accessories and allied products, among others)

Result: The average tile realisation increased from ₹ 233 to ₹ 255 per sqm during the year under review.



' I AM IMPATIENT. I WANT EVERYTHING... NOW! '



We made geography irrelevant so that consumers in Delhi would be serviced as competently as the ones in Dhanbad.

Just how do you service consumers who live on Blackberry Messenger, who respond to emails within three minutes, who land up for airport check-in ten minutes before the counter closes and keep looking at their watch every 12 minutes even when they are on vacation?

Simple.

By carting 5,000 tile designs into a 1,500 square feet showroom and still having some 1,400 square feet left.

Somany did precisely this through the following initiatives in 2010-11:

- It opened additional 25 retail outlets and showrooms independently and through the franchise mode, strengthening its focus on retail sales, which is at a healthy 70%.
- It strengthened its distribution network of over 1,300 dealers, about 5,000 sub dealers, 20 depots and 68 showrooms/display centres across India to increase market penetration
- It deepened its geographic footprint across all Indian states to strengthen the distribution network and reach out to a larger section of people
- It incentivised the sale of value-added products, resulting in 42% growth in value-added product sales in 2010-11
- It exported products to the UAE, Saudi Arabia, Kuwait, Qatar, Bahrain, Maldives, Bangladesh, Oman, Mauritius, Canada, Seychelles, South Africa and the UK, among others.

Result: The Company's wide and deep distribution network resulted in enhanced sales throughput from 46,000 sqm per day to 77,000 sqm per day in just three years.

Somany Ceramics opened its first overseas Somany Exclusive showroom in Kathmandu (Nepal) to capitalise on the fast-growing demand for tiles in that country



CHAIRMAN'S STATEMENT

Dear Shareholders,

The financial year under review was a relevant time to build our business and graduate to the next level.

Our revenues grew more than 33.53% and bottomline by about 14.52%, indicating cost pressures (energy, raw materials and interest rates). Rather than merely focus on cost containment, we reinforced the need to enhance value instead, through differentiated products, increased realisations, enhanced profitability, stronger surplus reinvestment and a larger virtuous cycle of sustainable profitability.

OUR INNOVATIVE PRODUCTS

At Somany Ceramics, we take pride in our ability to introduce new products, shades, textures and sizes, resulting in a superior consumer experience.

VC shield tiles: We launched VC shield tiles in 2008 through VeilCraft (VC) Shield technology, making tiles jointless and abrasion-resistant, stain-resistant, frost-resistant and scratch-resistant. We received a patent for this technology and outperformed the international benchmark of Porcelain Enamel Institute Grade V tiles in terms of abrasion-resistance.

This segment grew 47% from ₹ 63 crores in 2009-10 to ₹ 93 crores in 2010-11, accounting for 12% of the total revenues in 2010-11. Besides, average realisation per square metre of VC tiles increased from ₹ 271 to ₹ 290, which helped arrest the decline in the Company's EBIDTA margin to 120 bps during an otherwise challenging year.

Duragres: We launched a full body glazed vitrified tile, reconciling the durability of full body vitrified tiles and VC shield technology, helping create India's toughest tile. This tile, patterned along Italian tiles, addresses customers' lifestyle needs. These tiles are suitable for high foot fall areas like shopping malls, airports, hospitals and offices, among others. We reinforced our presence in this segment by commissioning a 2.45 mn sqm brownfield facility to manufacture full body glazed/unglazed vitrified tiles in 2010-11, Duragres reported revenues of ₹ 10 crores and the Company expects to enhance revenues to ₹ 40 crores in 2011-12.

Durastone: Durastone is our second flagship brand, catering to outdoor flooring needs. This strong, homogenous tile possesses a high load

bearing capacity on the one hand and is abrasion-resistant, anti-skid, stain-resistant, acid-resistant and alkali-resistant on the other. These high margin tiles (used in warehouses, pavements, driveways, lawn passages, staircases, hotel kitchens, swimming pools, decks, commercial places and factory areas) registered a revenue growth of 86% from ₹ 21 crores in 2009-10 to ₹ 39 crores in 2010-11 and is expected to grow to ₹ 50 crores in 2011-12.

Somany Vitro: Our vitrified tiles grew more than 100% in 2010-11, positioning us among the five leading polished vitrified brands in India. Revenues grew 120% to ₹ 150 crores in 2010-11.

STRATEGIC BLUEPRINT

The Indian tile industry is optimistic of its prospects, on account of an increase in demand from commercial spaces, growing urbanisation, organised retail growth, robust residential demand and a growing willingness to use tiles on building exteriors.

Somany Ceramics expects to capitalise on these realities through the following initiatives:

Short-term plan: We would like to continue to leverage our brand image and sales and distribution network by further increasing our product outsourcing, both in the commodity and value-added segment.

Medium to long-term strategy: Our medium to long-term strategy includes:

- Continuous strengthening of Somany brand
- Increased proportion of value-added products in own manufacturing
- Organic and inorganic growth by adding manufacturing capabilities

This interplay of strategies is expected to translate into enhanced value for all those who own shares in our Company.

Shreekant Somany

Chairman and Managing Director



CORPORATE REVIEW

by Abhishek Somany, Joint Managing Director

Dear Shareholders,

In a competitive business like tiles, it is not enough to grow over the previous year; it is important to consistently grow higher than the industry average.

In a challenging year for the ceramic tiles industry, we are pleased to report that we outperformed our industry growth yet again. Even as our industry in India grew 12 to 15%, our topline increased 34% from ₹ 563.02 crores to ₹ 751.78 crores in 2010-11.

We outperformed our industry growth through the following initiatives:

Larger throughput: We generated a larger sales volume by 22.20% from 22.97 mn sqm in 2009-10 to 28.07 mn sqm in 2010-11 which enabling us to cover our fixed costs better. This was on account of capacity expansion and an increase in outsourcing activities.

Higher utilisation: We achieved higher capacity utilisation of 94%

(excluding the new plant which achieved a capacity utilisation of 84%) compared with 90.5% in the previous year

Capacity addition: We added 2.45 mn sqm in capacity through a capex of around ₹ 38 crores at Kassar (Haryana). This increased our capacity by 14.67% to 19.15 mn sqm per annum at the end of 2010-11. This capacity addition enabled us to retain our position as the second-largest tile manufacturing company in India (by capacity). The capacity addition is equipped with ultra-modern, state-of-the-art technology imported from Italy, utilised to manufacture value-added ceramic, glazed and unglazed vitrified tiles.

Successful product introduction: We introduced three innovative products – full body glazed vitrified tiles (GVT) under the 'Duragres' brand,

glazed semi-polished porcelain tiles under the 'Lapato' brand and anti-bacterial tiles. These products contributed ₹ 13.21 crores in our total revenue.

Value addition: We enhanced the share of value-added tiles in our product mix to 52% from 49% in 2009-10, which in turn strengthened our average realisation per sqm from ₹ 233 in 2009-10 to ₹ 255 in 2010-11. Consequently, we outsourced ordinary ceramic tiles to contract manufacturers.

Cost management: We commissioned three gas-based power generators of about one MW each with heat recovery units at Kassar. We optimised raw material composition to counter an increase in raw material costs.

BUILDING OUR FOUNDATION

At Somany Ceramics, we did not just report numerical improvement during the year under review; we also strengthened our business through the following initiatives:

New identity: The world is getting younger; there is a larger proportion of young consumers who identify better with brands that share their mindset. This reality made it imperative for our Company to create a visual identity that matched

the youthful profile of our consumers. In view of this, we created a new logo to give our brand 'a new life'. This rejuvenation intends to widen the brand's appeal across a wider consumer age spectrum.

Fresh positioning: We reinforced the new visual identity with a relevant clutter-cutting television commercial that highlighted product utility, especially the patented VC Shield technology that makes our products abrasion-free. We supported this exercise with an increase in our branding expenses from ₹ 9.33 crores in 2009-10 to ₹ 14.12 crores in 2010-11.

Fitting recognition: We received the 'Power brand' status, underlining our strong recall, performance and association. We also received the BIS certification for our manufacturing facility in Kassar, the first company in our industry to be so recognised.

New vertical: We created a new vertical that will extend us from the standalone manufacture of ceramic tiles to the delivery of a single-point bathroom solution (comprising sanitaryware, faucets, sinks, basins, showers and other fittings). This vertical is expected to grow from ₹ 18.49 crores in 2010-11 to ₹ 36 crores in 2011-12. As an extension, we introduced a variety of quality

adhesives, tile cleaners and epoxy grout spacers, providing a one-stop customer solution.

Mason training: The Tile Master initiative trains masons in tile laying with world-class equipment, enhancing mason productivity. The Company trained 800 masons pan-India and expects to raise the number to 2,000 by end 2011-12.

Secured feedstock: We entered into long term contracts for natural gas supply agreements with GAIL, IOC and Sabarmati Gas Ltd., which will secure our fuel availability.

OUTPACING INDUSTRY GROWTH

At Somany Ceramics, our success has been derived from an ability to recognise emerging trends and proactively respond with commensurate investments.

The two big developments in India comprise an increasing preference for value-added products and a growing retail segment. These developments are the result of a changing demographic profile, evolving consumer preferences, higher disposable incomes, rising urbanisation, growing home pride, convenience of single-point shopping and an increase in real estate prices (which correspondingly reduced the

cost of tile use in interiors).

As a proactive organisation, your Company responded to these developments in 2010-11:

- We increased the manufacture mix of medium and high-end value-added products to 69% in 2010-11.
- We increased the proportion of retail sales to 70% in 2010-11 to benefit from rising individual incomes. A dispersal of sales across a larger consumer cross-section will enable us to counter industry downtrends more effectively and generate realisations higher than the institutional average.

MESSAGE TO SHAREHOLDERS

Somany Ceramics is optimistic of accelerating its growth across business verticals with a growing focus on value-addition, cost control and brand building, retaining its industry prominence.

Abhishek Somany

Joint Managing Director



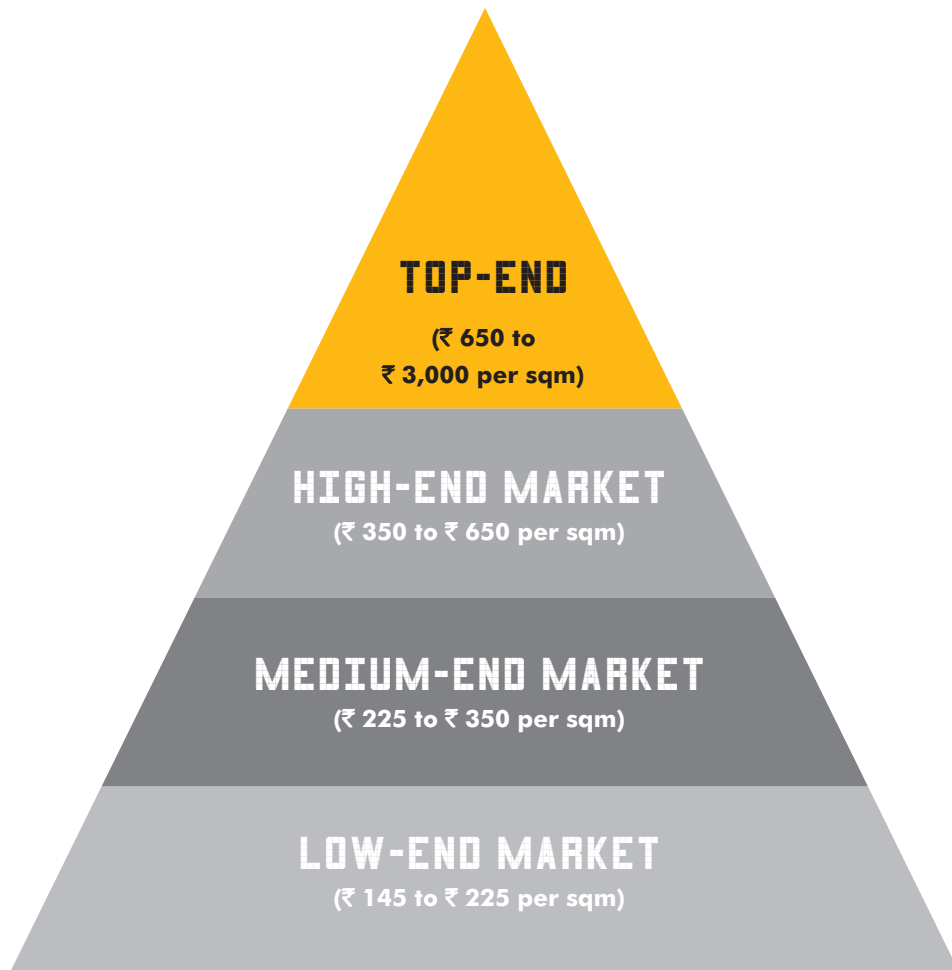
SOMANY'S VALUE CHAIN.

PRESENCE ACROSS ALL PRICE POINTS

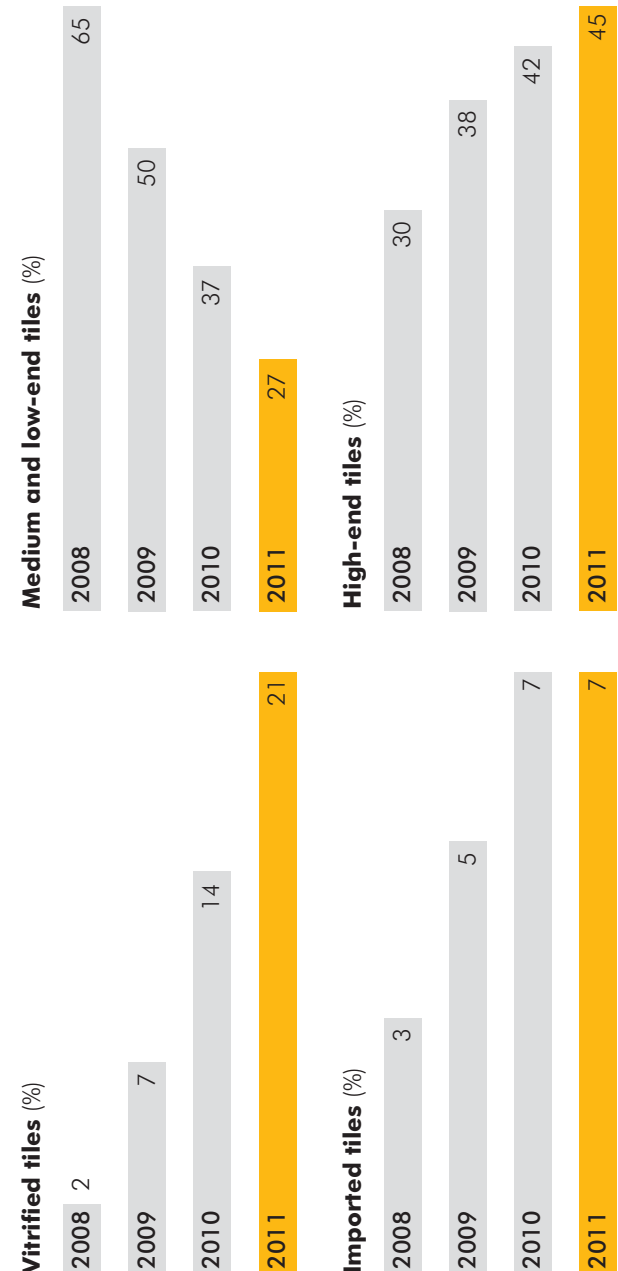
The Company is strategically positioned across diverse price points to cater to various customer segments.

It offers the largest range of manufactured, imported and outsourced tiles by any Indian tile manufacturer.

Its product range extends from low-cost tiles of ₹ 145 per sqm to high-end tiles of ₹ 3,000 per sqm, enhancing the probability of converting of customer interest into actual offtake.



Moving up the value chain (in %)



STRENGTHS

PRODUCT RANGE

The Company's product basket comprises ceramic wall and floor tiles, polished, glazed and unglazed vitrified tiles, imported tiles, borders/motifs and highlighters, sanitaryware & fittings and adhesives. The tiles range from low-cost tiles of ₹ 145 per sqm to high-end tiles of ₹ 3,000 per sqm

RIGHT SALES MIX

The Company generates 70% of its revenue from retail sales and 30% from institutional sales, capitalising on rising disposable incomes and growth emerging from the country's replacement market.

CAPACITY

Somany Ceramics increased its operational capacity – growing from 13.69 mn sqm in 2006-07 to 19.15 mn sqm in 2010-11, growing at a 8.75% CAGR

STRONG FOCUS ON R&D

The Company boasts a sophisticated and advanced R&D centre, which is recognised by DSIR; the first company in the industry to receive such recognition. The patented VC shield technology is testimony to the Company's R&D focus and its endeavour to introduce new products and designs.

STRONG DISTRIBUTION

The Company has a strong and extensive distribution network, comprising 1,334 exclusive dealers, around 5,000 sub-dealers, 20 depots and 68 owned and franchisee showrooms/display centres, helping wider and deeper material penetration across the country

BALANCED PORTFOLIO

The Company has a portfolio of own and outsourced tiles (57:43). While it is continuously increasing value-added products in its own manufacturing, medium and low-end products are outsourced from domestic markets and very high-end products are imported. Own manufacturing has higher profit margins, while outsourcing complements its strong distribution network.

DESIGN CAPABILITY

The Company possesses India's largest in-house tile designing team, committed to the development of new designs, products and concepts in collaboration with design houses in Spain and Italy.

BRAND ACCEPTANCE

The Company's products are preferred by institutional customers like DLF, Unitech, Shapoorji Pallonji, Rahejas and L&T, among others.

RESOURCES

The Company has sufficient land bank for brownfield expansion, which can potentially reduce capital cost per tonne; it entered into long-term contracts for natural gas with GAIL, IOC and Sabarmati Gas Ltd. meeting its requirements with enhanced capacities.

TECHNOLOGY

The Company introduced cutting-edge technologies in the Indian tiles sector (roto colour printing and laser guided vehicle for in-plant product management), enhancing quality and productivity.

CERAMIC WALL AND FLOOR TILES



The Company created an industry benchmark through its patent for VC (VeilCraft) Shield

The Company offers a wide range of ceramic wall and floor tiles, complementing diverse lifestyle requirements in various sizes, designs, textures, patterns and varieties. The Company also provides decorative additions (highlighters and wall cladding), making it a complete tiles provider. These tiles are ideal for high footfall areas like shopping malls, airports, hospitals and offices, among others.

The Company created an industry benchmark through its patent for VC

(VeilCraft) Shield, which provides a special protective tile coating – captured between two glaze layers – against abrasion, scratches and stains.

HIGHLIGHTS, 2010-11

- Registered 47% growth in VC tile sales from ₹ 63 crores to ₹ 93 crores (by value) and 37% from 2.33 mn sqm to 3.19 mn sqm (by volume)
- Introduced new glaze for VC tiles, resulting in superior abrasion resistance

- Enhanced the proportion of value-added tiles to 44% of total sales
- Added 209 dealers (total 1,334) to the pan-India distribution network

PROSPECTS, 2011-12

- Develop value-added products in line with emerging preferences
- Increase the sale of VC tiles by around 30% to ₹ 120 crores
- Introduce 400x400 mm VC tiles at the Kassar unit

POLISHED VITRIFIED TILES



Registered sales growth of 124% in polished vitrified tiles, emerging among the top five polished vitrified brands in India

Polished vitrified tile revenues grew 17% from 2006 to 2010, compared with a growth rate of 13% in ceramic tiles during the same period. This superior growth was the result of a high gloss surface, superior mechanical strength, scratch/alkali/chemical/stain resistance and low maintenance needs. The Company offers polished vitrified tiles in a range of colours, designs, and sizes. It outsources polished vitrified tiles and markets them under the 'Somany Vitro' brand.

HIGHLIGHTS, 2010-11

- Registered sales growth of 124% in polished vitrified tiles from ₹ 70 crores in 2009-10 to ₹ 157 crores (by value) and from 2.28 mn sqm to 5.10 mn sqm (by volume), emerging among the top five polished vitrified brands in India
- Introduced 'Double charge' and 'Nano finish' polished vitrified tiles with superior gloss and stain resistance

PROSPECTS, 2011-12

- Register a 100% sales growth
- Increase the share of value-added polished vitrified tiles' using newer technologies like 'Double charge' and 'Nano finish'
- Extend reach across every Indian district through the appointment of more dealers and sub-dealers

FULL BODY VITRIFIED TILES



Somany introduced full body glazed vitrified tiles (Duragres) with VC Shield technology, making them among the toughest tiles in India.

The Company introduced full body glazed vitrified tiles (Duragres) with VC Shield technology, making them among the toughest tiles in India. These tiles are available in various shades, designs and textures (rustic, wooden and marble) fashioned around a typically Italian look.

The unglazed vitrified tiles were marketed under the Durastone brand. The Company commissioned a 2.45 mn sqm capacity plant

(glazed and unglazed vitrified tiles) in the Kassar unit in June 2010. The tiles are available in around 20 designs and four sizes, eliciting a favourable response from architects, retail customers and institutional clients. The products generated ₹ 52.43 crores sales in 2010-11.

HIGHLIGHTS, 2010-11

■ Registered sales value growth of 134% from ₹ 22.37 crores in 2009-10 to ₹ 52.43 crores in 2010-11

and volume growth of 114% from 0.80 mn sqm in 2009-10 to 1.71 mn sqm in 2010-11

■ Achieved a capacity utilisation of 84% in the new facility

PROSPECTS, 2011-12

- Enhance capacity utilisation
- Introduce 15 designs
- Increase revenues to ₹ 100 crores
- Launch more innovative products

SANITARYWARE AND BATHROOM FITTINGS



Somany entered the business of outsourcing and marketing bathroom fittings, emerging as a complete bathroom products provider.

The Company ventured into providing sanitaryware and bathroom fittings (brand Somany Aquaware). The Company tied up with leading sanitaryware manufacturers in China to import a range of premium sanitaryware products (Cheri toilets, Kallis Wash Basin, Ren Art Basin and Spice Two Piece Toilet, among others). The division marketed an exquisite product range through Somany Global outlets and emerged as a complete bathroom products provider.

HIGHLIGHTS, 2010-11

- Entered the business of outsourcing and marketing bathroom fittings
- Registered 43% growth in the sanitaryware and bathroom fittings business
- Contributed ₹ 18.49 crores to the topline (₹ 12.89 crores in 2009-10)
- Introduced 20 sanitaryware products and three bathroom fitting product ranges
- Added four vendors (total 17)

- Commissioned an after-sales service department

PROSPECTS, 2011-12

- Launch three new bathroom fitting product ranges
- Add 15 sanitaryware designs
- Establish the Company's presence across western and southern India
- Explore tie-ups with premium European sanitaryware and bathroom fitting brands.

OPERATIONS



Somany received BIS (Bureau of Indian Standards) certification for the products manufactured in Kassar unit, the first company in the Indian tile industry to receive the certification

In the ceramic tile manufacturing business, operational success is achieved by an ability to manage productivity with the optimal use of time, assets, materials and energy.

The Company demonstrated manufacturing excellence in its tile manufacturing units of Kassar (Haryana) and Kadi (Gujarat).

OPERATIONAL HIGHLIGHTS, 2010-11

- Improved production (from both the units) from 15.11 mn sqm to 17.23 mn sqm, an increase of 14%.
- Achieved average capacity utilisation of 94% for all plants, excluding the expanded capacity at Kassar
- Commissioned additional capacity of 2.45 mn sqm per annum at Kassar (Haryana) in June, 2010,

increasing the total production capacity to 19.15 mn sqm per annum, utilising 84% capacity

- Commissioned three gas-based power generators with an aggregate capacity of 2.8 MW at Kassar with a heat recovery system, resulting in energy cost saving and also improvement in production and quality owing to uninterrupted supply of power.

- Increased the proportion of value-added products manufactured, from 41% to 69%.

- Received BIS (Bureau of Indian Standards) certification for the products manufactured in Kassar unit, the first company in the Indian tile industry to receive the certification; received 5S certification for Kassar unit

PROSPECTS, 2011-12

The Company expects to increase the proportion of value-added items in its product basket like VC, Duragres, Durastone and new technology digital and 3D tiles (proposed manufacture).

The Company expects to debottleneck its production capacity to enhance output.

RESEARCH AND DEVELOPMENT



Somany received patents for one of its R&D processes – VC shield technology, making it the only tile company in India to be granted a patent in advanced tile technology

In the ceramic tile business, success is derived from an ability to innovate products and processes.

The Company continues to invest in sophisticated in-house R&D facilities, recognised by DSIR (Department of Scientific & Industrial Research), the first company in the industry to be so accredited.

The R&D facility helps the Company design and launch new products and designs. The Company received patents for one of its R&D processes – VC shield technology (a high abrasion-resistant glaze application process), making it the only tile company in India to be granted a patent in advanced tile technology.

OPERATIONAL HIGHLIGHTS, 2010-11

- In-house R&D centre recognised by DSIR till 2014
- Improved the strength and abrasion-resistant attributes of VC tiles to withstand 50,000 revolutions as against 25,000 revolutions
- Introduced value-added products in new sizes – glazed vitrified tiles in sizes 2x2 and 2x1 under the Duragres® brand, unglazed vitrified tiles in sizes 1x1 and 2x2 under the Durastone® brand and anti-bacterial wall tiles in size 2x1
- Fine-tuned body and glaze material composition for better productivity and lower costs

- Increased the production of value-added products, increasing realisations and reducing costs

PROSPECTS, 2011-12

The Company expects to manufacture glazed terracotta tiles (glossy and matt) for light residential applications. It intends to invest in Inkjet Digital Printing Technology leading to the manufacture of value-added digital and 3D tiles.

RETAIL CHAIN



In a business responding increasingly to branding, success is derived from an ability to create relevant brands around products in specific price segments for targeted consumers.

The Company created a number of sub-brands to communicate effectively with consumers.

Somany Global

These comprise exclusive imported tiles showroom, a one-of-its-kind concept in the Indian tile industry that offers a range of stone finish, wooden, fabric and denim-finish tiles imported from Italy, Spain, Turkey and other countries. It also comprises a range of imported sanitaryware products (water closets, basins and pedestals, among others). The showroom offers a wide range of imported tiles and sanitaryware. The Company has seven self-managed showrooms (Delhi, Surat, Pune, Indore, Chennai, Bangalore and Hyderabad) and ten franchisee showrooms known as Somany Global Exclusives and Somany Global Studios. The showrooms

provide re-creations of the living room, bedroom, kitchen, bathroom, bar, study and lounge areas, among others, to help consumers envision their required space. This makes the showroom a one-stop shop for elegant imported tiles and sanitaryware.

Somany Exclusive

These comprise elite franchisee showrooms of the Company, displaying a wide range of tiles, sanitaryware and bathroom fittings. The showrooms exhibit the Company's tile collections through state-of-the-art, replicated displays of lounge, living rooms, bars, conference rooms and library, among others. This provides customers with a feel of how each tile will actually look while in use. Further, the customers can also create their own designs, giving their residences a touch of freshness and creativity. Somany Exclusive showrooms help transform tile shopping into a rich and creative visual experience. The Company has 35 Somany Exclusive showrooms in major cities across the country.

(Hyderabad, Cochin, Guwahati, Allahabad, Lucknow, Madurai, Gangtok and Chennai among others).

Somany Studio

These comprise a shop-in-shop concept where the Company acquires a dedicated area inside a dealer's store to display the entire range of tiles (domestic and imports) and sanitaryware. An elegant ambience is created within the store by implementing interesting colour and design schemes. The Company has 16 Somany Studios across India to ensure the wide distribution of high-end international quality tiles and sanitary products.

HIGHLIGHTS, 2010-11

- Opened eight Somany Global showrooms (total 17); commissioned 17 Somany Exclusives and Studios stores (total 51)
- Initiated Customer Relationship Management programme for dealers to attract and retain new clients, consequently reducing marketing and client servicing costs

- Improved footfall through promotions
- Launched Customer Relationship Module for architects, dealers and sub-dealers, facilitating superior customer service and retention of old clients
- Accelerated sales by improving the ambience, design, layout and quality of customer service in stores
- Assisted distributors in accelerating sales by providing a new look and feel to their existing store set-up

PROSPECTS, 2011-12

- Add 25 Somany Global Exclusives and Studios across the country
- Assist and educate dealers to stock a wide range of tiles and sanitaryware products
- Improve retail sales by stocking imported tiles and sanitaryware products (water closets, basins and pedestals among others)
- Empower retailers to market value-added products

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMY GROWTH

The global economy witnessed a negative growth of 0.6% in 2009 and rebounded to 4.9% in 2010 and is expected to grow at 4.2% in 2011, owing to rising oil and commodity prices and the European debt crisis (Source: *Economic times*, 25 May, 2011). The Indian economy grew 8% in 2009-10 and 8.6% in 2010-11.

Indian economic growth

	2006-07	2007-08	2008-09	2009-10	2010-11
GDP at factor cost (%)	9.7	9.0	6.7	8.0	8.6
Agriculture (%)	4	4.9	1.6	0.4	5.4
Manufacturing (%)	11.8	8.2	2.4	8.8	8.8
Construction (%)	11.8	10.1	7.2	7.0	8.0
Financing, insurance, real estate and business services (%)	13.8	11.7	7.8	9.2	10.6

(Source: *Indian economic survey*, 2010-11)

GLOBAL CERAMIC TILES INDUSTRY

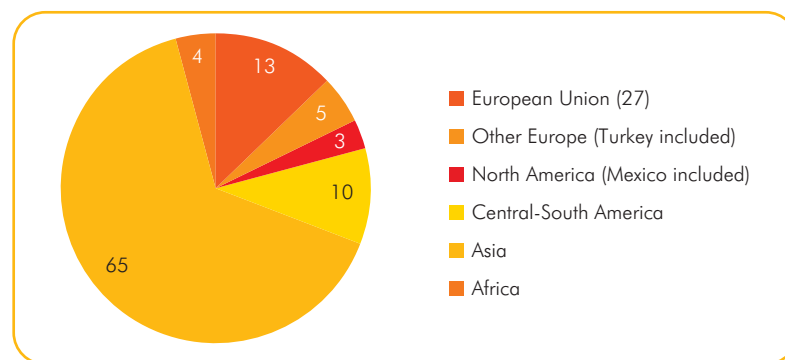
The world economic slowdown in 2009 adversely affected the ceramic tiles sector, and the world tile production fell for the first time in the sector's industrial history.

World tile manufacturing areas

Areas	2009 (mn sqm)
European Union (27)	1,076
Other Europe (Turkey included)	395
North America (Mexico included)	252
Central-South America	896
Asia	5,542
Africa	347

(Source: *Ceramic World Review*)

Contribution to world production (%)



Production: World tile production dropped to 8,515 mn sqm in 2009 against 8,520 mn sqm in 2008. There was a geographical shift in tile production from the industry's traditional European base to the nascent economies of Asia, North Africa and the Middle East. The 27 EU nations, accounting for a substantial share in the global tile production, reported a 25% production drop in 2009. Despite a sharp downturn in Europe and

America, there was a positive trend in Asia and Africa, which grew 7.1% and 11.9% respectively. Asia produced 5,542 mn sqm in 2009, bringing its share of the world production to 65.1%. Of the total production in Asia, China alone accounted for nearly two-thirds of tile production and 42.3% of the tile industry's global output. India emerged as the world's third-largest manufacturer and consumer of ceramic tiles.

Consumption: The world tile consumption grew only 1.3% to 8,460 mn sqm in 2009 compared with 3.6% in 2008 and an average of 8% during the previous five years. European tile demand declined by 18.8%, while Asia continued to dominate with the highest demand growth at 8.2% resulting in a total consumption of 5,273 mn sqm.

Top 10 tile producing countries (mn sqm)

Countries	2006	2007	2008	2009
China	3,000	3,200	3,400	3,600
Brazil	594	637	713	715
India	340	385	390	490
Italy	569	559	513	368
Iran	210	250	320	350
Spain	608	585	495	324
Vietnam	199	254	270	295
Indonesia	170	235	275	278
Turkey	265	260	225	205
Egypt	122	140	160	200
Others	1,683	1,747	1,759	1,690
Total	7,760	8,252	8,520	8,515

(Source: Ceramic World Review, February 2011)

Top 10 tile consuming countries (mn sqm)

Countries	2006	2007	2008	2009
China	2,450	2,700	2,830	3,030
Brazil	484	535	605	645
India	350	397	403	494
Indonesia	148	178	262	297
Iran	182	236	265	295
Vietnam	145	210	220	240
Egypt	103	105	140	180
USA	308	249	197	169
Spain	308	249	197	169
Italy	199	199	176	146
Others	2,762	3,042	3,152	2,808
Total	7,450	8,060	8,350	8,460

(Source: Ceramic World Review, February 2011)

INDIAN CERAMIC INDUSTRY

The Indian ceramic tile industry is estimated at ₹ 14,000 crores, growing at a 15% CAGR per annum over the last five years, except 2009, beating the global average growth of 6% per annum (Source: Business standard, 6 May, 2011).

The industry is estimated to be equally divided between branded and unbranded products. The manufacturing of unbranded products is concentrated in Morbi (Gujarat). There is a changing industry trend, with an increased preference for branded products.

Production: India is the third-largest ceramic tiles manufacturer in the world after China and Brazil, with a total annual production of 490 mn sqm in 2009, registering a growth of 25.6%. This growth was driven by substantial investments in end-user segments (housing, commercial and retail, real estate, healthcare, hospitality and infrastructure).

Consumption: Rapid Indian economy growth at around 8% over the past few years, resulted in rising disposable incomes, affordability and urbanisation, leading to a surge in ceramic tile consumption. The annual ceramic tile consumption grew to 494 mn sqm in 2009 against 403 mn sqm in the previous year (Source: Ceramic world review, February 2011).

Indian ceramic tile industry (mn sqm)

	2006	2007	2008	2009	%variation	2010E*
Production	340	385	390	490	25.6	550
Consumption	350	397	403	494	22.6	557
Imports	20	22	24	17	(29.2)	20
Exports	10	10	11	13	18.2	13

*Estimates

(Source: Ceramic World Review, February 2011)

INDUSTRY GROWTH DRIVERS

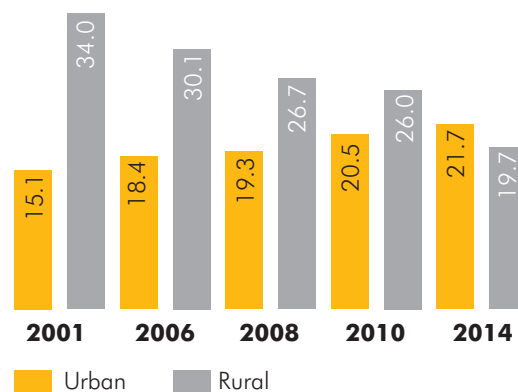
Rising discretionary spending: Per capita income grew from ₹ 46,492 in 2009-10 to ₹ 54,527 in 2010-11, increasing affordability in the hands of the Indian consumers, who are gradually shifting to lifestyle products (Source: Economic Times, 31 May, 2011). Discretionary spending in premium products is expected to increase to 70% of household annual spending by 2025.

Growing urbanisation: Over the last decade, India's population grew 1.38%, while urban population grew at 28%. Urban India accounts for 28% of the total population, which is expected to touch 41% by 2030, resulting in further growth for the real estate sector (CRISIL Research, December 2010).

Housing shortage: The housing shortage in India's urban areas is expected to increase from 19.3 million units in 2008 to 21.7 million units by

2014. Shortage in rural areas is expected to decrease from 26.7 million units in 2008 to 19.7 million units by 2014 (CRISIL Research, December 2010).

Housing shortage in India (in million units)



(CRISIL Research, December 2010)

Replacement demand: With an increase in disposable incomes, urbanisation and lifestyle

changes, consumers are replacing traditional low-end tiles with superior quality. The demand from the replacement market is a mere 12% in India compared with 40% in Spain, Italy and China, indicating a huge opportunity for high-end tile makers.

Growing middle-class: The Indian middle-class (annual income of ₹ 3.5 to ₹ 17 lacs) is expected to increase from 160 million people in 2009-10 to 267 million people by 2015-16. By 2025-26, the number of middle-class Indian households is likely to double from 2015-16 levels to 547 million individuals (Source: Economic Times, 6 February 2011)

Shifting preference towards tiles: A growing awareness of tile usage and exposure to global trends through the electronic media, led to a transformation in the concept of tile usage. From a convenient product, tiles are now fashion and lifestyle products.

Favourable macro-economic policies:

Availability of affordable credit propelled a growth in the Indian housing space, with housing loans increasing from ₹ 2 trillion in 2006 to ₹ 2.9 trillion in 2009 (Source: Emkay Research)

Low per capita consumption: India's per capita tile consumption is 0.42 sqm, one of the lowest in the world compared with China's 2.26 sqm, and more than 5 sqm in some European countries (CRISIL Research, December 2010). The increase in disposable income and urbanisation is expected to enhance Indian tile consumption.

Per capita tile consumption

China	2.26
Brazil	3.24
Iran	4.47
Vietnam	2.76
Turkey	1.79
Egypt	1.67
India	0.42

(Source: Ceramic World Review)

Commercial real estate: With the emergence of India as a preferred global outsourcing hub for manufacturing and service industries, commercial real estate demand grew. Progressive liberalisation and relaxation of FDI norms will drive demand growth for commercial spaces at 20-22% over five years. Major demand is expected from the IT/ITeS sectors, requiring more than 250 million sq. ft of office space by 2012-13 (Source: IBEF)

Organised retail: The Indian retail sector is estimated at about US\$ 500 billion in 2009-10. With increasing disposable income and rising aspirations, retail sector size is expected to reach US\$ 900 billion by 2014 (Source: PwC research). Further, retail space of 323 million sq. ft is expected to be added by 2012. (Source: Cushman & Wakefield)

Hospitality sector: With India emerging as a preferred tourist destination, Indian tourism is expected to grow at a 9% CAGR over the next 10 years. The country expects to add nearly 90,000 rooms in the next five years in luxury, upscale, midscale and budget hotels, 143% more than the existing 62,404 rooms in 2009-10, providing an

impetus to high-end ceramic tile demand. (Source: Economic Times, 18 May, 2011)

Healthcare sector: The Indian healthcare sector is valued at US\$ 50 billion and accounts for 5% of GDP. With India emerging as a medical tourism hub, growth in lifestyle-related health issues, improved healthcare insurance penetration, rising treatment expenses, government initiatives and increasing disposable income, the sector is expected to double its size to US\$ 100 billion by 2015. (Source: Economic Times, 28 Jan 2011)

Airport modernisation: The government will invest around US\$ 7.5 billion for airport infrastructure development under the revised Eleventh Five Year Plan (Source: Emkay Research). It plans to modernise, re-develop and upgrade around 80 airports. Further, the Airports Authority of India (AAI) will upgrade 35 non-metro airports in the country at an estimated cost of around US\$ 1 billion and modernise the airports of various metros, owing to a growing thrust in the tourism industry and airport infrastructure development, providing a tremendous opportunity to tile manufacturers.

FINANCIAL STATEMENT ANALYSIS

The Company reported an improvement in its numbers in 2010-11: Revenue increased 33.53%, EBIDTA increased 18.18% and PAT increased 14.52%.

REVENUES

Gross sales increased from ₹ 563 crores in 2009-10 to ₹ 752 crores in 2010-11 (33.53%), owing to the following reasons:

- The Kassar brownfield expansion (which will produce an additional 2.45 million sqm tiles per annum), translated into revenues for nine months of 2010-11
- Increased revenues from value-added products in general and VC (a patented product) in particular
- Substantial increase in the turnover of outsourced/traded goods (domestic and imported) in general and polished vitrified tiles in particular
- Wider distribution network (increased dealer, sub-dealer and retail showrooms)

OPERATING EXPENDITURE

Expenditure (including excise duty) increased from ₹ 507.62 crores to ₹ 687.20 crores in 2010-11 (35.37%), which was higher than the percentage increase in revenues, indicating a pressure on margins, owing to an increase in energy and input costs and a higher composition of traded/outsourced volumes (lower margins than manufacture).

Energy costs: Owing to energy cost increases, power and fuel bills increased from ₹ 63.11 crores to ₹ 86.83 crores in 2010-11 (37.59%). This resulted in an increase in energy costs as a proportion of the total production value from 18.55% to 21.61%, shrinking EBIDTA margins by 306 bps.

Raw materials and packing materials: Prices of some critical raw materials and packing materials increased. On account of optimised raw material composition and packing, the adverse

impact of this price rise was contained to about 0.94% of the production value.

Advertisement and sales promotion: The Company stepped up brand-building initiatives by investing ₹ 14.12 crores in 2010-11, compared with ₹ 9.33 crores in the previous year. This included innovative clutter-breaking advertisements on TV channels.

Excise duty: The excise duty on manufactured tile sales increased by about 2%, consequent to an increase in the rate from 8% to 10% (with effect from 27th February, 2010). The Company expects to counter this increase through the enhanced sale of value-added products.

SOURCES OF FUNDS

A larger capital outlay (debt and accruals) in the business from ₹ 267.28 crores to ₹ 322.57 crores in 2010-11, funded additional capacities and larger traded/outsourced businesses.

(₹ in crores)

Sources of funds	2010-11	% of total	2009-10	% of total	Y-o-Y growth %
Equity capital	6.90	2.14	6.90	2.58	-
Reserves and surplus	95.57	29.63	74.95	28.04	27.51
External funds	194.44	60.28	162.23	60.70	19.85
Deferred tax liability	25.66	7.95	23.20	8.68	10.60
Total	322.57	100.00	267.28	100.00	20.69

Net worth: Net worth increased 25.19% from ₹ 81.85 crores as on 31st March, 2010 to ₹ 102.47 crores as on 31st March, 2011, owing to increased surplus plough back. Consequently, the net worth proportion in the overall capital increased from 30.62% as on 31st March, 2010 to 31.77% as on 31st March, 2011.

Debt management: Long-term debt increased

(net of repayments) from ₹ 78.74 crores in 2009-10 to ₹ 89.29 crores in 2010-11, helping fund capital expenditure and strengthen long-term working capital. Short-term funds, including working capital loans, increased (net of repayments) from ₹ 83.49 crores to ₹ 105.15 crores, to address larger manufactured volumes and outsourcing/trading. Despite a debt increase, gearing strengthened from 1.98 to 1.90, and total

outside liabilities-to-net worth strengthened from 3.64 to 3.43.

Interest and finance charges: Borrowing costs increased by ₹ 4.66 crores in 2010-11, following a debt increase, to support growing operations and interest rate hikes. Despite this reality, interest and finance charges increased marginally from 2.48% of net sales in 2009-10 to 2.53% of net sales in 2010-11.

(₹ in crores)

Application of funds	2010-11	% of total	2009-10	% of total	Y-o-Y growth %
Net fixed assets including Capital WIP	175.92	54.54	153.84	57.56	14.35
Investments	1.72	0.53	1.73	0.65	-0.58
Net current assets	144.93	44.93	111.71	41.79	29.74
Total	322.57	100.00	267.28	100.00	20.69

APPLICATION OF FUNDS

The capital employed was deployed to support and strengthen a larger business volume and capital expenditure

Fixed assets including capital WIP: Gross block, including capital work in progress increased by ₹ 38.20 crores, chiefly owing to a capital expenditure of ₹ 21.55 crores in the Kassar plant expansion. The balance ₹ 16.65 crores was invested in the upgradation of existing plants and the purchase of miscellaneous fixed assets. After adjusting for depreciation of ₹ 16.13 crores, net fixed assets and capital WIP remained at 175.92 crores.

Investments: There was a negligible decline in investments from ₹ 1.73 crores to ₹ 1.72 crores, owing to a change in the market value of quoted investments.

Working capital: Working capital outlay (net current assets) increased 29.74% from ₹ 111.71 crores in 2009-10 to ₹ 144.93 crores in 2010-11, in line with an increase in operational scale. The Company's working capital cycle improved from 76 days of turnover equivalent to 74.5 days in 2010-11.

Inventories: Finished/traded goods inventories increased from ₹ 47.25 crores to ₹ 69.16 crores in 2010-11, reflecting an increase in the inventory cycle from 32 to 35 days. This was done to maintain a consistency in the product range at geographically dispersed multiple stock points to reach customers on time. Raw material, store and spare inventories, among others, increased 20.2% from ₹ 23.70 crores to ₹ 28.48 crores in 2010-11, in line with a larger scale of operations.

Sundry debtors: Sundry debtors increased

28.05% from ₹ 101 crores to ₹ 129.33 crores, owing to a larger business. However, the average debtors' cycle declined from 65.5 to 62.8 days of turnover equivalent.

Loans and advances: Loans and advances decreased marginally from ₹ 60.90 crores to ₹ 60.24 crores, despite a higher advance tax figure of ₹ 27.82 crores in 2010-11 compared with ₹ 19.24 crores in the previous year.

Current liabilities and provisions: Current liabilities increased 11.11% from ₹ 112.44 crores in 2009-10 to ₹ 124.93 crores in 2010-11, mainly due to an increase in vendors' bill discounting and creditors by ₹ 11.86 crores. Provisions increased 36.92% from ₹ 23.43 crores in 2009-10 to ₹ 32.08 crores in 2010-11, owing to an increase in the provision for tax by ₹ 7.82 crores.

DE-RISKING THE COMPANY

Risk is an expression of uncertainties and possible outcomes that can materially impact the Company's performance and growth.

Somany Ceramics has a comprehensive risk management model, with strict norms and a reporting framework, ensuring that initiatives are trickled down to the lower level for effective implementation. The risk management policy is attuned with the Company's strategic direction, and resultantly only those decisions are taken that maximise returns and minimise risks.

1 DOWNTURN IN SELECT NATIONAL SECTORS CAN IMPACT THE COMPANY'S BUSINESS

Risk mitigation

- Housing shortage in India's urban areas is expected to increase from 19.3 million units in 2008 to 21.7 million by 2014, which will propel ceramic tile demand.
- India's organised retail is expected to acquire an additional 323 mn sq. ft by 2012, translating into higher tile demand.
- The Indian hospitality industry expects to add around 90,000 hotel rooms over five years.
- The Government of India budgeted ₹ 147 billion to modernise four metro and 35 non-metro airports and ₹ 98 billion for 16 greenfield airports.
- India's per capita tile consumption of around 0.42 mn sqm is one of the lowest in the world compared with China's 2.26 mn sqm and Europe's 5 mn sqm.

2 COMPETITION FROM THE UNORGANISED SECTOR COULD AFFECT VIABILITY

Risk mitigation

- The Company was conferred the Power Brand status, the only ceramic tile brand in the industry to receive this recognition
- Presence across the value chain through products at various price points address different customer segments
- There is a growing preference for branded products in India, owing to enhanced preferences
- The Company's patented high-abrasion resistant glaze composition – VC (Veil Craft) Shield – contributed 12% of the total turnover in 2010-11, reflecting consumer preference for value-added products

3 SHORTAGE IN RAW MATERIAL AVAILABILITY COULD AFFECT THE COMPANY'S GROWTH

Risk mitigation

- Proximity of the Company's manufacturing plant to key raw materials in Rajasthan ensures raw material availability at a reasonable cost
- The Company maintained a healthy and long-term relationship with suppliers, ensuring

uninterrupted key raw material supply

- The Company maintained a multi-vendor and a multi-nation base for importing products
- The Company maintains sufficient inventories to sustain production for more than a month

4 DUMPING OF CHEAP TILES FROM CHINA COULD AFFECT MARKET SHARE.

Risk mitigation

- The Chinese government is discouraging exports to generate availability for its domestic use
- Chinese imports have

become cost-ineffective, owing to anti-dumping duty on Chinese ceramic tiles, increased labour costs in China and an increase in sea-freight

5 SUSTAINING CONTINUOUS GROWTH MAY BE CHALLENGING.

Risk mitigation

- The Company increased its pan-Indian distribution network from 1,125 to 1,334 dealers in 2010-11, to tap emerging opportunities
- The Company opened 25 Somany Showrooms/ Display Centres across cities, accelerating sales growth
- The Company strengthened recall by releasing a cutting-edge television commercial (TVC) across all national television channels, and allocating larger funds for

brand promotion and brand building

- The Company commissioned and additional capacity of 2.45 mn sqm per annum at Kassar in 2010-11, increasing the total production capacity to 19.15 mn sqm
- The Company entered into long-term supply agreements with GAIL, IOC and Sabarmati Gas Ltd. to secure supply of gas for existing production capacity with relevant fuel linkages

6 INCREASE IN OPERATIONAL COSTS CAN DENT THE BOTTOM-LINE.

Risk mitigation

- The Company has been continuously maintaining its capacity utilisation to around 90%, which helps the Company sweat assets better
- The Company depends on efficient and updated technology
- The Company reduced logistics costs by

outsourcing transportation and warehousing to third-party logistics providers, reducing costs, delivery time and transit breakage

- The Company installed a 2.80 MW gas-based power generating capacity with a heat recovery system, resulting in energy cost savings

7 INADEQUATE FUNDING COULD AFFECT THE COMPANY'S PROFITABILITY GROWTH

Risk mitigation

- The Company reduced customer credit tenure by about three days, reducing its reliance on external funds for daily operations
- The Company improved its debt-equity ratio from

1.98 as on March 2010 to 1.90 as on March 2011

- The Company paid off debts of ₹ 18.72 crores from its internal accruals in 2010-11, reflecting its earning and funding capabilities

8 WEAK BRAND RECALL CAN IMPACT REVENUES

Risk mitigation

- The Company strengthened its brand recall by launching a new cutting-edge television commercial of its patented product VC Shield, making the brand more youthful

and vibrant

- The Company re-positioned and re-branded its logo to enhance recall
- The Company invested about 2% of its total revenue in branding

DIRECTORS' REPORT

Dear members

Your Directors have pleasure in presenting the 43rd Annual Report, together with the Audited Accounts of the Company for the year ended 31st March, 2011.

Financial Results

₹ in Lacs

Particulars	2010-11	2009-10
Gross sales	75,178	56,302
Sales net of excise	71,058	53,694
Other income	434	292
Profit before Interest, depreciation and tax	6,892	5,832
Interest and finance charges (net)	1,795	1,329
Profit before depreciation	5,097	4,503
Less: depreciation	1,726	1,447
Profit before tax	3,371	3,056
Less: provision for tax (net)	1,028	1,010
Profit after tax	2,343	2,046
Add: balance brought forward	4,370	2,772
Surplus available for appropriation	6,713	4,818
Appropriations		
Proposed dividend on equity shares	242	207
Tax on proposed dividend	39	36
Transferred to general reserve	250	205
Balance carried to balance sheet	6,182	4,370
Total	6,713	4,818

OPERATING RESULTS

Your Company maintained growth momentum in the current year also. Expansion in manufacturing capacity and outsourcing business backed by

strong market demand for your Company's products across all segments led to sales turnover growing from ₹ 56,302 lacs in the previous year to ₹ 75,178 lacs, a growth of 33.53%.

The profit margins however remained under pressure throughout the year mainly due to rising costs of energy, inputs and excise duty. This resulted in the profit before and after tax

remaining at a level of ₹ 3,371 lacs and ₹ 2,343 lacs, registering a growth of 10.31% and 14.52% respectively over the previous year.

EXPANSION/DIVERSIFICATION

The expansion at Kassar (Haryana) plant to additionally produce about 2.45 million square meters of tiles per annum has been commissioned in the year under review and production started from 14th June, 2010. With this expansion, the manufacturing capacity of your Company has increased to about 19.15 millions square meters per annum.

In addition, your Company also commissioned three new gas based power generators of about one MW each with heat recovery units, becoming operational from June, 2010.

Further, your Company entered into the business of outsourcing and sale of bathroom fittings during the year under review.

DIVIDEND

Your Directors are pleased to recommend a dividend of ₹ 0.70 per share of ₹ 2 each (35%) for the year as compared to ₹ 3 per share of ₹ 10 each (30%) for the previous year.

SHARE CAPITAL

During the year under review, the existing fully paid up equity share of ₹ 10 each was sub-divided/split into five fully paid up equity shares of ₹ 2 each effective from 11th November, 2010.

Further, unissued preference capital of ₹ 1,000 lacs was cancelled and the equity share capital of the Company increased to that extent.

Further, keeping future business growth requirements in mind, your Company also obtained your permission to raise funds through QIPs and/or

private placement, among others, to the extent of ₹ 10,000 lacs and also to raise the limit of investment by NRI/foreign institutional investors, among others, from 30% to 40%.

INDUSTRIAL SCENARIO AND FUTURE OUTLOOK

The ceramic tile industry in the country grew in double digits for the last couple of years. This trend is likely to continue due to rise in the income levels of middle class and huge investments expected in real estate and infrastructure in the 12th Five Year Plan (2012-17).

Due to a proactive approach and sound marketing strategies, your Company was able to outperform the industry average of 12-15% and has grown at a five year-CAGR of 25.12%.

The pressure on profit margins is likely to remain due to (i) increase in various cost components like raw materials, energy, manpower and interest and (ii) the competitive pressures due to continuing creation/expansion of more capacities.

The creation of more capacities by the unbranded players continues to be an opportunity for the leading manufacturers of branded products, like your Company, to expand and further strengthen their outsourcing business.

HUMAN RESOURCES

Your Company continues to be committed to 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 human resource, their retention at desired compensation levels continues to be a challenge.

PUBLIC DEPOSITS

Your Company did not accept 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 ceramic industry and trading/outsourcing of tile adhesive/grouts. Additionally, the Company has also started business of outsourcing and selling of ceramic tiles.

M/s Somany Global Limited, another wholly-owned subsidiary company continued its operations of selling imported and other high-end tiles and sanitarywares 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 undertake 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 major business activity in M/s Somany Keraben Private Limited, a 50:50 joint venture between your Company and M/s Keraben, Spain.

The statement required under Section 212 of the Companies Act, 1956 in respect of subsidiary companies 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 statements 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, 2011 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, Shri R. K. Daga and Shri Ravinder Nath retire by rotation at the ensuing Annual General Meeting and are eligible for reappointment.

Your Board of Directors welcome Shri Sandeep Kumar who was appointed as the Nominee Director of Export Import Bank of India in place of Shri Sunil Trikha.

AUDITORS

M/s Lodha & Company, Chartered Accountants statutory auditors of your Company retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. The Company has received a letter from them to the effect of their reappointment, 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.

PARTICULAR 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 assistance extended by the central and state governments, financial institutions, banks, customers, dealers, vendors and employees.

For and on behalf of the Board

Shreekant Somany

Chairman and Managing Director

Place: New Delhi

Dated: 28th May, 2011

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, 2011.

A. CONSERVATION OF ENERGY

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

(a) Energy conservation measures taken:

- I. Waste heat recovery from 3 nos. gas-based generators is being utilised in spray dryers resulting in saving of natural gas.
- II. Replacement of small ball mills of 6-8 MT capacity with 40 MT capacity ball mill resulting in saving of power.
- III. Replacement of old motors by energy efficient motors.
- IV. Introduction of energy efficient lighting.
- V. Reduction in water consumption at Kassar plant.

(b) Additional investments and proposals if any being implemented for reduction of consumption of energy: The Company has invested in three gas-based generators of about three MW with heat recovery unit.

(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 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 valued added products including glazed vitrified tiles in sizes 2'*2' and 2'*1' under the brand 'DURAGRES', unglazed vitrified tiles in sizes 1'*1' and 2'*2' under the brand 'DURASTONE', anti bacterial wall tiles in size 2'*1' and glazed polished tiles known as Lapato tiles.

II. Continuous fine tuning of body and glaze materials composition for better productivity and lowering of costs.

III. Introduced new glaze for VC tiles (a patented product) for even better abrasion resistance.

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

Development of value-added products resulting into better sales realisation and reduction in manufacturing costs and wastages.

(c) Further plans and expenditure of R&D

I. The Company shall be investing in new Inkjet Digital Printing Technology in the financial year 2011-12 to have more value-added tile in its basket of own manufactured products.

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 productivity and quality improvement, saving energy and material consumption.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign exchange earnings. ₹ 727.95 lacs

Foreign exchange outgo. ₹ 5,004.75 lacs

Place: New Delhi

Dated: 28th May, 2011

For and on behalf of the Board

Shreekant Somany
Chairman and Managing Director

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, 2011.

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

Particulars	Shri Shreekant Somany	Shri Abhishek Somany
Age	63 years	39 years
Designation	Chairman and Managing Director	Joint Managing Director
Nature of duties	Overall management of the Company and policy decisions	Management of Company operations
Remuneration received	₹ 18,224,109	₹ 15,877,140
Nature of employment	Contractual	Contractual
Qualifications	B.Sc	BBA (UK)
Experience	40 years	15 years
Date of commencement of employment	1st September, 1992	1st July, 1996
Name of last employer	Hindustan Sanitaryware & Industries Ltd.	–
Position held	President	–
Percentage of Equity Shares of the Company held	0.48	2.06

Note:

I. The gross remuneration includes salary, commission, 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. Shri Shreekant Somany, Chairman and Managing Director is the father of Shri 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: 28th May, 2011

Shreekant Somany
Chairman and Managing Director

SECTION 212

Statement pursuant to Section 212 of the Companies Act, 1956

Name of Subsidiary Companies	SR Continental Ltd.	Somany Global Ltd. (Formerly Somany Retail Ltd.)
(A) Financial year of the subsidiary Company	31st March, 2011	31st March, 2011
(B) Shares of the subsidiary held by Somany Ceramics Ltd. on the above date		
(a) Number and face value	185,000 equity shares of ₹ 10 each fully paid up	500,000 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, 2011 amounted to:		
I. For the subsidiary financial year ended as in (A) above	₹ 5,500,295	₹ 305,825
II. For the previous financial years of the subsidiary since it became the Holding Company's subsidiary	₹ 13,691,684	(₹ 4,234,478)
(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 and Managing Director

Abhishek Somany
Joint Managing Director

Ambrish Julka
AGM (Legal) and Company Secretary

Place: New Delhi

Dated: 28th May, 2011

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 standards of integrity, transparency and accountability in all its spheres of its operation. The Company places emphasis on business ethics and responsible conduct and to the disclosures of operating performances and

other key events on timely basis to its shareholders and the stakeholders. The Company views its role as a trustee of its shareholders, stakeholders and society at large.

BOARD OF DIRECTORS

The Board comprises nine Directors as of 31st March, 2011. 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 ⁽⁵⁾	No. of Committee positions held in companies [@]		No. of shares held
						Chairman	Member	
Mr. Shreekant Somany	P	5	5	Yes	5	–	–	161,385
Mr. Abhishek Somany	P	5	3	Yes	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	13	4	5	1,250
Mr. Salil Singhal	I	5	3	No	5	–	3	–
Mr. Ravinder Nath	I	5	3	No	3	1	1	–
Mr. Sunil Trikha (*)	I	2	–	No	–	–	–	–
Mr. Sandeep Kumar(**)	I	3	1	No	–	–	–	–
Dr. Y. K. Alagh	I	5	2	Yes	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' Grievance Committee meeting only of Public Limited Companies.

(*) Ceased to be Nominee Director of Exim Bank w.e.f 10th August, 2010.

(**) Appointed as Nominee Director of Exim Bank w.e.f. 10th August, 2010.

Board functions

Apart from reviewing and considering 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 behavior
- Compliance with all 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 2010-11 i.e. on 17th May, 10th July, 1st October and 23rd October in 2010 and on 22nd January in 2011.

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 the 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 four 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 covers 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 to 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 the 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. As per the requirements of Clause 49 of the Listing Agreement, all members of the Audit Committee are financially literate. The Committee meets the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement in regard to the 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 the year 2010-11, four Audit Committee meetings were held on 17th May, 10th July and 23rd October in 2010 and on 22nd January in 2011. 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)	4
Mr. R. L. Gaggar (Member)	3
Mr. G. L. Sultania (Member)	4
Mr. Salil Singhal (Member)	3

The Chairman of the Committee was present at the last Annual General Meeting of the Company to answer shareholder 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 Agents, who process the transfers, in respect of

physical and shares under Demat. During the year under review, a total of 27,525 shares were transferred and dispatched within 15 days of receipt in respect of shares documents which were found valid in all respects. There were no pending transfers as on 31st March, 2011

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. Ambrish Julka, Assistant General Manager (Legal) and Company Secretary is the compliance officer. Three meetings of the Committee were held on 3rd May and 16th September in the year 2010 and on 5th January in 2011. During the year, twenty one complaints were received and resolved. There were no complaints of shareholders pending as on 31st March, 2011.

Remuneration Committee

The Remuneration Committee was formed inter alia to deal with all elements of remuneration for Wholetime Directors, service contracts, severance fee and notice period, among others. 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 were held during the year i.e on 26th April, 2010 and 29th September, 2010.

REMUNERATION TO DIRECTORS

	Salary & perquisites (₹)	Commission for 2009-10 (₹)	Sitting Fees (₹)	Total (₹)
Mr. Shreekant Somany*	7,821,522**	10,402,587	—*	18,224,109
Mr. Abhishek Somany*	7,208,318**	8,668,822	—*	15,877,140
Mr. R. K. Daga	—	540,183	102,500	642,683
Mr. R. L. Gaggar	—	540,182	82,500	622,682
Mr. G. L. Sultania	—	540,182	102,500	642,682
Mr. Salil Singhal	—	540,183	60,000	600,183
Mr. Ravinder Nath	—	540,183	35,000	575,183
Dr. Y. K. Alagh	—	226,433	30,000	256,433
Mr. Sunil Trikha (From 1st April, 2010 to 10th August, 2010)	—	540,183***	—	540,183
Mr. Sandeep Kumar (w.e.f. 10th August, 2010)	—	—	15,000	15,000

* Wholetime Directors are not entitled for sitting fee.

** 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 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 with effect from 1st September, 2008 and 1st June, 2009 respectively.

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 fee 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 term of a resolution passed by the shareholders of the Company at their Annual General Meeting held on 22nd September, 2008 and subsequently payment of commission was fixed at ₹ 500,000 to each Non-Executive Director vide special resolution passed by the shareholders of the Company at their Annual General Meeting held on 16th August, 2010.

Shri Sandeep Kumar was appointed as Nominee Director of Export Import Bank of India with effect from 10th August, 2010 in place of Mr. Sunil Trikha who ceased to be the Nominee Director of Export Import Bank of India with effect from 10th August, 2010.

Mr. Sandeep Kumar is a Director 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 3 years:

Year	Date	Time	Venue
2009-2010	16th August, 2010	11.00 A.M	H.L Somany Hall, ASSOCHAM, 47, Prithvi Raj Road, New Delhi-110 011
2008-2009	22nd September, 2009	11:00 A.M	H.L Somany Hall, ASSOCHAM, 47, Prithvi Raj Road, New Delhi-110 011
2007-2008	22nd September, 2008	11:00 A.M	H.L Somany Hall, ASSOCHAM, 47, Prithvi Raj Road, New Delhi-110 011

Special Resolution passed in the previous three AGMs/EGMs:

In the AGM held on	In the EGM held on	Subject matter of the resolution
	18th March, 2011	(i) Authorisation for raising capital. (ii) Increase in Limit for Investments in Capital of the Company by Foreign Investors. (iii) Authorisation under Section 293(1)(a) of the Companies Act, 1956.
16th August, 2010		(i) Ceiling on the commission payable to Non-Executive Directors.
22nd September, 2009		(i) Appointment of Mrs. Minal Somany as Head-Showrooms.
22nd September, 2008		(i) Reappointment of Mr. Shreekant Somany as Chairman and Managing Director. (ii) Reappointment of Mr. Abhishek Somany as Joint Managing Director. (iii) Reappointment of Mr. G. G. Trivedi as Executive Director. (iv) Remuneration by way of commission to Non-Executive Directors.

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 are generally published in Economic Times (Delhi, Mumbai, Gujarat), (English edition) and Navbharat Times (Delhi), (Hindi edition). The results are submitted to the Stock Exchange in accordance with the Listing Agreements and posted on its website: www.somanytiles.com. During the year, the Company did not make 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, 28344382

Fax: 011-28345049

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, Kadi
Distt. Mehsana,

Gujarat – 382715

Phone: 02764-242153/54

Fax: 02764-263011

Date and venue of Annual General Meeting

The Annual General Meeting of the Company will be held on Thursday, 11th August, 2011 at 11 a.m at HL Somany Hall, ASSOCHAM, 47 Prithvi Raj Road, Opposite Safdarjung Tomb, New Delhi – 110 011.

Financial Calendar: 1st April to 31st March

Financial Reporting for 2011-2012 is as follows:

First quarter : Fourth week of July, 2011

Second quarter : Fourth week of October, 2011

Third quarter : Fourth week of January, 2012

Fourth quarter : Fourth week of May, 2012

Book Closure date

2nd August, 2011 to 11th August 2011, (both days inclusive)

Dividend

The Board of Directors of the Company recommended a dividend of ₹ 0.70 per share on equity shares of ₹ 2 each for the year ended 31st March, 2011, subject to approval of the shareholders at the ensuing Annual General Meeting.

Listing on Stock Exchange:

Shares of the Company are listed at National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Ltd. (BSE). The Company has paid annual listing fees to both the Exchanges for the financial year 2011-2012.

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, 2010	210.00	157.90	169,105	205.00	156.15	108,985
May, 2010	226.00	161.05	144,294	226.95	190.00	122,319
June, 2010	248.00	194.15	109,250	248.00	190.15	85,170
July, 2010	298.95	236.20	118,016	293.90	236.40	129,054
August, 2010	264.50	241.00	50,625	265.95	238.40	50,523
September, 2010	294.70	243.55	169,683	294.80	244.00	146,505
October, 2010	298.00	269.70	88,660	297.00	262.00	92,192
November, 2010 upto 10th November, 2010	356.90	275.00	111,691	356.85	276.00	141,207
November, 2010 from 11th November, 2010	70.70	52.50	439,231	70.75	57.40	723,492
December, 2010	68.40	50.00	194,028	63.45	45.20	297,050
January, 2011	58.45	38.40	144,630	58.40	38.15	136,787
February, 2011	41.85	35.00	93,013	45.70	33.30	94,451
March, 2011	46.25	35.00	116,175	43.00	36.00	132,207

*Source: Official website of BSE and NSE

Aforesaid price are on the face value of ₹ 10 each upto 10th November, 2010 and thereafter the face value of each equity share was sub-divided @ ₹ 2 each.

Registrar & Share Transfer Agent

(Both for physical and demat segments)

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, 2011

No. of equity shares	Number of shareholders	Percentage of shareholders	No. of shares	Percentage of shareholding
1- 500	2,282	56.35	490,845	1.42
501-1000	766	18.91	619,860	1.80
1001-2000	363	8.96	561,321	1.63
2001-3000	173	4.27	453,458	1.31
3001-4000	71	1.75	258,242	0.75
4001-5000	119	2.94	561,971	1.63
5001-10000	132	3.26	976,931	2.83
10001 and above	144	3.56	30,574,372	88.63
Total	4,050	100.00	34,497,000	100.00

Categories of shareholding as on 31st March, 2011

Category	Number of shares	Percentage
Indian Promoters	21,839,360	63.31
Mutual Funds & UTI	250	0.00
Banks, Financial Institutions and Insurance Companies	202,030	0.59
Corporate Bodies	2,759,158	8.00
Indian Public	8,290,534	24.03
NRIs/OCBs	1,399,070	4.05
Trusts	1,750	0.01
Clearing Member	4,848	0.01
Total	34,497,000	100.00

Dematerialisation of shares

The Company's equity shares enjoy DEMAT facilities with NSDL as well as CDSL. Total 33,330,985 equity shares representing 96.62% of the paid-up capital of the Company as on 31st March, 2011 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 enquiries: 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

Pursuant to the Listing Agreement with Stock Exchanges, the Company has created an 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, 2011.

G. G. Trivedi

Dated: 28th May, 2011 *Chief Executive Officer*

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

Shri Shreekant Somany

Aged about 63 years, Shri Somany is a graduate and holds a Bachelor's degree in science. He has over three decades of rich experience in Ceramics Tiles, Sanitaryware and Glass Industry. He has been on the Board of the Company since 1st September, 1992, and has taken innovative steps to make the organisation a world-class Company in ceramic tiles. He played a significant role in the invention of the Company's patented product VC (Vielcraft) shield, which is a high-abrasion resistant glaze tile. He contributes and holds prestigious offices in social and intellectual organisations. He was a member of the CII Delegation to Russia led by the Union Commerce Minister in September, 2009. He was Chairman of "CERAGLASS 2010", an exhibition held in November, 2010, jointly organised by the CII, Government of Rajasthan and the Ministry of Commerce, Government of India. The details of his directorship and membership in other companies are given below:

Sl. no.	Name of the Public Limited Company in which he is a Director	Chairman/Director	Position held in			
			Audit Committee	Remuneration Committee	Share Transfer Committee	Shareholders'/Investors' Grievance Committee
1.	Somany Ceramics Ltd.	Chairman and Managing Director	–	–	–	–
2.	Somany Global Ltd.	Director	–	–	–	–
3.	SR Continental Ltd.	Director	–	–	–	–
4.	Shree Cement Ltd.	Director	–	–	–	–
5.	Cosmo Ferrites Ltd.	Director	–	–	–	–
6.	Sarvottam Vanijya Ltd.	Director	–	–	–	–

Shri Abhishek Somany

Aged about 39 years, Shri Somany has a Bachelor of Business Administration degree from Richmond University, U.K. with specialisation in finance and marketing. He has played a major role in the growth of the Company. He has provided dynamic leadership in all areas related to the Company's business in general, and

marketing and brand building in particular. The details of his directorship and membership in other companies are given below:

Sl. no.	Name of the Public Limited Company in which he is a Director	Chairman/Director	Position held in			
			Audit Committee	Remuneration Committee	Share Transfer Committee	Shareholders'/Investors' Grievance Committee
1.	Somany Ceramics Ltd.	Joint Managing Director	–	–	–	–
2.	Sarvottam Vanijya Ltd.	Director	–	–	–	–
3.	Somany Global Ltd.	Director	–	–	–	–

Mr. R. K. Daga

Aged about 72 years, holds Post Graduate degree in Business Management from UK and having past experience in field of engineering and finance. He was President of Federation of Small and Medium Industries. He is on the Board of following Public Limited Companies and also Chairman/Member of Committees of Board of such Companies:

Sl. no.	Name of the Public Limited Company in which he is a Director	Chairman/Director	Position held in			
			Audit Committee	Remuneration Committee	Share Transfer Committee	Shareholders'/Investors' Grievance Committee
1.	Somany Ceramics Ltd.	Director	Chairman	Chairman	–	Chairman
2.	Hindusthan National Glass & Industries Ltd.	Director	Chairman	Member	–	Member
3.	SR Continental Ltd.	Director	–	–	–	–

Mr. Ravinder Nath

Aged about 66 years, Shri Nath is B. Com (Hons.) LLB, International and Comparative Laws, King's College London, and PIL Harvard Law School. He serves as an Advocate of the Supreme Court of India and a partner of well known legal firm, Rajender Narain & Company. His areas of practice include cross border transactions, merger and acquisitions and assets finance. He was the President of Inter-Pacific Bar Association and was the Chairman of the Aviation Committee of the International Bar Association. The details of his directorship and membership in 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	Share Transfer Committee	Shareholders'/Investors' Grievance Committee
1.	Somany Ceramics Ltd.	Director	–	–	–	–
2.	Voith Paper Fabric India Ltd.	Director	Member	Member	–	Chairman
3.	Kanoria Chemicals & Industries Ltd.	Director	–	Member	–	–
4.	Hero Honda Motors Ltd.	Director	–	Member	–	–

AUDITORS' CERTIFICATE

We have audited the compliance of conditions of Corporate Governance procedures implemented by Somany Ceramics Limited for the year ended on 31st March, 2011 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

N. K. LODHA
Partner
M.No.85155

Place: New Delhi

Dated: 28th May, 2011

AUDITORS' REPORT

To
The members of
Somany Ceramics Limited

We have audited the attached Balance Sheet of Somany Ceramics Limited as at 31st March, 2011, the Profit & Loss Account 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, 2011 from being appointed as a Director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956;
- f) Attention is invited to note no. 7 of schedule 17 of notes to accounts regarding investment, outstanding overdue debtors and advances to a Joint Venture Company, provision for diminution in the value of investment and recovery of outstanding debtors/advances has not been considered by the management for the reasons stated in the said note.

In our opinion and to the best of our information and according to the

explanations given to us, the said accounts read together with 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, 2011;
 - b) in the case of Profit & Loss Account, 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.
- g) 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 explanations 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 covered in the register maintained under section 301 of the Act. The maximum amount involved during the year and the closing balance is ₹ 4,349,654 and ₹ 2,000,000 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 ₹ 13,800,000 and the year end balance of such loans are ₹ 5,430,006.
- (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 into consideration the quality, usage and such other factors, there are adequate internal control systems (read with note no. 8 & 18 of schedule 17) 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.
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. As per the information and explanations given to us, the Central Government has not prescribed for maintenance of the cost records under section 209(1) (d) of the Act for the products of the Company.
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, 2011 except service tax and tax deducted at source amounting to ₹ 13,007 and ₹ 63,456 respectively. However, the said amount has been paid after Balance Sheet date alongwith interest.

- (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	Total	Forum where dispute is pending
Custom Act	Custom Duty	1997-1999	590,971	Deputy Commissioner of Customs, (Import) Tughlakabad
Central Excise Act	Excise duty/Cenvat Credit	1999-2004	31,742,914	CESTAT, New Delhi
		2005-2007	1,304,010	Commissioner (A), Gurgaon
		1996-2000	933,098	CCE Appeals, Ahmedabad
		1994-1995	6,984	Asst. Commissioner, Kalol
		2008-2009	181,031	CCE Appeals
Sales Tax Act	Local Area Development Tax	2002-2003	514,701	Haryana Tax Tribunal, Chandigarh
		2006-2007	6,000,000	Supreme Court of India
		2007-2008	7,640,321	Supreme Court of India
		2008-2009	8,926,801	Supreme Court of India
		2009-2010	9,355,699	Supreme Court of India
		2010-2011	5,962,538	Supreme Court of India
	Turnover Tax	1990-1993	4,582,504	Maharashtra Sales Tax Tribunal
		2006-2007	6,581,452	Asst. Commissioner, Ahmedabad
		2006-2009	2,276,239	Joint. Commissioner, Commercial Taxes, Banglore
Finance Act	Service Tax Credit/Abatement	2005	2,865,264	Asst. Commissioner, New Delhi
		2008-09	32,642	Commissioner of Central Excise, Ahmedabad
			43,225	Deputy Commissioner of Central Excise
		2007-2008	73,659	CESTAT, Ahmedabad
		2005-2007	672,460	Gujrat High Court
		2009	324,998	Asst. Commissioner of Central Excise, Ahmedabad
	Service Tax	2007-09	280,298	Asst. Commissioner, Rohtak
Income Tax Act*	Income Tax	2004-05	11,378,798	CIT Appeals, Kolkata
		2008-09	886,895	CIT Appeals, Kolkata

* Excluding penalty if any (Refer note no. 3(A) of Schedule 17 of Notes to Accounts)

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 ₹ 50,400,000 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

N. K. Lodha

Partner

M.No. 85155

Place: New Delhi

Dated: 28th May, 2011

BALANCE SHEET AS AT 31ST MARCH, 2011

(Amount in ₹)

	Schedule	31.03.2011	31.03.2010
SOURCES OF FUNDS			
Shareholder's Funds			
A. Share Capital	1	68,994,000	68,994,000
B. Reserves & Surplus	2	955,708,884	749,497,228
		1,024,702,884	818,491,228
Loan Funds			
A. Secured	3	1,832,989,041	1,267,743,211
B. Unsecured	4	111,409,722	354,553,563
		1,944,398,763	1,622,296,774
Deferred Tax Liability (Net) (Refer note no. 9 of schedule 17)		256,644,659	232,005,570
Total		3,225,746,306	2,672,793,572
APPLICATION OF FUNDS			
Fixed Assets			
	5		
Gross Block		3,499,193,450	2,907,968,894
Less: Accumulated Depreciation		1,768,164,690	1,606,934,419
Net Block		1,731,028,760	1,301,034,475
Add: Capital work in progress		28,237,963	237,395,578
		1,759,266,723	1,538,430,053
Investments	6	17,196,020	17,274,724
Current Assets, Loans & Advances			
A. Inventories	7	976,412,042	709,468,449
B. Sundry Debtors	8	1,293,279,161	1,009,968,988
C. Cash & Bank Balances	9	147,219,989	147,361,121
D. Loans & Advances	10	602,423,419	608,998,066
		3,019,334,611	2,475,796,624
Less: Current Liabilities & Provisions			
A. Liabilities	11	1,249,274,573	1,124,407,456
B. Provisions	12	320,776,475	234,300,373
		1,570,051,048	1,358,707,829
Net Current Assets		1,449,283,563	1,117,088,795
Total		3,225,746,306	2,672,793,572
Significant Accounting Policies & Notes to Accounts	17		

As per our report of even date

For **Lodha & Co.**

Chartered Accountants

N. K. Lodha

Partner

Membership No. 85155

Place: New Delhi

Dated: 28th May, 2011

Shreekant Somany

Chairman and Managing Director

Abhishek Somany

Joint Managing Director

Ambrish Julka

AGM (Legal) and Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

(Amount in ₹)

	Schedule	31.03.2011	31.03.2010
INCOME			
Sales		7,517,781,406	5,630,209,508
Less: Excise Duty		412,010,554	260,760,193
Net Sales		7,105,770,852	5,369,449,315
Other Income	13	43,451,074	29,152,545
		7,149,221,926	5,398,601,860
Less: EXPENDITURE			
Manufacturing & Other Expenses	14	6,460,004,844	4,815,387,708
Interest & Finance Charges	15	179,452,953	132,903,826
Depreciation	5	172,647,487	144,747,818
		6,812,105,284	5,093,039,352
Profit/(Loss) Before Tax		337,116,642	305,562,508
Provision for Taxation:			
- Current Tax		78,200,000	120,850,000
- Deferred Tax		24,639,089	(19,833,161)
Profit/(Loss) After Tax		234,277,553	204,545,669
Balance carried from earlier years		437,011,904	277,182,094
		671,289,457	481,727,763
APPROPRIATIONS			
Proposed Dividend on Equity Shares		24,147,900	20,698,200
Corporate Dividend Tax thereon		3,917,997	3,517,659
General Reserve		25,000,000	20,500,000
Surplus carried to Balance Sheet		618,223,560	437,011,904
		671,289,457	481,727,763
Earning Per Share (Basic)		6.79	5.93
Earning Per Share (Diluted)		6.79	5.93
(Refer note no. 14 of Schedule 17)			
Significant Accounting Policies & Notes to Accounts	17		

As per our report of even date

For **Lodha & Co.**

Chartered Accountants

N. K. Lodha

Partner

Membership No. 85155

Place: New Delhi

Dated: 28th May, 2011

Shreekant Somany

Chairman and Managing Director

Abhishek Somany

Joint Managing Director

Ambrish Julka

AGM (Legal) and Company Secretary

SCHEDULES TO THE BALANCE SHEET

(Amount in ₹)

	31.03.2011	31.03.2010
1 SHARE CAPITAL		
Authorised*		
125,000,000 Equity Shares of ₹ 2 each (Previous Year 15,000,000 Equity Shares of ₹ 10 each)	250,000,000	150,000,000
– (Previous Year 1,000,000 Preference Shares of ₹ 100 each)	-	100,000,000
	250,000,000	250,000,000
Issued, Subscribed & Paid up*		
34,497,000 Equity Shares of ₹ 2 each (Previous Year 6,899,400 Equity Shares of ₹ 10 each) fully paid up {including 30,497,000 of ₹ 2 each (Previous Year 6,099,400 of ₹ 10 each) Equity Shares allotted as fully paid up Bonus Shares by Capitalisation of General Reserve, Share Premium and Capital Redemption Reserve}	68,994,000	68,994,000
	68,994,000	68,994,000

* Pursuant to Share Split (Refer note no. 26 of Schedule 17)

	31.03.2011	31.03.2010
2 RESERVES & SURPLUS		
Capital Reserve		
As per Last Accounts	4,500,250	4,500,250
Capital Redemption Reserve		
As per Last Accounts	3,000	3,000
General Reserve		
As per Last Accounts	307,982,074	287,482,074
Transfer from Profit & Loss Account	25,000,000	332,982,074
		20,500,000
Profit & Loss Account		
Surplus as per Profit & Loss Account	618,223,560	437,011,904
	955,708,884	749,497,228

3 SECURED LOANS

A) Term Loans		
a) Rupee Loans		
(i) Export Import Bank of India (EXIM)	132,154,765	220,405,353
(ii) Housing Development Finance Corpn. Ltd. (HDFC)	156,149,319	28,425,251
(iii) State Bank of Bikaner & Jaipur (SBBJ)	14,898,055	29,903,877
(iv) Punjab National Bank (PNB)	172,920,909	234,894,538
(Including interest accrued & due ₹ 2,086,886, Previous Year ₹ 2,397,857)		
(v) Central Bank of India (CBI)	146,408,581	140,448,727
(Including interest accrued & due ₹ 1,690,459, Previous Year ₹ 465,190)		
(vi) Deferred Suppliers Credit	123,605,813	114,443,548
(vii) Axis Bank Limited (AXIS)	120,000,000	
b) Car Loans	26,739,327	18,817,280

SCHEDULES TO THE BALANCE SHEET

(Amount in ₹)

	31.03.2011	31.03.2010
3 SECURED LOANS (Contd.)		
B) Working Capital Facilities from Banks		
Working Capital Demand Loan	481,764,384	80,000,000
Buyers Credit	159,831,825	18,964,041
Cash Credit	298,516,063	381,440,596
	1,832,989,041	1,267,743,211

NOTES

- Rupee Loan of ₹ 132,154,765 (Previous Year ₹ 220,405,353) from EXIM 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.
- Rupee Loan of ₹ 18,569,816 (Previous Year ₹ 40,409,159) from PNB and Rupee Loan of ₹ 14,898,055 (Previous Year ₹ 29,903,877) from SBBJ are 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 shall rank pari-passu with other Banks/Financial Institutions.
- Rupee Loan of ₹ 6,149,319 (Previous Year ₹ 28,425,251) from HDFC Limited is secured/to be secured by First exclusive charge over house property at New Delhi jointly owned by the key managerial person and his relatives.
- Rupee loan of ₹ 106,273,560 (Previous Year ₹ 131,338,138) from PNB and ₹ 146,408,581 (Previous Year ₹ 140,448,727) from Central bank of India and Deferred Suppliers Credit ₹ 123,605,813 (Previous Year ₹ 114,443,548) is secured by First exclusive charge over hypothecation of machinery, equipment and other fixed assets purchased/to be purchased out of the said loan.
- Rupee loan of ₹ 48,077,533 (Previous Year ₹ 63,147,241) from PNB 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.
- Rupee loan of ₹ 120,000,000 from Axis 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.
- Rupee loan of ₹ 150,000,000 from HDFC Limited is secured by all Plant & Machinery, Land & building, Furniture, Fixtures and equipments of Company excluding Government Land at Kassar/Kadi.
- Working Capital Facilities and Buyers Credit from Banks are secured by:
 - 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
 - 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.
- Car loan from Banks are secured by hypothecation of cars purchased there under.

4 UNSECURED LOANS

Loans from - Bodies Corporates	-	11,300,000
Subsidiary company (Including interest accrued & due ₹ 360,006, Previous Year ₹ Nil) (Maximum Balance during the year ₹ 5,430,006, Previous Year ₹ 9,436,000)	5,430,006	2,500,000
State Bank of India - Short Term Loan	-	250,000,000
Deposit from Agents and Franchisees	105,979,716	90,753,563
	111,409,722	354,553,563

SCHEDULES TO THE BALANCE SHEET

5 FIXED ASSETS

(Amount in ₹)

Particulars	Gross block				Depreciation				Net Block	
	Cost as at 01.04.2010	Additions during the year	Sales/ Adjustment	Total Cost as at 31.03.2011	Up to 31.03.2010	For the year	Adjustment/ written back	Up to 31.03.2011	As at 31.03.2011	As at 31.03.2010
TANGIBLE ASSETS										
Land	45,042,209	30,600	–	45,072,809	702,101	131,138	–	833,239	44,239,570	44,340,108
Buildings	368,024,136	97,815,933	–	465,840,069	176,665,467	19,004,347	–	195,669,814	270,170,255	191,358,669
Plant & Machinery	2,356,212,379	462,006,203	15,873,423	2,802,345,159	1,357,455,448	131,755,421	7,917,739	1,481,293,130	1,321,052,029	998,756,931
Furniture, Fixture and Office Equipments	86,560,823	22,800,937	1,828,018	107,533,742	50,682,258	9,626,489	1,067,647	59,241,100	48,292,642	35,878,565
Vehicles	48,443,521	24,204,402	3,207,981	69,439,942	18,726,880	10,673,123	2,431,830	26,968,173	42,471,769	29,716,641
Sub Total (A)	2,904,283,068	606,858,075	20,909,422	3,490,231,721	1,604,232,154	171,190,518	11,417,216	1,764,005,456	1,726,226,265	1,300,050,914
INTANGIBLE ASSETS										
Software	3,685,826	5,275,903	–	8,961,729	2,702,265	1,456,969	–	4,159,234	4,802,495	983,561
Sub Total (B)	3,685,826	5,275,903	–	8,961,729	2,702,265	1,456,969	–	4,159,234	4,802,495	983,561
Total (A+B)	2,907,968,894	612,133,978	20,909,422	3,499,193,450	1,606,934,419	172,647,487	11,417,216	1,768,164,690	1,731,028,760	1,301,034,475
Previous year	2,778,000,693	159,074,372	29,106,171	2,907,968,894	1,478,674,676	144,747,818	16,488,075	1,606,934,419		
Capital Work-in-Progress									28,237,963	237,395,578

Note:

- Land includes cost of leasehold land of ₹ 11,608,782 (Previous Year ₹ 11,608,782)
- Capital work in progress includes machinery under installation, construction/erection materials and pre-operative expenditure (pending allocation). (Refer note no. 15 of schedule 17)
- Plant and Machinery includes Machinery Gross ₹ 6,228,750 (Previous Year ₹ 6,228,750) lying with third parties, pending confirmation. (Refer note no. 6 of schedule 17)
- Building, Furniture & Fixture includes certain expenditure on lease hold premises Gross ₹ 20,105,525 WDV ₹ 6,830,980 (Previous Year Gross ₹ 16,994,788 WDV ₹ 7,664,844) which are amortised over the useful life of the respective assets.

(Amount in ₹)

	31.03.2011	31.03.2010
6 INVESTMENTS (At cost less provision for Diminution)		
Long Term at cost (Fully paid up)		
Quoted-Trade		
Equity Shares		
200,000 Schablona India Limited of ₹ 4 each	2,000,000	2,000,000
5,850 Orient Ceramics & Industries Limited of ₹ 10 each	58,211	58,211
Quoted-Other than trade		
Equity Shares of ₹ 10 each		
110 Punjab National Bank	42,900	42,900
66,698 Soma Textiles & Industries Ltd.	514,909	593,613
	2,616,020	2,694,724
Unquoted-Trade		
(A) Equity Shares of Subsidiary Company ₹ 10 each		
185,000 SR Continental Ltd. (Including 7 Equity Shares fully paid up held in the name of nominees)	1,850,000	1,850,000
(B) Equity Shares of Subsidiary Company ₹ 10 each		
500,000 Somany Global Ltd. (Formerly Somany Retail Ltd.)	5,000,000	5,000,000
(C) Equity Shares of a Joint Venture company ₹ 10 each		
773,000 Somany Keraban Pvt. Ltd. (Refer note no. 7 of schedule 17)	7,730,000	7,730,000
	14,580,000	14,580,000
	17,196,020	17,274,724

Market Value of Quoted Investment ₹ 7,712,045 (Previous Year ₹ 5,818,325)

SCHEDULES TO THE BALANCE SHEET

(Amount in ₹)

	31.03.2011	31.03.2010
7 INVENTORIES		
(As taken, valued and certified by the Management)		
Stores & Spares (Including in Transit ₹ 478,099, Previous Year ₹ 211,948)	139,140,085	138,209,719
Raw Materials (Including in Transit ₹ 1,029,469, Previous Year ₹ 3,534,115)	122,689,240	79,103,242
Finished Goods (Including in Transit ₹ Nil, Previous Year ₹ 707,002)	339,073,566	217,597,621
Trading Stock (Including in Transit ₹ 1,857,712, Previous Year ₹ 535,840)	352,500,398	254,945,757
Stock-in-process	23,008,753	19,612,110
	976,412,042	709,468,449
8 SUNDRY DEBTORS (Unsecured)		
Over Six months		
Good	43,001,280	34,378,261
Doubtful	11,039,773	10,523,900
Less: Provision for Doubtful Debts	(11,039,773)	(10,523,900)
	43,001,280	34,378,261
Other Debts		
Good	1,250,277,881	975,590,727
	1,293,279,161	1,009,968,988
9 CASH & BANK BALANCES		
Cash in hand (including stamps in hand ₹ 18,152 (Previous Year ₹ 14,057))	1,319,868	982,202
Draft/Cheque in hand	9,982,083	88,796,741
With Scheduled Banks:		
In Current Accounts	83,389,978	15,677,066
In Fixed Deposit Accounts (lodged as security)	52,095,819	41,689,000
With Post Office in Saving Bank Accounts (lodged with Central Excise Department ₹ 2,000)	2,010	2,010
In Dividend Accounts	430,231	214,102
	147,219,989	147,361,121
10 LOANS & ADVANCES		
(Unsecured, considered good)		
Short Term Deposits:		
To Subsidiary Company	2,346,696	4,349,654
(Including interest accrued ₹ 346,696, Previous Year ₹ 1,349,654)		
With Others	6,000,000	–
Advances recoverable in cash or in kind or for value to be received	141,510,095	196,579,491
Vat/Entry Tax Receivable	74,015,308	110,653,118
Balance with Central Excise in C/A	41,823,140	48,311,209
Advance Payment of Income Tax/FBT	278,193,034	192,368,756
Deposit with Government Departments and others	58,535,146	56,735,838
	602,423,419	608,998,066

SCHEDULES TO THE BALANCE SHEET & PROFIT AND LOSS ACCOUNT

(Amount in ₹)

	31.03.2011	31.03.2010
11 CURRENT LIABILITIES		
Acceptances	419,420,791	338,475,069
Sundry Creditors:		
- Small & Micro Enterprises*	-	-
- Others	546,764,038	509,097,409
Customers credit balance	32,123,019	35,201,664
Unpaid dividend	430,231	214,102
"Investor Education and Protection Fund shall be credited, when due"		
Other liabilities	249,583,197	240,575,749
Interest accrued but not due	953,297	843,463
	1,249,274,573	1,124,407,456

*(Refer note no. 8 of schedule 17)

12 PROVISIONS

Proposed Dividend	24,147,900	20,698,200
Provision for Corporate Dividend Tax	3,917,997	3,517,659
Provision for Tax	271,050,000	192,850,000
Provision For Leave	21,660,578	17,153,768
Provision for Gratuity	-	80,746
	320,776,475	234,300,373

13 OTHER INCOME

Dividend from Long Term Investments	133,020	132,075
Rent including lease rent	305,041	390,069
Liabilities no longer required written back	7,924,570	451,085
Sundry Balance Written Back	1,421,515	257,511
Profit on Sale of Fixed assets	2,315,681	626,481
Profit on sale of current investment	-	864,706
Provision for Doubtful Debt Written back	820,729	1,239,975
Income From Services	781,967	-
Gain on Foreign Exchange Fluctuations	11,464,310	3,925,983
SAD Refund	-	7,283,368
Insurance claim/Recovery	15,884,190	9,008,745
Miscellaneous receipts	2,400,051	4,972,547
	43,451,074	29,152,545

SCHEDULES TO THE PROFIT AND LOSS ACCOUNT

(Amount in ₹)

	31.03.2011	31.03.2010
14 MANUFACTURING & OTHER EXPENSES		
Purchases of Trading Stock	2,840,957,260	1,811,505,403
Raw Material consumed		
Opening Stock	79,103,242	76,136,049
Add: Purchases (including processing charges)	1,083,626,519	868,186,917
	1,162,729,761	944,322,966
Less: Capitalised	3,624,842	-
	1,159,104,919	944,322,966
Less: Closing Stock	122,689,240	79,103,242
Raw Material consumed	1,036,415,679	865,219,724
Stores, Spare parts & Packing Materials, etc.	402,603,125	372,731,182
Power & Fuel	868,318,527	631,123,904
Salary, Wages, Bonus, Gratuity, etc.	494,304,474	391,124,334
Contribution to Provident Fund and Other Funds	26,821,778	21,330,229
Workmen & Staff Welfare	21,945,474	20,326,582
Insurance	3,088,280	3,245,449
Rent	44,941,704	34,346,867
Rates & Taxes	6,564,733	4,910,240
Repairs:		
Buildings	14,909,544	33,281,440
Plant & Machinery	15,897,486	13,057,213
Others	6,660,650	6,844,495
Miscellaneous Expenses	80,201,138	77,472,903
Selling & Distribution Expenses	186,839,105	139,985,449
Discount	67,500,863	56,519,220
Freight Outward and handling charges	290,173,851	253,312,274
Export expenses	4,780,630	3,871,325
Advertisement Expenses	125,001,979	57,439,991
Commission	42,384,672	39,158,596
Travelling & Conveyance Expenses	75,526,546	70,745,224
Directors' Fees	427,500	170,000
Directors' Commission	3,500,000	3,467,529
Turnover/Sales Tax Paid	1,230,714	674,276
Prior Period Adjustment	42,273	1,342,617
Sundry Balances Written Off	276,961	-
Loss on Sale of Fixed Assets	7,985,796	8,494,539
Fixed Assets Written Off	1,016	670
Provision for Diminution in value of Investment	78,704	-
Provision for Doubtful Debts	1,336,602	855,628
Bad Debts	61,007	-
	6,670,778,071	4,922,557,303
Less: (Increase)/Decrease in Stock (as per Schedule 16)	(210,773,227)	(107,169,595)
	6,460,004,844	4,815,387,708

SCHEDULES TO THE PROFIT AND LOSS ACCOUNT

(Amount in ₹)

	31.03.2011	31.03.2010
15 INTEREST & FINANCE CHARGES		
Interest on Term Loans	71,959,267	61,704,985
Interest to Banks & Others	88,257,089	56,775,940
	160,216,356	118,480,925
Less: Interest received	6,236,022	7,427,496
	153,980,334	111,053,429
Other Finance Charges* (Refer note no. 20(b) of schedule 17)	25,472,619	21,850,397
	179,452,953	132,903,826

*Includes premium on forward cover of ₹ 8,940,550 (Previous Year ₹ 9,625,692) on secured loans.

16 (INCREASE)/DECREASE IN STOCK

Opening Stock		
Finished Goods	217,597,621	207,948,790
Trading Stock	254,945,757	137,197,109
Stock-in-process	19,612,110	19,053,014
	492,155,488	364,198,913
Less: Closing Stock		
Finished Goods	339,073,566	217,597,621
Trading Stock	350,642,686	254,945,757
Stock-in-process	23,008,753	19,612,110
	712,725,005	492,155,488
(Increase)/Decrease in Stock	(220,569,517)	(127,956,575)
Less: Increase/(Decrease) in Excise duty on Finished Goods	9,796,290	20,786,980
	(210,773,227)	(107,169,595)

SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

17 NOTES ON ACCOUNTS

1. Significant Accounting Policies

a) Accounting Concepts

The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956. The Company follows the mercantile system of accounting and recognises income and expenditure on accrual basis except where otherwise stated.

b) 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.

c) 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. Exchange differences arising on settlement of monetary items at rates different from those at which they were initially recorded are recognised as income or as expenses in the year in which they arise. Premium in respect of forward contract is accounted over the period of the contract.

d) Treatment of Expenditure During Construction Period

Interest and other pre-operative expenditure are included under Capital Work in Progress and are allocated to the respective fixed assets on the installation/completion of the same.

e) 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.

f) 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.

g) 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.

h) 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 straight line method, at the rates and in the manner specified in schedule XIV of the Companies Act, 1956. Continuous process plant 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's 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.

i) Employee Benefits:

a) Defined Contribution Plan:

Employee benefits in the form of Provident Fund (with Government Authorities) are considered as defined contribution plan and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due.

SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

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, as at the date of the Balance Sheet.

c) Actuarial gain/losses, if any, are immediately recognised in the Profit and Loss Account.

j) **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 incentives, duty drawback etc. are credited to profit and loss account or deducted from the related expenses.

k) **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 prudence on 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.

l) **Contingent Liability, Contingent Assets & Provisions**

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 of which estimate can be made for the amount of obligation.

(Amount in ₹)

	31.03.2011	31.03.2010
2. Estimated amount of contracts remaining to be executed on capital account and not provided for [net of advances]	206,483,680	77,673,352
3. (A) 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.	10,980,253	10,725,245
b) Sales Tax and Purchase Tax demands etc. against which the Company has preferred appeals.	16,476,131	4,582,504
c) Excise/Custom duty and Service Tax demands and show cause notices issued against which the Company/Department has preferred appeals/filed replies.	39,087,188	40,744,718
d) Custom duty, which may arise if obligation for exports is not fulfilled against import of capital under EPCG.	-	10,287,165
e) Disputed Income Tax & Wealth Tax Demand (Excluding Penalty if any)	12,265,693	11,378,798
f) 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. Liability in this regard of ₹ 60 Lacs have been provided in the accounts up to year 2006-07. Pending, the final Order of the Hon'ble Supreme Court on the above matter, no further provision for the same have been considered necessary at this stage.	31,897,458	25,934,920
(B) Bond executed in favour of Sales Tax/Custom Authorities.	2,500,000	2,500,000
(C) Bond/Guarantee executed on behalf of other body corporate	50,400,000	60,400,000
(D) As against a term loan of ₹ 504 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.		

SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

4. Sales are reported net of trade discounts and returns and include Miscellaneous Sales of ₹ 22,426,919 (Previous Year ₹ 21,198,883) and Export Benefits of ₹ 5,529,147 (Previous Year ₹ 5,597,212).
5. 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.
6. Other 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 (read with note no. 3 of Schedule 5). The supplier of machinery has challenged the encashment of bank guarantee and the case is pending before Hon'ble High Court of Kolkata. Pending decision, no adjustment has been carried out in accounts.
7. Company has an Investment of ₹ 7,730,000 in the Joint Venture Company (50% - JV Company) Somany Keraben Pvt Ltd. where considerable erosion of net worth is there due to accumulated losses. Considering the future prospects, strategies and long term in nature no provision for diminution at this stage is considered necessary by the Management. Further, debtors and advance recoverable in cash/kind includes amount due from JV Company amounting to ₹ 9,102,520 and ₹ 687,298 respectively, for which management is confident for full recovery and accordingly the same has been considered good. To expedite the process of recovery, the Company is further negotiating from the JV Company to buy Brand name & assets (including fixed assets).
8. Under the Micro, Small and Medium Enterprises Development Act, 2006, which came into force from 2nd October, 2006, certain disclosures are required to be made relating to Micro, Small and Medium Enterprises. The Company has initiated the process for obtaining relevant information from its suppliers about their coverage under the said act. Since the relevant information is not readily available, no disclosures have been made in these accounts. However, in view of the management, the impact of interest, if any, that may be payable in accordance with the provision of this act is not expected to be material.
9. **The major components of Deferred Tax Liability and Deferred Tax Assets are as under:**

(Amount in ₹)

	31.03.2011	31.03.2010
Deferred Tax Liability:		
Accumulated Depreciation	268,980,212	241,413,210
Deferred Tax Assets:		
Provisions for Doubtful Debts	3,667,137	3,577,074
Accrued Expenses Deductible on payment basis	8,668,416	5,830,566
	12,335,553	9,407,640
Deferred Tax Liability (Net)	256,644,659	232,005,570
Deferred tax Liability/(Assets) for the year	24,639,089	(19,833,161)

SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

10. Employee Benefits:

(a) The status of the gratuity, leave encashment and sick leave as at 31st March, 2011 is as follows

(Amount in ₹)

	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	5,368,076	4,011,951	4,673,229	3,554,651
b) Past service cost	5,512,619	-	-	-
c) Interest cost	4,313,169	1,372,302	3,626,278	991,353
d) Expected return on plan assets	(5,300,951)	-	(9,388,923)	-
e) Curtailment cost/(Credit)	-	-	-	-
f) Settlement cost/(Credit)	-	-	-	-
g) Net actuarial (gain)/loss recognised in the period	5,639,563	1,977,225	6,375,137	2,192,762
h) Expenses recognised in the statement of profit & losses	4,253,260	7,361,478	5,285,721	6,738,766
II Net Assets/(liability) Recognised in the Balance sheet as at 31st March, 2011				
a) Present value of obligation as at the end of the period	60,487,127	21,660,578	55,929,676	17,153,768
b) Fair value of plan assets as at the end of the period	70,566,079	-	55,848,930	-
c) Funded status	10,078,952	(21,660,578)	(80,746)	(17,153,768)
d) Net asset/(liability) recognised in balance sheet	-	(21,660,578)	(80,746)	(17,153,768)
III Change in present value of obligation.				
a) Present value of obligation as at the beginning of the period	55,929,676	17,153,768	48,350,377	13,218,029
b) Acquisition adjustment	-	-	-	-
c) Interest cost	4,313,169	1,372,302	3,626,278	991,353
d) Past service cost	5,552,659	-	-	-
e) Current service cost	5,368,076	4,011,951	4,673,229	3,554,651
f) Curtailment cost/(Credit)	-	-	-	-
g) Settlement cost/(Credit)	-	-	-	-
h) Benefits paid	(4,030,136)	(2,854,668)	(3,984,456)	(2,803,027)
i) Actuarial (gain)/loss on obligation	6,606,277	1,977,225	3,264,248	2,192,762
j) Present value of obligation as at the end of period	60,487,127	21,660,578	55,929,676	17,153,768
IV Changes in the fair value of plan assets.				
a) Fair value of plan assets at the beginning of the period	66,261,888*	-	46,887,624	-
b) Acquisition adjustment	-	-	-	-
c) Expected return on plan assets	5,300,951	-	9,388,932	-
d) Contributions	4,000,000	-	6,667,728	-
e) Benefits paid	(4,030,136)	-	(3,984,456)	-
f) Actuarial gain/(loss) on plan assets	(966,624)	-	(3,110,889)	-
g) Fair value of plan assets at the end of the period	70,566,079	-	55,848,930	-

SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

10. Employee Benefits:

(a) The status of the gratuity, leave encashment and sick leave as at 31st March, 2011 is as follows (Contd.):

(Amount in ₹)

	Gratuity (Funded)	Leave Encashment and Sick Leave (Non- Funded)	Gratuity (Funded) (Previous Year)	Leave Encashment and Sick Leave (Non- Funded) (Previous Year)
V The Major Category of Plan assets as a percentage to total plan				
Mutual Funds	100%		92.35%	
Government Securities	0%		1.00%	
Bank	0%		6.65%	
VI Actuarial Assumptions	31.03.2011		31.03.2010	
Economic Assumptions:				
Discounting Rate	8.00 %		7.50 %	
Future salary Increase	5.00 %		5.00 %	
Expected Rate of return on plan assets	10.00 %		8.50 %	
Demographic Assumptions:				
Retirement Age	58		58	
Mortality Table	Nb LIC (1994-96) duly modified		Nb LIC (1994-96) duly modified	
Withdrawal Rates	Ages	Withdrawal Rate (%)	Ages	Withdrawal Rate (%)
	Upto 29 Years	1.00	Upto 30 Years	3.00
	Upto 45 Years	3.00	Upto 44 Years	2.00
	Above 45 Years	6.00	Above 44 Years	1.00

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

(b) Amounts recognised as an expense/(income) and included in the Schedule 14 are as under:

- (I) "Salaries, Wages, Dearness Allowance and Bonus" of Profit and Loss Account includes ₹ Nil (Previous Year ₹ 5,285,721) for Gratuity, ₹ 7,063,049 (Previous Year ₹ 6,338,501) for long term Leave Encashment, ₹ 298,429 (Previous Year ₹ 400,265) for other long term benefits.
- (II) "Contributions/Provision to and for Provident and other Funds" of Profit and Loss Account includes ₹ 25,897,847 (Previous Year ₹ 19,781,518) (includes ₹ 6,322,103 (Previous Year ₹ 4,520,303) towards Somany Provident Fund, a multi employer plan, refer (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, effect in this respect has not been ascertained and the same has been accounted as defined contribution plan. The Fund has a surplus, determined net of investments less corpus (contribution plus interest thereon). However, in view of 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.

SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

- (e) The expected return on plan assets is determined 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 & 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.

11. The business activity of the Company falls within a single primary business segment viz. '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.

12. Related Party Transactions:

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 Keraben Private Ltd.
2. Associate: M/s Scope Vinimoy Private Ltd.
3. Key Management Personnel: Mr. Shreekant Somany, Chairman and Managing Director.
Mr. Abhishek Somany, Joint Managing Director (Son of Chairman and Managing Director)
Mr. G. G. Trivedi, Executive Director up to 20/05/09
4. Relatives of Key Management Personnel: Mrs. Anjana Somany
(Wife of Chairman and Managing Director and Mother of Joint Managing Director)
Mrs. Minal Somany (Wife of Joint Managing Director)
Mrs. Kala Trivedi (Wife of Executive Director)
5. Enterprises over which relative of Key Management personnel exercise significant influence: M/s Yogi Ceramics Private Ltd.

C. Details of transactions with related parties

(Amount in ₹)

	31.03.2011	31.03.2010
SR Continental Ltd.		
Purchase of Goods	25,771,963	19,439,185
Sale of Goods	151,694	137,411
Job Work charges	3,959,285	3,500,250
Rent Received	6,000	6,000
Rent Paid	108,000	108,000
Interest Paid	400,007	921,982
Inter corporate loans taken	5,300,000	8,797,000
Repayment of inter corporate loans	2,730,000	12,733,000
Expenses incurred on their behalf	1,267,373	1,135,426

SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

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

(Amount in ₹)

	31.03.2011	31.03.2010
Outstanding at the year end:		
Sundry Debtors	62,433	1,118
Sundry Creditors	9,942,790	743,267
Unsecured Loans	5,430,006	2,500,000
Co-surety taken	1,250,000	1,250,000
Somany Global Ltd.:		
Investments made during the year	-	3,000,000
Expenses incurred on their behalf	3,955,218	6,599,987
Inter Corporate Loan given	-	5,00,000
Inter Corporate Loan received back	1,000,000	12,500,000
Interest Received	1,349,654	772,086
Sale of Goods	20,964,666	18,524,058
Incentive paid	569,566	312,288
Outstanding at the year end:		
Sundry Debtors	1,380,485	2,707,469
Unsecured Loans Given	2,000,000	3,000,000
Interest accrued but not due	346,697	1,349,654
Reimbursement of expenses payable at the year end	-	797,772
Somany Keraben Private Ltd.		
Investments made during the year	-	6,150,000
Advances given for Asset/Material	1,700,000	-
Expenses incurred on behalf of Somany Keraben Pvt. Ltd.	108,494	-
Sale of Goods	-	23,801,058
Purchase of Goods	-	26,753,425
Purchase of Fixed Assets	968,945	-
Outstanding at the year end:		
Sundry Debtors	9,102,520	8,400,883
Sundry Creditors	152,251	152,251
Guarantee Given	-	10,000,000
Advances	839,549	-
Scope Vinimoy Private Ltd.:		
Interest paid	127,479	1,009,603
Inter corporate loans taken	-	10,000,000
Repayment of inter corporate loans	11,300,000	10,000,000
Outstanding at the year end:		
Unsecured Loans	-	11,300,000

SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

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

(Amount in ₹)

	31.03.2011	31.03.2010
Mr. Shreekant Somany		
Remuneration Paid	7,821,522	5,739,365
Commission	11,445,770	10,402,587
Mr. Abhishek Somany		
Remuneration Paid	7,208,318	5,115,848
Rent paid	623,686	568,260
Outstanding at the year end	-	43,659
Commission	11,560,375	8,668,822
Mr. G G Trivedi		
Remuneration Paid	-	449,948
Mrs. Anjana Somany		
Remuneration Paid	1,760	122,603
Mrs. Minal Somany		
Rent paid	687,930	626,790
Outstanding at the year end	-	48,656
Remuneration paid	448,800	401,177
Mrs. Kala Trivedi		
Rent Paid	-	74,533
M/s Yogi Ceramics Pvt. Ltd.		
Purchase of Goods	-	1,287,602

No amount has been provided as doubtful debt or advance written back/written off in the year in respect of debts due from above related parties.

13. 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, 2011 is ₹ 7,730,000 (Previous Year ₹ 7,730,000) 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%

SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

- b) 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, 2011 in the above Company, as per its unaudited financial statements is as under: (Amount in ₹)

Proportion of Company's Interest in JVC	2010-11	2009-10
Assets	(Unaudited)*	(Audited)**
Fixed Assets(Net Block)(Including CWIP)	167,986	782,400
Investments	-	-
Inventories	-	-
Sundry Debtors	1,602,936	3,359,700
Cash & Bank Balances	5,019	53,377
Loans & Advances	2,994,155	2,971,440
Misc. Expenditure	-	-
Liabilities		
Share Application Money	-	-
Secured Loans	-	1,605
Unsecured Loans	-	-
Current Liabilities and Provisions	6,246,315	7,200,035
Income		
Income from Operations Less Excise Duty	-	32,873,885
Other Income	23,786	4,108,234
Expenses		
Manufacturing and Other Expenses	1,297,962	40,044,731
Interest and Financial Charges	14,677	673,867
Depreciation	152,644	220,665
Provision for Tax	-	-

* Unaudited and certified by the management

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

14. Earning Per Share: The numerators and denominators used to calculate Basic and Diluted Earning Per Share:

		31.03.2011	31.03.2010
Profit/(Loss) Attributable to the Equity Share Holders (₹)	(A)	234,277,553	204,545,669
Weighted Average No. of Equity Shares outstanding during the year	(B)	34,497,000	34,497,000*
Nominal Value of Equity Shares (₹)		2	2*
Basic Earning Per Share (₹)	(A/B)	6.79	5.93
Diluted Earning Per Share (₹)	(A/B)	6.79	5.93

* Previous year figures restated pursuant to share split.

SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

15. Capital work in progress include 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:-

(Amount in ₹)

	31.03.2011	31.03.2010
Opening Balance	8,610,460	
i) Power & Fuel	4,304,806	NIL
ii) Raw Material consumed	3,624,842	NIL
iii) Stores & Spares consumed	74,039	NIL
iv) Salary/Wages	2,634,922	NIL
v) Travelling Expenses	672,337	60,248
vi) Interest on Term Loans	1,691,148	1,743,936
vii) LC Charges/Bank Charges	1,699,418	6,806,276
viii) Legal & Professional	3,641,018	NIL
ix) Foreign Tech. expenses	3,835,409	NIL
x) Others	2,308,410	NIL
Total	33,096,809	8,610,460
Less: Allocated to fixed assets	22,398,624	NIL
Closing balance	10,698,185	

16. Research & Development expenditure on revenue account amounting to ₹ 2,865,639 (Previous Year ₹ 2,819,655) has been charged to profit and loss account.
17. In the opinion of the management, Current Assets and Loans & Advances have a value on realisation in ordinary course of business at least equal to the amount at which they are stated.
18. Balances of certain debtors, loans and advances, creditors and other liabilities are in process of confirmation/reconciliation.
19. Profit and/or loss on sale of stores and raw materials remain adjusted in respective consumption accounts.
20. (a) Foreign Exchange derivatives and exposures outstanding at the year end:

Nature	Amount in Foreign Currency 31.03.11	Amount (Rupee equivalent) 31.03.11	Amount in Foreign Currency 31.03.10	Amount (Rupee equivalent) 31.03.10
Derivatives				
Option	EURO 875,000	55,720,000	EURO 875,000	53,898,946
Option	EURO 500,000	31,840,000	–	–
Forward Contract	EURO 500,000	31,840,000	EURO 1,000,000	64,340,185
Forward Contract	–	–	USD 3,110,556	143,965,214
Open Exposures				
Receivables	USD 356,589	15,836,132	–	–
Receivables	GBP 10,592	754,173	–	–
Payables	USD 1,774,197	79,254,630	USD 1,063,863	47,788,735
Payables	EURO 1,029,525	65,203,103	EURO 49,641	3,030,093

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

21. i) Debtors include due from subsidiaries and joint venture Company amounting to ₹ 1,442,918 (Previous Year ₹ 2,708,587) & ₹ 9,102,520 (Previous Year 8,400,883) respectively.

SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

- ii) Advances recoverable in cash & kind include (a) due from subsidiaries and joint venture Company in respect of receivables on account of expenses reimbursed amounting to ₹ Nil (Previous Year ₹ 797,772) & ₹ Nil (Previous Year ₹ Nil) respectively and (b) capital advance ₹ 22,906,223 (Previous Year ₹ 74,033,820)

22. Investment purchased/sold during the year is NIL (Previous Year 200 units of 8.70% PFC 2020 purchased at ₹ 201,621,096 and sold at ₹ 202,485,802)

23. Unsecured Loans repayable within one year are ₹ 5,430,006 (Previous Year ₹ 263,800,000).

24. Directors' Remuneration:

(A)

(Amount in ₹)

	31.03.2011	31.03.2010
(a) Managerial Remuneration		
(To Chairman and Managing Director, Joint Managing Director and Executive Director)		
i) Salary*	8,975,000	6,625,648
ii) House Rent Allowance	3,715,000	3,115,000
iii) Contribution to Provident Fund	1,077,000	795,078
iv) Perquisites (As per Income Tax valuation)	1,262,840	769,435
v) Commission	23,006,145	19,071,409
Total	38,035,985	30,376,570

*Excluding provision for leave encashment liability provided on actuarial valuation basis payable to Chairman and 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).

(B) Directors' Commission

(Amount in ₹)

	31.03.2011	31.03.2010
Computation of Directors' Commission and Net Profit in accordance with Section 198 of Companies Act, 1956		
Profit before taxation	337,116,642	305,562,508
Add: i) Remuneration to Managerial persons	15,029,840	11,305,161
ii) Directors' Commission	26,506,145	22,538,938
iii) Directors' Fees	427,500	170,000
iv) Provision for doubtful debts	1,336,602	855,628
v) Loss on sale of fixed assets	7,985,796	8,494,539
vi) Fixed Assets written off	1,016	-
vii) Provision for diminution in value of investment	78,704	-
viii) Loss on foreign exchange contract	-	557,280
A	388,482,245	349,484,054
Less: i) Profit on sale of fixed assets	2,315,681	626,481
ii) Profit on sale of investment	-	864,706
iii) Provision for doubtful debts written back	820,729	1,239,975
B	3,136,410	2,731,162
Net Profit for the purpose of Directors Total (A – B)	385,345,835	346,752,892
Maximum amount of Remuneration Permissible to Wholetime Directors (@10% of Net Profits)	38,534,583	34,675,289
Commission Payable & restricted to Chairman and Managing Director	11,445,770	10,402,587
Commission Payable & restricted to Joint Managing Director	11,560,375	8,668,822
Maximum amount of Commission permissible to Non-Executive Directors(1% of Net Profits)	3,853,458	3,467,529
Commission Payable	3,500,000	3,467,529

SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

25. Payments to Auditors (Excluding Service Tax)

(Amount in ₹)

	31.03.2011	31.03.2010
Audit Fees	445,000	345,000
Tax Audit	100,000	75,000
Certification & Other services	351,328	250,017
Reimbursement of Expenses	49,800	25,158
Total	946,128	695,175

26. In terms of the Resolution passed by the shareholders at their meeting held on 30th October, 2010, fully paid Equity Share of ₹ 10/- each of Company has been sub-divided into five fully paid Equity Shares of ₹ 2 each. Further, unissued preference capital of ₹ 100,000,000 has been reclassified into equivalent amount of Authorised equity shares capital and accordingly Authorised Capital of the Company has been modified to that extent.

27. Additional information pursuant to the provisions of paragraph 3 and 4 of Schedule VI of the Companies Act, 1956.

A. Capacity/Production/Purchases

	Unit	Registered/Installed Capacity*		Production/Purchases	
		2010-11	2009-10	2010-11	2009-10
Manufacturing:					
Glazed/Vitrified Porcelain Tiles	MT	325,700	272,500	296,819	250,456
	SQM	19,147,500	16,697,500	17,229,753	15,106,976
Purchases					
Tiles	SQM	-	-	11,513,376	8,028,201
	₹	-	-	2,568,902,910	1,625,639,034
Other	₹			272,054,350	185,866,369

Licensed capacity is not applicable as ceramic tile industry is exempt from licensing requirement.

* As certified by the management and relied upon by Auditor being a technical matter.

B. Stock and Sales

	2010-11			2009-10		
	MT	SQ. MTR.	₹	MT	SQ. MTR.	₹
Opening Stock Manufacturing						
- Tiles	16,315	1,075,224	215,063,906	20,240	1,180,244	202,758,241
- Others			2,533,715			5,190,549
Trading						
- Tiles		440,851	177,589,525		173,327	63,203,704
- Others			77,356,232			73,993,405
Closing Stock Manufacturing						
- Tiles	28,282	1,711,413	337,764,632	16,315	1,075,224	215,063,906
- Others			1,308,934			2,533,715
Trading						
- Tiles		478,350	234,808,641		440,851	177,589,525
-Others			117,691,757			77,356,232
Sales* Manufacturing						
- Tiles	284,852	16,593,564	4,313,198,628	254,381	15,211,996	3,652,109,578
- Others			2,360,633			2,428,642
Trading						
- Tiles		11,475,877	2,855,629,555		7,760,677	1,706,656,990
- Others			346,592,590			269,014,298

* Includes breakage, shortages, sample etc.

SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

C. Raw Material Consumed

	2010-11		2009-10	
	MT	₹	MT	₹
Clay & Minerals	335,734	485,854,452	286,836	359,283,702
Chemicals & Glaze Materials	24,313	550,561,227	19,382	505,936,022
		1,036,415,679		865,219,724

D. Value of Imported & Indigenous Raw Materials and Stores & Spares Parts Consumed

	Raw Materials				Stores, Spares & Packing Materials etc.			
	2010-2011		2009-2010		2010-2011		2009-2010	
	₹	%	₹	%	₹	%	₹	%
Imported	41,361,968	4	40,858,504	5	52,244,942	13	80,944,064	22
Indigenous	995,053,711	96	824,361,220	95	350,358,183	87	291,787,118	78
	1,036,415,679	100	865,219,724	100	402,603,125	100	372,731,182	100

(Amount in ₹)

	31.03.2011	31.03.2010
E. C.I.F. Value of Imports		
Raw Materials	45,623,170	32,894,926
Spare Parts	62,421,166	86,761,965
Capital Goods	23,077,990	183,969,945
Trading Goods	363,714,864	256,594,437
F. Expenditure in Foreign Currency (Cash Basis)		
Travelling Expenses	3,370,091	5,142,553
Commission to Selling Agents	1,643,023	2,397,372
Others	624,945	1,372,700
G. Earnings in Foreign Currency		
Exports on FOB Basis	72,794,875	85,193,934

28. Figures for the previous year have been regrouped and rearranged wherever considered necessary.

29. Schedules 1 to 17 form an integral part of Balance Sheet and Profit and Loss Account.

As per our report of even date

For **Lodha & Co.**
Chartered Accountants

N. K. Lodha
Partner
Membership No. 85155

Shreekant Somany
Chairman and Managing Director

Abhishek Somany
Joint Managing Director

Ambrish Julka
AGM (Legal) and Company Secretary

Place: New Delhi
Dated: 28th May, 2011

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS PER SCHEDULE VI, PART (IV) OF THE COMPANIES ACT, 1956

I Registration Details	
Registration No./CIN	L40200DL1968PLC005169
State Code	55
Balance Sheet Date	31.03.2011
II Capital Raised during the year	
Public Issue	Nil
Right Issue	Nil
Private Placement	Nil
Bonus Issue	Nil
III Position on Mobilisation and Deployment of Funds	
	(₹ in '000)
Total Liabilities	4,795,797
Total Assets	4,795,797
Sources of Funds	
Paid up Capital	68,994
Reserves & Surplus	955,709
Deferred Tax Liability	256,645
Secured Loans	1,832,989
Unsecured Loans	111,410
Application of Funds	
Net Fixed Assets	1,759,267
Investment	17,196
Net Current Assets	1,449,284
Miscellaneous Expenditure	Nil
Accumulated Losses	Nil
IV Performance of the Company	
Turnover including other incomes	7,149,222
Total Expenditure	6,812,105
Profit/(loss) before Tax	337,117
Profit/(loss) after Tax/Extraordinary items	234,278
Earning per share (₹)	6.79
Dividend Rate (%)	35%
V Generic Names of Principal Products/Services of the Company (As per Monetary Terms)	
Principal Products	Ceramic Glazed Wall, Floor and Vitrified porcelain tiles
Item Code No.(ITC Code)	69089009

As per our report of even date

For **Lodha & Co.**

Chartered Accountants

N. K. Lodha

Partner

Membership No. 85155

Place: New Delhi

Dated: 28th May, 2011

Shreekant Somany

Chairman and Managing Director

Abhishek Somany

Joint Managing Director

Ambrish Julka

AGM (Legal) and Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

(Amount in ₹)

	31.03.2011	31.03.2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) Before Tax & Exceptional Items	337,116,642	305,562,508
I. Adjustment For		
Depreciation	172,647,487	144,747,818
Interest and Finance Charges	185,688,975	140,331,322
Interest Received	(6,236,022)	(7,427,496)
Dividend Income	(133,020)	(132,075)
Diminution in the value of Investment (net)	78,704	-
Provision for Doubtful Debts (written back) (net)	515,873	(384,347)
Bad Debts	61,007	-
Liabilities no longer required written back (net)	(7,924,570)	(451,085)
Sundry Balances written off/(back) (net)	(1,144,554)	(257,511)
(Profit) Loss on sale/Discard of Fixed Assets/Assets written off (net)	5,671,132	7,868,728
(Profit)/Loss on Sale of Long term Investment	-	(864,706)
Operating Profit Before Working Capital Changes	686,341,654	588,993,156
II. Changes In		
Trade & Other Receivable	(251,523,214)	(305,862,871)
Inventories	(266,943,593)	(167,526,636)
Trade Payable	149,100,815	408,864,068
Cash Generated from Operation	316,975,662	524,467,717
Income Taxes Refund/(paid)	(85,824,278)	(118,432,705)
Net Cash flow From Operating Activities (A)	231,151,384	406,035,012
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(350,135,744)	(466,360,947)
Sale of Fixed Assets	3,821,075	4,749,368
Sale of current Investment	-	202,485,802
Purchase of current investment	-	(204,621,096)
Interest Received	3,689,399	3,445,700
Dividend Received	133,020	132,075
Net Cash used in Investing Activities (B)	(342,492,250)	(460,169,098)

CASH FLOW STATEMENT [CONTD.] FOR THE YEAR ENDED 31ST MARCH, 2011

(Amount in ₹)

	31.03.2011	31.03.2010
C. CASH FLOW FROM FINANCING ACTIVITIES		
Long Term Loans raised during the year	290,330,734	262,509,624
Repayment of Long Term Loans	(187,195,000)	(160,646,318)
Increase/(Decrease) in Short Term Loans	216,203,788	159,107,785
Interest Paid	(184,140,058)	(140,454,447)
Dividend Paid	(23,999,730)	(11,959,998)
Net Cash used in Financing Activities (C)	111,199,734	108,556,646
Net Increase in Cash and Cash Equivalents (A+B+C)	(141,132)	54,422,560
Cash and Cash Equivalents		
As on 01.04.2010 (I)	147,361,121	92,938,561
As on 31.03.2011 (II)	147,219,989	147,361,121
Net Increase in Cash and Cash Equivalents (II-I)	(141,132)	54,422,560
Notes:		
a) Cash & Cash Equivalents represents cash & bank balances. (Schedule 9)		
b) Figures for the previous year have been regrouped/rearranged wherever considered necessary.		

As per our report of even date

For **Lodha & Co.**

Chartered Accountants

N. K. Lodha

Partner

Membership No. 85155

Place: New Delhi

Dated: 28th May, 2011

Shreekant Somany

Chairman and Managing Director

Abhishek Somany

Joint Managing Director

Ambrish Julka

AGM (Legal) and Company Secretary

AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF **SOMANY CERAMICS LIMITED** ON THE CONSOLIDATED FINANCIAL STATEMENTS OF SOMANY CERAMICS LIMITED, ITS SUBSIDIARIES AND JOINT VENTURE

1. We have examined the attached consolidated Balance Sheet of Somany Ceramics Limited, its subsidiary and joint venture as at 31st March, 2011, and the consolidated Profit and Loss Account 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 ₹ 346.26 lacs as at 31st March, 2011 and total revenues of ₹ 630.85 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 ₹ 92.06 lacs. These financial statements have been certified by Management and have been furnished to us (read with note no. 13 of schedule 18), 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 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 other applicable Accounting Standards issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Somany Ceramics Limited, its subsidiaries and joint venture considered 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 (attention is invited and read with note no. 13 of schedule 18) and joint venture included in the consolidated financial statements read together with 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 as at 31st March, 2011;
- (b) The consolidated Profit & Loss Account gives a true and fair view of the consolidated results of operations of Somany Ceramics Limited, its subsidiaries and joint venture 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 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

Dated: 28th May, 2011

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

(Amount in ₹)

	Schedule	31.03.2011	31.03.2010
SOURCES OF FUNDS			
Shareholder's Funds			
A. Share Capital	1	68,994,000	68,994,000
B. Reserves & Surplus	2	969,671,014	758,283,603
		1,038,665,014	827,277,603
Loan Funds			
A. Secured	3	1,838,588,742	1,267,744,816
B. Unsecured	4	105,979,716	352,229,038
		1,944,568,458	1,619,973,854
Deferred Tax Liability (Net)		256,724,164	231,164,513
Total		3,239,957,636	2,678,415,970
APPLICATION OF FUNDS			
Fixed Assets	5		
Gross Block		3,520,245,982	2,932,192,855
Less: Accumulated Depreciation		1,783,234,404	1,622,012,575
Net Block		1,737,011,578	1,310,180,280
Add: Capital work in progress		28,237,963	237,395,578
		1,765,249,541	1,547,575,858
Investments	6	9,913,665	9,952,369
Current Assets, Loans & Advances			
A. Inventories	7	988,162,382	715,833,446
B. Sundry Debtors	8	1,293,457,769	1,015,190,125
C. Cash & Bank Balances	9	149,597,113	151,169,222
D. Loans & Advances	10	611,213,255	614,840,832
		3,042,430,519	2,497,033,625
Less: Current Liabilities & Provisions			
A. Liabilities	11	1,251,511,574	1,138,692,272
B. Provisions	12	326,124,515	237,453,610
		1,577,636,089	1,376,145,882
Net Current Assets		1,464,794,430	1,120,887,743
Miscellaneous Expenditure	13	-	-
Total		3,239,957,636	2,678,415,970
Significant Accounting Policies & Notes to Accounts	18		

As per our report of even date

For **Lodha & Co.**

Chartered Accountants

N. K. Lodha

Partner

Membership No. 85155

Place: New Delhi

Dated: 28th May, 2011

Shreekant Somany

Chairman and Managing Director

Abhishek Somany

Joint Managing Director

Ambrish Julka

AGM (Legal) and Company Secretary

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011 (Amount in ₹)

	Schedule	31.03.2011	31.03.2010
INCOME			
Sales		7,577,120,226	5,684,844,244
Less: Excise Duty		415,524,689	261,706,980
Net Sales		7,161,595,537	5,423,137,264
Other Income	14	43,877,506	29,751,755
		7,205,473,043	5,452,889,019
Less: EXPENDITURE			
Manufacturing & Other Expenses	15	6,507,455,443	4,865,114,772
Interest & Finance Charges	16	179,536,691	134,120,618
Depreciation	5	174,656,771	147,231,216
		6,861,648,905	5,146,466,606
Profit/(Loss) Before Tax		343,824,138	306,422,413
Income Tax for Earlier Years		3,200	(339,953)
Provision for Taxation:			
- Current Tax		80,575,000	122,735,000
- Deferred Tax		24,603,763	(19,832,389)
Profit/(Loss) After Tax		238,642,175	203,859,755
Balance carried from earlier years (Refer note no. 13 of schedule 18)		446,469,110	287,325,214
Balance of joint venture carried from earlier years (Refer note no. 13 of schedule 18)		(7,764,723)	(8,575,856)
		677,346,562	482,609,113
APPROPRIATIONS			
Proposed Dividend on Equity Shares		24,147,900	20,698,200
Corporate Dividend Tax thereon		3,917,997	3,517,659
General Reserve		25,000,000	20,500,000
Surplus Carried to Balance Sheet		624,280,665	437,893,254
		677,346,562	482,609,113
Earning Per Share (Basic)		6.92	5.91
Earning Per Share (Diluted)		6.92	5.91
(Refer note no.6 of Schedule 18)			
Significant Accounting Policies & Notes to Accounts	18		

As per our report of even date

For **Lodha & Co.**

Chartered Accountants

N. K. Lodha

Partner

Membership No. 85155

Place: New Delhi

Dated: 28th May, 2011

Shreekant Somany
Chairman and Managing Director

Abhishek Somany
Joint Managing Director

Ambrish Julka
AGM (Legal) and Company Secretary

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET

(Amount in ₹)

	31.03.2011	31.03.2010
1 SHARE CAPITAL		
Authorised*		
125,000,000 Equity Shares of ₹ 2 each (Previous Year 15,000,000 Equity Shares of ₹ 10 each)	250,000,000	150,000,000
– (Previous Year 1,000,000 Preference Shares of ₹ 100 each)	-	100,000,000
	250,000,000	250,000,000
Issued, Subscribed & Paid up		
34,497,000 Equity Shares of ₹ 2 each (Previous Year 6,899,400 Equity Shares of ₹ 10 each) fully paid up {including 30,497,000 of ₹ 2 each (Previous Year 6,099,400 of ₹ 10 each) Equity Shares allotted as fully paid up Bonus Shares by Capitalisation of General Reserve, Share Premium and Capital Redemption Reserve}	68,994,000	68,994,000
	68,994,000	68,994,000

* Pursuant to Share Split (Refer note no. 14 of Schedule 18)

	31.03.2011	31.03.2010
2 RESERVES & SURPLUS		
Capital Reserve		
As per Last Accounts	4,500,250	4,500,250
Capital Redemption Reserve		
As per Last Accounts	3,000	3,000
General Reserve		
As per Last Accounts	315,887,099	295,387,099
Transfer from Profit & Loss Account	25,000,000	340,887,099
		20,500,000
Profit & Loss Account		
Surplus as per Profit & Loss Account	624,280,665	437,893,254
	969,671,014	758,283,603

3 SECURED LOANS

A) TERM LOANS		
a) Rupee Loans		
(i) Export Import Bank of India (EXIM)	132,154,765	220,405,353
(ii) Housing Development Finance Corpn. Ltd. (HDFC)	156,149,319	28,425,251
(iii) State Bank of Bikaner & Jaipur (SBBJ)	14,898,055	29,903,877
(iv) Punjab National Bank (PNB)	172,920,909	234,894,538
(Including interest accrued & due ₹ 2,086,886, Previous Year ₹ 2,397,857)		
(v) Central Bank of India (CBI)	146,408,581	140,448,727
(Including interest accrued & due ₹ 1,690,459, Previous Year ₹ 465,190)		
(vi) Deferred Suppliers Credit	123,605,813	114,443,548
(vii) Axis Bank Ltd. (AXIS)	120,000,000	-
b) Car Loans	26,739,327	18,817,280

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET

(Amount in ₹)

	31.03.2011	31.03.2010
3 SECURED LOANS (Contd.)		
B) Working Capital Facilities from Banks		
Working Capital Demand Loan	481,764,384	80,000,000
Buyers Credit	159,831,825	18,964,041
Cash Credit	304,115,764	381,442,201
	1,838,588,742	1,267,744,816

4 UNSECURED LOANS

Loans from - Bodies Corporates	-	11,300,000
State Bank of India - Short Term Loan	-	250,000,000
Deposit from Agents and Franchisees	105,979,716	90,929,038
	105,979,716	352,229,038

5 FIXED ASSETS

Particulars	Gross block				Depreciation				Net Block	
	Cost as at 01.04.2010	Additions during the year	Sales/ Adjustment	Total Cost as at 31.03.2011	Up to 31.03.2010	For the year	Adjustment/ written back	Up to 31.03.2011	As at 31.03.2011	As at 31.03.2010
TANGIBLE ASSETS										
Land	45,142,109	30,600	-	45,172,709	702,101	131,138	-	833,239	44,339,470	44,440,008
Buildings	382,613,249	97,815,933	2,374,888	478,054,294	184,853,932	20,544,353	1,662,801	203,735,484	274,318,810	197,759,317
Plant & Machinery	2,363,835,592	462,045,148	16,647,372	2,809,233,368	1,363,670,281	131,988,744	8,224,621	1,487,434,404	1,321,798,964	1,000,165,311
Furniture, Fixture and Office Equipments	88,472,558	22,810,572	1,899,190	109,383,940	51,357,116	9,862,444	1,115,690	60,103,870	49,280,070	37,115,442
Vehicles	48,443,521	24,204,402	3,207,981	69,439,942	18,726,880	10,673,123	2,431,830	26,968,173	42,471,769	29,716,641
Sub Total (A)	2,928,507,029	606,906,655	24,129,431	3,511,284,253	1,619,310,310	173,199,802	13,434,942	1,779,075,170	1,732,209,083	1,309,196,719
INTANGIBLE ASSETS										
Software	3,685,826	5,275,903	-	8,961,729	2,702,265	1,456,969	-	4,159,234	4,802,495	983,561
Sub Total (B)	3,685,826	5,275,903	-	8,961,729	2,702,265	1,456,969	-	4,159,234	4,802,495	983,561
Total (A+B)	2,932,192,855	612,182,558	24,129,431	3,520,245,982	1,622,012,575	174,656,771	13,434,942	1,783,234,404	1,737,011,578	1,310,180,280
Previous year	2,802,148,434	159,146,536	29,102,115	2,932,192,855	1,491,244,767	147,231,216	16,463,408	1,622,012,575		
Capital Work-in-Progress									28,237,963	237,395,578

Note:

- Land includes cost of leasehold land of ₹ 11,608,782 (Previous Year ₹ 11,608,782)
- Capital work in progress includes machinery under installation, construction/erection materials and pre-operative expenditure (pending allocation)
- Plant and Machinery includes Machinery Gross ₹ 6,228,750 (Previous Year ₹ 6,228,750) lying with third parties, pending confirmation. (Note no. 4 of schedule 18)
- Building, Furniture & Fixture includes certain expenditure on lease hold premises Gross ₹ 20,105,525 WDV ₹ 6,830,980 (Previous Year Gross ₹ 16,994,788 WDV ₹ 7,664,844) which are amortised over the useful life of the respective assets.

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET

(Amount in ₹)

	31.03.2011	31.03.2010
6 INVESTMENTS (At cost less provision for Diminution)		
Long Term (Fully paid up)		
Quoted-Trade		
Equity Shares		
590,800 Schablona India Limited of ₹ 4 each*	2,390,800	2,390,800
5,850 Orient Ceramics & Industries Limited of ₹ 10 each	58,211	58,211
Quoted-Other than trade		
Equity Shares of ₹ 10 each		
110 Punjab National Bank	42,900	42,900
68,771 Soma Textiles & Industries Ltd.	547,642	626,346
19,500 Bhilwara Holding Ltd.	394,112	394,112
In Mutual Fund		
37360.518 units (Previous Year 37145.976 units) HDFC Prudence Fund-Growth	6,480,000	6,440,000
	9,913,665	9,952,369

Market Value of Quoted Investment ₹ 28,988,907 (Previous Year ₹ 21,981,986)

7 INVENTORIES

(As taken, valued and certified by the Management)

Stores & Spares (Including in Transit ₹ 478,099, Previous Year ₹ 211,948)	141,209,561	139,764,988
Raw Materials (Including in Transit ₹ 1,029,469, Previous Year ₹ 3,534,115)	126,090,709	82,142,814
Finished Goods (Including in Transit ₹ Nil, Previous Year ₹ 707,002)	339,796,196	217,924,028
Trading Stock (Including in Transit ₹ 2,009,296, Previous Year ₹ 762,732)	357,373,963	255,994,505
Stock-in-process	23,691,953	20,007,111
	988,162,382	715,833,446

8 SUNDRY DEBTORS (Unsecured)

Over Six months

Good	45,248,003	30,400,398
Doubtful	11,316,565	10,648,547
Less: Provision for Doubtful Debts	(11,316,565)	(10,648,547)
	45,248,003	30,400,398

Other Debts

Good	1,248,209,766	984,789,727
	1,293,457,769	1,015,190,125

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET

(Amount in ₹)

	31.03.2011	31.03.2010
9 CASH & BANK BALANCES		
Cash in Hand	1,408,152	1,070,354
Draft/Cheque in hand	9,982,083	88,796,741
With Scheduled Banks:		
In Current Accounts	85,678,818	19,397,015
In Fixed Deposit Accounts (lodged as security)	52,095,819	41,689,000
With Post Office in Saving Bank Accounts (lodged with Central Excise Department ₹ 2,000)	2,010	2,010
In Dividend Accounts	430,231	214,102
	149,597,113	151,169,222

10 LOANS & ADVANCES

(Unsecured, considered good)

Short Term Deposits:

With Others	6,008,166	2,000,000
Advances recoverable in cash or in kind or for value to be received	144,316,573	199,325,519
Vat/Entry Tax Receivable	74,015,308	110,653,118
Balance with Central Excise in C/A	42,065,864	48,497,054
Advance Payment of Income Tax/FBT	284,401,948	195,398,450
Security Deposits:		
With Government Departments and Others	60,405,396	58,966,691
	611,213,255	614,840,832

11 CURRENT LIABILITIES

Acceptances	419,545,791	338,475,069
Sundry Creditors:		
- Others	543,276,024	518,158,092
- Small & Micro Enterprises*	-	-
Customers credit balance	35,479,924	36,581,634
Unpaid dividend	430,231	214,102
"Investor Education and Protection Fund shall be credited, when due"		
Other liabilities	251,826,307	244,419,912
Interest accrued but not due	953,297	843,463
	1,251,511,574	1,138,692,272

*(Refer note no. 5 of schedule 18)

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET & PROFIT AND LOSS ACCOUNT

(Amount in ₹)

	31.03.2011	31.03.2010
12 PROVISIONS		
Proposed Dividend	24,147,900	20,698,200
Provision for Corporate Dividend Tax	3,917,997	3,517,659
Provision for Fringe Benefit Tax	129,490	314,119
Provision for Income Tax	276,160,000	195,585,000
Provision For Leave	21,660,578	17,257,886
Provision for Gratuity	108,550	80,746
	326,124,515	237,453,610

13 MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

Preliminary Expenditure	-	139,140
Less-Written Off	-	(139,140)
	-	-

14 OTHER INCOME

Dividend from Long Term Investments	367,500	366,555
Rent including lease rent	299,041	408,069
Liabilities no longer required written back	7,978,977	519,855
Sundry Balance Written Off	1,421,515	193,083
Profit on Sale of Fixed assets	2,315,681	626,481
Profit on sale of current investment	-	864,706
Provision for Doubtful Debt Written back	820,729	1,239,975
Income From Services	781,967	-
Gain on Foreign Exchange Fluctuation	11,464,310	3,925,983
SAD Refund	-	7,283,368
Insurance Claim/Recovered	15,884,190	9,008,745
Miscellaneous Receipts	2,543,596	5,314,935
	43,877,506	29,751,755

SCHEDULES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

(Amount in ₹)

	31.03.2011	31.03.2010
15 MANUFACTURING & OTHER EXPENSES		
Purchases of Trading Stock	2,876,570,871	1,821,714,794
Raw Material consumed		
Opening Stock	82,142,814	78,693,727
Add: Purchases (including processing charges)	1,082,717,337	867,156,110
	1,164,860,151	945,849,837
Less: Capitalised	3,624,842	-
	1,161,235,309	945,849,837
Less: Closing Stock	126,090,709	82,142,814
Raw Material consumed	1,035,144,600	863,707,023
Stores, Spare parts & Packing Materials, etc.	401,911,217	373,409,235
Power & Fuel	872,574,486	633,706,737
Salary, Wages, Bonus, Gratuity, etc.	501,643,546	400,816,680
Contribution to Provident Fund and Other Funds	27,272,238	21,720,233
Workmen & Staff Welfare	22,618,881	21,047,488
Insurance	3,165,743	3,326,782
Rent	44,836,176	35,824,848
Rates & Taxes	6,825,521	5,096,675
Repairs:		
Buildings	15,042,763	33,371,577
Plant & Machinery	15,918,179	13,268,972
Others	6,888,999	7,097,984
Miscellaneous Expenses	82,858,486	80,943,359
Selling & Distribution Expenses	187,697,049	140,886,958
Discount	67,500,863	56,570,004
Freight Outward and handling charges	290,319,527	253,655,055
Misc. Exp Written Off	-	139,140
Export Expenses	4,780,630	3,871,325
Advertisement Expenses	125,001,979	57,526,497
Commission	42,424,139	39,183,236
Travelling & Conveyance Expenses	75,882,251	72,039,052
Directors' Fees	429,100	171,400
Directors' Commission	3,500,000	3,467,529
Turnover/Sales Tax Paid	1,230,714	674,276
Prior Period Adjustment	42,273	1,358,434
Sundry Balances Written Off	278,507	-
Loss on sale of Fixed Assets	8,697,883	8,494,539
Fixed Assets Written Off	1,016	670
Service Tax Paid	17,369	15,388
Provision for Diminution in value of Investment	78,704	-
Provision for Doubtful Debts	1,336,602	980,275
Bad Debts	61,007	-
	6,722,551,319	4,954,086,165
Less: (Increase)/Decrease in Stock (as per Schedule 17)	(215,095,876)	(88,971,393)
	6,507,455,443	4,865,114,772

SCHEDULES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

(Amount in ₹)

	31.03.2011	31.03.2010
16 INTEREST & FINANCE CHARGES		
Interest on Term Loans	71,959,267	61,704,985
Interest to Banks & Others	88,051,399	56,540,254
	160,010,666	118,245,239
Less: Interest received	5,946,594	6,012,247
	154,064,072	112,232,992
Other Finance Charges	25,472,619	21,887,626
	179,536,691	134,120,618

17 (INCREASE)/DECREASE IN STOCK

Opening Stock		
Finished Goods	217,924,028	208,881,478
Trading Stock	255,994,505	155,512,891
Stock-in-process	20,007,111	19,772,902
	493,925,644	384,167,271
Less: Closing Stock		
Finished Goods	339,796,196	217,924,028
Trading Stock	355,364,667	255,994,505
Stock-in-process	23,691,953	20,007,111
	718,852,816	493,925,644
(Increase)/Decrease in Stock	(224,927,172)	(109,758,373)
Less: Increase/(Decrease) in Excise duty on Finished Goods	9,831,296	20,786,980
	(215,095,876)	(88,971,393)

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

OF SOMANY CERAMICS LIMITED, ITS SUBSIDIARIES AND JOINT VENTURE FOR THE YEAR ENDED 31ST MARCH, 2011

18 NOTES ON ACCOUNTS

1. Principles of Consolidation

- A. The consolidated financial statements include the accounts of Somany Ceramics Limited (Parent Company), its subsidiaries companies SR Continental Limited & Somany Global Limited (formerly Somany Retail Limited) incorporated in India and wholly owned by the parent company and Joint Venture Company(JVC) Somany Keraben Private Limited (a 50:50 Joint Venture with Keraben S.A. of Spain).
- B. 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-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 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.
- C. As the subsidiary companies are wholly owned by the parent company there is no minority interest.
- D. All intra group balances and intra group transactions resulting into unrealised profits/losses are eliminated in full on consolidation.

(Amount in ₹)

	31.03.2011	31.03.2010
2. Estimated amount of contracts remaining to be executed on capital account and not provided for [net of advances paid ₹ 22,906,223 (Previous Year ₹ 74,033,820)]	206,483,680	77,673,352
3. (A) 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.	10,980,253	10,725,245
b) Sales Tax and Purchase Tax demands etc. against which the Company has preferred appeals.	16,636,296	4,742,669
c) Excise/Custom duty and Service Tax demands and show cause notices issued against which the Company/Department has preferred appeals/filed replies.	39,087,188	40,744,718
d) Custom duty, which may arise if obligation for exports is not fulfilled against import of capital under EPCG.	–	10,287,165
e) Disputed Income Tax & Wealth Tax Demand (Excluding Penalty if any)	12,265,693	11,378,798
f) 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. Liability in this regard of ₹ 60 Lacs have been provided in the accounts up to year 2006-07. Pending, the final Order of the Hon'ble Supreme Court on the above matter, no further provision for the same have been considered necessary at this stage.	31,897,458	25,934,920
(B) Bond executed in favour of Sales Tax/Custom Authorities.	1,250,000	1,250,000
(C) Bond/Guarantee given to banks	50,400,000	60,400,000
(D) As against a term loan of ₹ 504 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.		

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

OF SOMANY CERAMICS LIMITED, ITS SUBSIDIARIES AND JOINT VENTURE FOR THE YEAR ENDED 31ST MARCH, 2011

4. Other 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 (read with note no. 3 of Schedule 5). The supplier of machinery has challenged the encashment of bank guarantee and the case is pending before Hon'ble High Court of Kolkata. Pending decision, no adjustment has been carried out in accounts.
5. Under the Micro, Small and Medium Enterprises Development Act, 2006, which came into force from 2nd October, 2006, certain disclosures are required to be made relating to Micro, Small and Medium Enterprises. The Company has initiated the process obtaining relevant information from its suppliers about their coverage under the said act. Since the relevant information is not readily available, no disclosures have been made in the accounts. However, in view of the management, the impact of interest, if any, that may be payable in accordance with the provision of this act is not expected to be material.
6. **Earning Per Share:** The numerators and denominators used to calculate Basic and Diluted Earning Per Share:

		31.03.2011	31.03.2010
Profit/(Loss) Attributable to the Equity Share Holders (₹)	(A)	238,642,175	203,859,755
Weighted Average No. 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)	6.92	5.91
Diluted EPS (₹)	(A/B)	6.92	5.91

* Previous year figures restated pursuant to share split

7. Balances of certain debtors, loans and advances and current liabilities are in process of confirmation/reconciliation.
8. The business activity of the Company falls within a single primary business segment viz. 'Ceramic Tiles and allied products' and basically sale of the products are 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.
9. (a) Foreign Exchange derivatives and exposures outstanding at the year end:

Nature	Amount in Foreign Currency 31.03.11	Amount (Rupee equivalent) 31.03.11	Amount in Foreign Currency 31.03.10	Amount (Rupee equivalent) 31.03.10
Derivatives				
Option	EURO 875,000	55,720,000	EURO 875,000	53,898,946
Option	EURO 500,000	31,840,000	–	–
Forward Contract	EURO 500,000	31,840,000	EURO 1,000,000	64,340,185
Forward Contract	–	–	USD 3,110,556	143,965,214
Open Exposures				
Receivables	USD 356,589	15,836,132	–	–
Receivables	GBP 10592	754173	–	–
Payables	USD 1,774,197	79,254,630	USD 1,063,863	47,788,735
Payables	EURO 1,029,525	65,203,103	EURO 49,641	3,030,093

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

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

OF SOMANY CERAMICS LIMITED, ITS SUBSIDIARIES AND JOINT VENTURE FOR THE YEAR ENDED 31ST MARCH, 2011

10. The net worth of Somany Keraben Private Limited (JV Company-negative net worth) has been considerably eroded on account of losses.
11. 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 2010 on the following:
 - a) In respect of confirmation of debtors, creditors ,loans & advance and other liabilities and non provision against overdue debtors and advances.
 - b) In respect of implementation of internal controls.
 - c) Pending reconciliation of inventory and there inability to comment on the valuation of the same.
 - d) Pending submission of the report of accountant u/s 92 (E) (transfer pricing) of Income Tax Act.
12. 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.
13. 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
14. In terms of the Resolution passed by the shareholders at their meeting held on 30th October, 2010, fully paid Equity Share of ₹ 10 each of company has been sub-divided into five fully paid Equity Shares of ₹ 2 each.Further, unissued preference capital of ₹ 100,000,000 has been reclassified into equivalent amount of authorised equity shares capital and accordingly Authorised Capital of the Company has been modified to that extent.
15. Figures for the previous year have been regrouped and rearranged wherever considered necessary.
16. Schedules 1 to 18 form an integral part of Balance Sheet and Profit and Loss Account.

As per our report of even date

For **Lodha & Co.**

Chartered Accountants

N. K. Lodha

Partner

Membership No. 85155

Place: New Delhi

Dated: 28th May, 2011

Shreekant Somany

Chairman and Managing Director

Abhishek Somany

Joint Managing Director

Ambrish Julka

AGM (Legal) and Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

(Amount in ₹)

	31.03.2011	31.03.2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before Tax & Exceptional Items	343,824,138	306,422,413
I. Adjustment For		
Depreciation	174,656,771	147,231,216
Interest and Finance Charges	185,483,285	140,132,865
Interest Received	(5,946,594)	(6,012,247)
Dividend Income	(367,500)	(366,555)
Diminution in the value of Investment (net)	78,704	-
Provision for Doubtful Debts (written off) (net)	515,873	(259,700)
Bad Debts	61,007	-
Liabilities no longer required written back (net)	(7,978,977)	(519,855)
Sundry Balances written off/(back) (net)	(1,143,008)	(193,083)
Preliminary Expenses Written off	-	139,140
(Profit) Loss on sale/Discard of Fixed Assets/Assets written off (net)	6,383,218	7,868,728
(Profit)/Loss on Sale of Long term Investment	-	(864,706)
Operating Profit before Working Capital Changes	695,566,917	593,578,216
II. Changes in		
Trade & Other Receivable	(246,857,581)	(326,485,348)
Inventories	(272,328,936)	(148,752,210)
Trade Payable	140,488,609	415,527,655
Cash Generated from Operation	316,869,009	533,868,313
Income Taxes Refund/(paid)	(89,162,191)	(119,932,362)
Net Cash flow from Operating Activities (A)	227,706,818	413,935,951
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(350,184,324)	(466,433,111)
Sale of Fixed Assets	4,282,844	4,769,979
Sale of current Investment	-	202,485,801
Purchase of current investment	(40,000)	(208,061,096)
Interest Received	2,397,013	2,608,020
Dividend Received	367,500	366,555
Net Cash used in Investing Activities (B)	(343,176,967)	(464,263,852)

CONSOLIDATED CASH FLOW STATEMENT [CONTD.] FOR THE YEAR ENDED 31ST MARCH, 2011

(Amount in ₹)

	31.03.2011	31.03.2010
C. CASH FLOW FROM FINANCING ACTIVITIES		
Long Term Loans raised during the year	293,044,166	261,486,651
Repayment of Long Term Loans	(189,908,432)	(159,623,345)
Increase/(Decrease) in Short Term Loans	219,056,410	153,664,465
Interest Paid	(184,294,374)	(140,255,990)
Dividend Paid	(23,999,730)	(11,959,998)
Net Cash used in Financing Activities (C)	113,898,040	103,311,783
Net Increase in Cash and Cash Equivalents (A+B+C)	(1,572,109)	52,983,882
Cash and Cash Equivalents		
As on 01.04.2010 (I)*	151,169,222	98,185,340
As on 31.03.2011 (II)	149,597,113	151,169,222
Net Increase in Cash and Cash Equivalents (II-I)	(1,572,109)	52,983,882
Notes:		
a) Cash & Cash Equivalents represents cash & bank balances. (Schedule 9)		
b) Figures for the previous year have been regrouped/rearranged wherever considered necessary.		
* Include share Cash & Bank balance of Joint Venture (Refer note no 13 of schedule no 18)		

As per our report of even date

For **Lodha & Co.**

Chartered Accountants

N. K. Lodha

Partner

Membership No. 85155

Place: New Delhi

Dated: 28th May, 2011

Shreekant Somany

Chairman and Managing Director

Abhishek Somany

Joint Managing Director

Amrish Julka

AGM (Legal) and Company Secretary

FINANCIAL INFORMATION OF SUBSIDIARY COMPANIES

(Amount in ₹)

Name of the Subsidiary Company	SR Continental Limited		Somany Global Limited (Formerly Somany Retail Limited)	
	2010-11	2009-10	2010-11	2009-10
Share Capital	1,850,000	1,850,000	5,000,000	5,000,000
Reserves & Surplus/(Accumulated Losses)	27,097,004	21,596,709	(3,928,653)	(4,234,478)
Total Assets	34,626,210	23,561,540	7,346,696	9,349,654
Total Liabilities	34,626,210	23,561,540	7,346,696	9,349,654
Details of Investment (other than investment in subsidiary Companies)	7,297,645	7,257,645	Nil	Nil
Turnover including other income	63,084,687	44,811,234	49,589,820	43,830,192
Profit/(Loss) Before Taxation	7,843,169	6,274,039	305,825	310,030
Income Tax Expenses	2,342,874	1,545,819	–	–
Profit/(Loss) after taxation	5,500,295	4,728,220	305,825	310,030
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

Bangalore

6 cross, Pampanagar, Mohan Kumar Road
Yeswanthpura, ward no.3, Venue-22
Bangalore - 560 022
Tel: 080 - 23575736
Fax: 080 - 23575726
Email: bangalore@somanyceramics.com

Calicut

1/1770 -B Exhibition Road
West Hill, Calicut - 673005
Tel: 0495 - 2382310/2381653
Fax: 0495 - 2381653
Email: calicut@somanyceramics.com

Chennai

No.89, GNT Road, Madhavaram
Chennai - 600 110
Tel: 044 -23452106
Fax: 044 - 25530375
Email: chennai@somanyceramics.com

Cochin

Karollil Auditorium Building, Thammanam
P.O. Cochin - 682032 (Kerala)
Tel: 0484 - 2330600
Fax: 0484 - 2535432
Email: cochin@somanytiles.co.in/
cochin@somanyceramics.com

Coimbatore

Shed No 20 AVM Campus
Shanti Nagar Saibaba Colony
Coimbatore – 641038,
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
Thykooodam, NH-By Pass
Vytila, Ernakulam - 682 019, Kerala
Ph: 0484-4041435, 4041436
Fax: 0484-4041437
email: planetcochin@somanyceramics.com

Delhi

M-41/2, Speedbird House
Middle Circle, Connaught Place
New Delhi - 110001
Tel: 011-43365000
Email: delhi@somanyglobal.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

Cochin

29/370, Devi Tower
Thykooodam, NH-By Pass
Vytila, 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 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

Gupta Sales Corporation

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 Khera
Barabirwa, Alambagh
Lucknow.
Ph: 9415022217 , 9415058024

SOMANY EXCLUSIVES

BIHAR

Nalanda Ceramics

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

GOA

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**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

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**Ganesh Marble Traders**

D-212-213, Marble Market, Mansarovar
Garden, Ring Road, New Delhi
Ph: 011-25412813 , 9310261665

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
Bhubaneswar-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

Eldec Sel Enterprises

94 Krishnaswamy Mudaliar Road,
P B No 501 641 001, Coimbatore, T.N
Ph: 544389, 553595

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

SOMANY STUDIO

Aishwarya Marbles

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

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

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
Byepass, 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

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

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

COMPANY SECRETARY

Ambrish Julka

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)*

Shyam Maheshwari, *Vice President (Strategic Business Operation)*

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

Biju Sebastian, *General Manager (Corporate HR)*

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

Dalip Dudani, *General Manager (Aquaware & CP Fittings)*

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

Vireshwar Sharma, *General Manager (Technical)*

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

WEBSITE

www.somanyceramics.com

PLANTS

Gujarat

KADI WORKS

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

Haryana

KASSAR WORKS

P.O – Kassar – 124507,

Bahadurgarh, Distt. Jhajjar (Haryana)

Tel: 01276-241001/0005

Fax: 01276-241006/1011

SOMANY CERAMICS LIMITED

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

NOTICE

of the 43rd Annual General Meeting

Notice is hereby given that the 43rd Annual General Meeting of the Members of Somany Ceramics Limited will be held at HL Somany Hall, ASSOCHAM, 47 Prithvi Raj Road, Opposite Safdarjung Tomb, New Delhi - 110011, on Thursday, the 11th August, 2011 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, 2011 and the Profit & 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. K. Daga, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Ravinder Nath, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

To consider and if thought fit, to pass with or without modification(s) the following Resolutions:

6. **As a Special Resolution**
Re-appointment of Shri Shreekant Somany as Chairman and Managing Director

"RESOLVED THAT in accordance with and subject to the provisions of Section 198, 269, 309, 310 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") and subject to such other approvals and/or sanctions as may be necessary, consent and/or approval of the shareholders of the Company be and is hereby accorded to the re-appointment of Shri Shreekant Somany ('Shri Somany') as the Chairman and Managing Director of the Company, who shall not retire by rotation pursuant to the relevant provisions including Section 257 of the said Act read with Articles of Association of the Company for a period of 3(Three)

years commencing from 1st September, 2011 till 31st August, 2014 and to his receiving remuneration by way of salary, commission, perquisites and/or allowances as the Chairman and Managing Director of the Company as recommended by the Remuneration Committee and upon the terms, conditions and stipulations contained in the draft Agreement to be entered into between the Company of the ONE PART and Shri Somany of the OTHER PART and also set out in the explanatory statement attached to the notice convening the Forty third Annual General Meeting of the Company (a draft, whereof is placed before the meeting and for the purpose of identification, is subscribed by the Chairman) which Agreement is specifically sanctioned with liberty to the Board of Directors to alter, vary and modify the terms, conditions and stipulations of the said re-appointment of Shri Somany as the Chairman and Managing Director of the Company and/or remuneration payable to him and/or agreement containing the terms and conditions as may be agreed to between the Board of Directors and Shri Somany, provided, however, that the remuneration payable to Shri Somany, shall not exceed the maximum limits for payment of managerial remuneration specified in Schedule XIII to the said Act or any amendment thereto as may be made from time to time or the laws or guidelines as may for the time being in force."

"RESOLVED FURTHER THAT where in any financial year, during his term of office, the Company makes no profits or its profits are inadequate, the Company may pay Shri Somany the existing remuneration as minimum remuneration by way of salary, perquisites and/or allowances exceeding the limit laid down in Clause (C) of Para 1 of Section II of Part II of Schedule XIII to the said Act, as applicable to the Company or such other limits as may be prescribed by the Central Government from time to time as to minimum remuneration with provisions stipulated therein subject to prior approval of Central Government, if and to the extent necessary."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do and perform all such acts, deeds, matters and things as may be considered necessary desirable or expedient to give effect to this resolution."

7. As a Special Resolution

Re-appointment of Shri Abhishek Somany as Joint Managing Director

“RESOLVED THAT in accordance with and subject to the provisions of Section 198, 269, 309, 310 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (“the Act”) and subject to such other approvals and/or sanctions as may be necessary, consent and/or approval of the shareholders of the Company be and is hereby accorded to the re-appointment of Shri Abhishek Somany (“Shri Somany”) as the Joint Managing Director of the Company, who shall not retire by rotation pursuant to the relevant provisions including Section 257 of the said Act, read with Articles of Association of the Company for a period of 3(Three) years, commencing from 1st June, 2012 till 31st May, 2015 and to his receiving remuneration by way of salary, commission, perquisites and/or allowances, as the Joint Managing Director of the Company as recommended by the Remuneration Committee and upon the terms, conditions and stipulations contained in the draft Agreement to be entered into between the Company of the ONE PART and Shri Somany of the OTHER PART and also as set out in the explanatory statement attached to the notice convening the Forty third Annual General Meeting of the Company (a draft, whereof is placed before the meeting and for the purpose of identification, is subscribed by the Chairman) which Agreement is specifically sanctioned with liberty to the Board of Directors to alter, vary and modify the terms, conditions and stipulations of the said re-appointment of Shri Somany as the Joint Managing Director of the Company and/or remuneration payable to him and/or agreement containing the terms and conditions as may be agreed to between the Board of Directors

and Shri Somany, provided, however, that the remuneration payable to Shri Somany, shall not exceed the maximum limits for payment of managerial remuneration, specified in Schedule XIII to the said Act, or any amendment thereto as may be made from time to time or the laws or guidelines as may for the time being in force.”

“RESOLVED FURTHER THAT where in any financial year, during his term of office, the Company makes no profits or its profits are inadequate, the Company may pay Shri Somany the existing remuneration as minimum remuneration by way of salary, perquisites and/or allowances exceeding the limit laid down in Clause (C) of Para 1 of Section II of Part II of Schedule XIII to the said Act, as applicable to the Company or such other limits as may be prescribed by the Central Government from time to time as to minimum remuneration with provisions stipulated therein subject to prior approval of Central Government, if and to the extent necessary.”

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do and perform all such acts, deeds, matters and things, as may be considered necessary desirable or expedient to give effect to this resolution.”

By Order of the Board

Amrish Julka

Assistant General Manager (Legal)
and Company Secretary

Place: New Delhi
Dated : 28th May, 2011

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. An explanatory statement in respect of the Special Business pursuant to Section 173 (2) of the Companies Act, 1956 is annexed hereto and forms part of the Notice.
 3. 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 authorising their representative to attend and vote on their behalf at the meeting.
 4. The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, the 2nd August, 2011 to Thursday, the 11th August, 2011 (both days inclusive).
 5. 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 2nd August, 2011 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.
 6. Members / Proxyholders are requested to bring their copies of Annual Report alongwith them at the meeting.
 7. 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 upto 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 aforesaid may claim the same from the Registrar of Companies, NCT of Delhi & Haryana, New Delhi.
 8. In accordance with the provisions of Section 205C of the Companies Act, 1956, the Company already 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 and interest on such Debentures upto 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.
9. Members are requested to write to the Company, their query(ies), if any, on the Accounts and operations of the Company atleast 10 days before the meeting to keep the information ready at the meeting.
 10. Members holding shares in physical form are requested to notify any change in their address and the Bank Account particulars to the Company's Registrar & Transfer Agent M/s. Maheshwari Datamatics Pvt. Ltd., 6, Mangoe Lane, Kolkata - 700 001. Telephone No. (033) 2248 2248, Fax No. (033) 2248 4787.
 11. 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.
 12. Members having multiple folios in the same order of name(s) may inform the Company for consolidation into one folio.
 13. 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.
 14. 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 Agents, M/s Maheshwari Datamatics Pvt Ltd., directly.
 15. 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.
 16. **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 – somany2011@mdpl.in

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

ITEM NOS. 6 & 7

The present tenure of Shri Shreekant Somany (Shri Somany) as Chairman and Managing Director of the Company expires by the efflux of time on 31st August, 2011.

Shri Shreekant Somany (Shri Somany), Graduated in Science, aged about 63 years is an Industrialist and currently the Chairman and Managing Director of the Company. He is armed with over 39 years experience of business and Ceramic Industry. He is on the Board of Directors of Companies, namely Shree Cement Ltd., Cosmo Ferrites Ltd. and other group Investment Companies.

Having regard to the long association of Shri Shreekant Somany with the Company and taking into account his wide experience over 39 years and vast knowledge in Ceramic Industry, the Board of Directors at its meeting held on 28th May, 2011 has re-appointed Shri Somany, as non-retiring Chairman and Managing Director of the Company, not liable to retire by rotation, for a fresh term of 3 (Three) years commencing from 1st September, 2011 to 31st August, 2014 to continue to avail his valuable experience and expertise in the best interest

of the Company. His appointment and remuneration fixed by the Board have been recommended by the Remuneration Committee and are in accordance with Schedule XIII to the Companies Act, 1956 ("the Act").

Similarly, the present term of Shri Abhishek Somany as Joint Managing Director of the Company expires by efflux of time on 31st May, 2012.

Shri Abhishek Somany, aged about 39 years is a Bachelor of Business Administration from Richmond University, U.K. with specialisation in Finance & Marketing and at present the Joint Managing Director of the Company.

Keeping in view his business acumen and varied experience he acquired during his association with the Company, the Board of Directors considered his appointment useful and appointed Shri Somany as a non-retiring Joint Managing Director of the Company at its meeting held on 28th May, 2011, for a fresh term of 3 (Three) years commencing from 1st June, 2012 to 31st May, 2015. His appointment and remuneration fixed by the Board have been recommended by the Remuneration Committee and are in accordance with Schedule XIII to the Companies Act, 1956 ("the Act").

The Board of Directors has fixed the following remuneration as per recommendation by the Remuneration Committee to be paid to Shri Shreekant Somany, as Chairman and Managing Director and Shri Abhishek Somany, as Joint Managing Director of the Company during their respective fresh terms with power to make such variation or increase therein as may be thought fit from time to time, but within the ceiling laid down in Schedule XIII to the said Act, or any statutory amendment or relaxation thereof;

	Shri Shreekant Somany <i>Chairman and Managing Director</i>	Shri Abhishek Somany <i>Joint Managing Director</i>
1 Period of Appointment	3 (Three) years commencing from 1st September, 2011 to 31st August, 2014	3 (Three) years commencing from 1st June, 2012 to 31st May, 2015
2. Remuneration	Shri Shreekant Somany and Shri Abhishek Somany (hereinafter referred to as "the appointees") shall, in consideration of their services, be entitled to the following remuneration by way of:	
a) Salary	₹ 700,000/- per month	₹ 675,000/- per month
b) House Rent Allowance	₹ 200,000/- per month	₹ 200,000/- per month
	The Board may consider and grant an annual increment to the appointees, at its discretion, as may be recommended by the Remuneration Committee.	
c) Commission	At the rate of 3% (Three Percent) of net profits of the Company for each financial year computed in the manner laid down in Section 198 and 309 of the Companies Act, 1956.	
d) Perquisites	The appointees will be entitled to the following perquisites in addition to their salary, house rent allowance and commission, subject to overall limit laid down in Schedule XIII to the Companies Act, 1956.	

Unless the context otherwise requires, perquisites are classified into three categories A, B and C as follows:-

CATEGORY - A

This will comprise of leave travel concession, medical reimbursement, fees of clubs and personal accident insurance. These may be provided for as under:-

Medical Reimbursement

Reimbursement of expenses incurred by the appointees for self and their family, subject to the ceiling of their respective one month salary in a year or 3 (Three) months' salary over a period of 3 years.

Leave Travel Concession

The appointees and their family once in a year incurred in accordance with the Rules of the Company.

Club Fee

Fees of Clubs subject to a maximum of two clubs for each appointee. This will not include admission and life membership fees.

Personal Accident Insurance

For Chairman and Managing Director and Joint Managing Director of an amount, the premium of which does not exceed ₹ 10,000/- per annum each.

Explanation:

1. For the purpose of CATEGORY 'A', Family means, the spouse, the dependent children and dependent parents of the appointees.
2. The expenditure incurred by the Company on Gas, Electricity, Water and Furnishings shall be valued as per the Income Tax Rules, 1962.

CATEGORY - B

- i) Contribution to Provident Fund will not be included in the computation of the ceiling on perquisites to the extent not taxable under the Income Tax Act, 1961.
- ii) Gratuity payable should not exceed half a month's salary for each completed years of service.
- iii) Encashment of Leave at the end of the tenure will be permitted and will not be included in the computation of the ceiling on perquisites.

CATEGORY - C

Provision of Car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of Car for private purpose shall be billed by the Company to the appointees. The appointees shall also be provided with a mobile, laptop and internet connection for the purpose of the Company's business, which will also not form part of perquisites.

Overall Remuneration

Subject to an overall limit of 5% of the net profit individually and 10% of the net profit collectively payable to the Chairman and Managing Director and Joint Managing Director as calculated in accordance with Section 198 and 309 and other applicable provisions read with Schedule XIII to the said Act, as may be for the time being in force.

Minimum Remuneration

In the event of loss or inadequacy of profits in any financial year during the currency of tenure of office of the appointees, the Company may pay them existing remuneration by way of consolidated salary and perquisites exceeding the limits laid down under Clause (C) of Para 1 of Part II of Section II of Schedule XIII to the said Act, as may be applicable at the relevant time, subject to the necessary approval of Central Government, if and to the extent required.

The perquisites specified in paragraph 2 of Section II of Part II of Schedule XIII to the Act, however shall not be included in the computation of the ceiling on remuneration specified under Para 1 of Section II of Part II of Schedule XIII to the Act.

The value of the perquisites for the purpose of calculating the above annual ceiling shall be evaluated as per Income Tax Rules wherever applicable otherwise at actuals.

Sitting Fee

The appointees shall not so long as they act as Chairman and Managing Director and Joint Managing Director of the Company be paid any sitting fees for attending any meeting of the Board or Committee thereof.

Termination

Notwithstanding anything contained in this Agreement, either party, shall be entitled to determine this Agreement by giving three calendar months notice in writing in that behalf to the other party and on the expiry of the period of such notice, this Agreement shall stand terminated. The Company shall also be entitled without assigning any reason whatsoever to terminate the Agreement on giving to the appointees three months' salary as specified hereinabove under the head Remuneration, in lieu of three calendar months' notice required to be given under this clause.

Service of Notice

Any notice to be given hereunder shall be sufficiently given or served in case of the appointees by being delivered either personally to them or left for them at their addresses last known to the Company or sent by registered post addressed to them at such address and in the case of the Company by being delivered at or sent by registered post addressed to its Registered Office; any such notice if so posted shall be deemed served on the day following that on which it was posted.

In terms of requirements under Schedule XIII to the Companies Act 1956, the Company requires to seek members approval by a special resolution for minimum remuneration payable to the respective appointees in the scale laid down in Clause (C) of Para 1 of Part II of Section II of the said Schedule XIII to the Act. In the event of loss or inadequate profits, the Company will obtain approval of Central Government for continuing the payment of Remuneration to the aforesaid appointees.

The Board accordingly recommends the Resolutions set out in item Nos. 6 & 7 of the accompanying Notice for members' approval by way of Special Resolutions.

Memorandum of Interest

None of the Directors other than Shri Shreekant Somany and Shri Abhishek Somany may be deemed to be interested and/or concerned in the resolutions.

Inspection of documents

The draft of the proposed Agreements to be entered into between the Company and the appointees are available for inspection by the Members of the Company at its Registered Office, on any working day prior to the date of the meeting during 3.00 p.m to 5 p.m and will also be available at the meeting.

Abstract of Terms and Conditions

This should be treated as an abstract of the terms of appointment and memorandum of interest of the respective appointees as required under Section 302 of the Act.

In terms of the amended Schedule XIII of the Companies Act, 1956 the following information is given to the shareholders:

I. General Information:

(1) Nature of Industry : Manufacturing of Ceramic Tiles

(2) Date of commencement of Commercial production : 1972

(3) Financial Performance : (₹ in Lacs)

Year ended 31st March	Sales	Operating Profit	Profit Before Tax	Profit After Tax
2007	29528	3119	489	252
2008	35143	3786	748	406
2009	46277	4354	1347	874
2010	56302	5832	3056	2045
2011	75178	6892	3371	2343

(4) Export Performance : Export for the year 2010-11 was at ₹ 801.35 Lacs.

(5) Foreign investors or Collaborators : One Overseas Corporate Body is holding 1277500 shares representing 3.70% and 27 NRI's are holding 121570 shares representing 0.35% in the share capital of the Company as on 31st March, 2011.

II. Information about the appointees

	Shri Shreekant Somany	Shri Abhishek Somany																						
(1) Background details	He is an Industrialist and currently the Chairman and Managing Director of the Company. He is a graduate and holds B.Sc. degree and has over 39 years of experience in business of Ceramic Tiles, Sanitaryware & Glassware.	He is Bachelor of Business Administration from Richmond University, U.K. with specialisation in Finance & Marketing. He received specialised intensive training of manufacturing Ceramic Tiles in Pilkington's Tiles, U.K. at their Manchester and Brighton Plants. He has also attended Advanced Management Course at Sunridge Park, U.K.																						
(2) Past Remuneration (including contribution to Provident Fund)	<table border="1"> <thead> <tr> <th></th> <th>2006-2007</th> <th>39.09</th> </tr> </thead> <tbody> <tr> <td>2007-2008</td> <td>51.56</td> </tr> <tr> <td>2008-2009</td> <td>83.36</td> </tr> <tr> <td>2009-2010</td> <td>161.41</td> </tr> <tr> <td>2010-2011</td> <td>192.67</td> </tr> </tbody> </table>		2006-2007	39.09	2007-2008	51.56	2008-2009	83.36	2009-2010	161.41	2010-2011	192.67	<table border="1"> <thead> <tr> <th></th> <th>2006-2007</th> <th>27.97</th> </tr> </thead> <tbody> <tr> <td>2007-2008</td> <td>39.15</td> </tr> <tr> <td>2008-2009</td> <td>54.04</td> </tr> <tr> <td>2009-2010</td> <td>137.85</td> </tr> <tr> <td>2010-2011</td> <td>187.69</td> </tr> </tbody> </table> <p>(₹ in Lacs)</p> <p>The Remuneration received in the year 2008-09, 2009-10 and 2010-11 includes directors' commission also.</p>		2006-2007	27.97	2007-2008	39.15	2008-2009	54.04	2009-2010	137.85	2010-2011	187.69
	2006-2007	39.09																						
2007-2008	51.56																							
2008-2009	83.36																							
2009-2010	161.41																							
2010-2011	192.67																							
	2006-2007	27.97																						
2007-2008	39.15																							
2008-2009	54.04																							
2009-2010	137.85																							
2010-2011	187.69																							
(3) Recognition and Awards	The appointees take interest in the social and cultural activities.																							

(4) Job profile and his suitability	Shri Shreekant Somany is Chairman and Managing Director of the Company. Devotes his whole time and attention to the business and management of affairs of the Company and carries out such duties as entrusted to him by the Board and exercises such powers as assigned to him from time to time by the Board subject to superintendence control and direction of the Board in connection with and in the best interest of the Company including the business of its associated and or its subsidiaries. He is one of the Promoters of the Company. Under his stewardship the Company has significantly grown and has emerged as one of the prominent member of the Indian Ceramic Tile Industry. His job profile centers around to provide vision, guidance and direction for long term growth of the Company.	Shri Abhishek Somany, Joint Managing Director, is overall incharge of the operations of the Company and looks after day to day management and administration of the Company, subject to superintendence, control & direction of the Board. His job profile mainly includes implementation of investment plans and strategic planning for consistence improved operations and performance for long term growth in the Company.
(5) Remuneration proposed	Salary ₹ 700,000/- and HRA ₹ 200,000/- per month respectively and other perquisites, Commission at the rate of 3% of net profits of the Company computed in the manner laid down in Section 198 and 309 of the Companies Act, 1956.	Salary ₹ 675,000/- and HRA ₹ 200,000/- per month respectively and other perquisites, Commission at the rate of 3% of net profits of the Company computed in the manner laid down in Section 198 and 309 of the Companies Act, 1956.

(6) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person	The remuneration proposed to Shri Shreekant Somany and Shri Abhishek Somany is in consonance with their respective similar position in the Industry.
(7) Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any	Except Salary and Perquisites to be received from the Company by the appointees including their relatives and to receive dividend declared by the Company, if any, including amounts disclosed in the Annual Report under the related party transactions, Shri Shreekant Somany and Shri Abhishek Somany do not have any pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel of the Company.

III. Other Information

(1) Reasons of loss or inadequate profits	There is profit, but as an abundant caution for payment of minimum remuneration to the Chairman and Managing Director and Joint Managing Director in case of no profit or inadequate profits in any particular year the information is provided to the Shareholders.
(2) Steps taken or proposed to be taken for improvement	All around reduction in cost and better product mix to achieve higher realisations.
(3) Expected increase in productivity and profits in measurable terms	Initiatives involving product development, introduction of value added products and such other steps are being taken to improve the overall productivity and to achieve profitability of the Company.

By Order of the Board

Amrish Julka

Assistant General Manager (Legal)
and Company Secretary

Place: New Delhi
Dated: 28th May, 2011

SOMANY
CERAMICS
LIMITED

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. _____

No. 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-third Annual General Meeting of the Company being held on Thursday, the 11th August 2011, at 11.00 A.M. at HL Somany Hall, ASSOCHAM, 47, Prithvi Raj Road, Opp. Safdurjung Tomb, New Delhi - 110 011

Signature of the Member / Joint Members / Proxy / Authorised Representative 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-third Annual General Meeting of the Company to be held on Thursday, the 11th August 2011 at 11.00 A.M. at HL Somany Hall, ASSOCHAM, 47, Prithvi Raj Road, Opp. Safdurjung Tomb, New Delhi - 110 011 and at any adjournment thereof.

Signed at _____ this _____ day of _____ 2011



Folio No. _____ Client ID and DP ID _____ 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. Gagar



R. K. Daga



Salil Singhal



Ravinder Nath



Dr. Y. K. Alagh



Sandeep Kumar

SOMANY