



Board of Directors

- Shri Vikram Somany - Chairman-cum-Managing Director
Shri Sajan Kumar Pasari
Dr. K. N. Maiti
Shri Ashok Chhajed
Shri Shree Narayan Mohata
Shri Vidush Somany - Executive Director
Shri Govindbhai P. Patel
(w.e.f. 16-07-2010)
Shri Mahendrakumar Bhandari - Director - Technical

Bankers

State Bank of India
ICICI Bank Ltd.

Auditors

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

Registered Office

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

Works

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

Ahmedabad Office

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

Registrar & Share Transfer Agent

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

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**Annual General Meeting at 10.30 a.m. on Monday,
the 23rd day of August, 2010 at the Registered Office.**

NOTICE

Notice is hereby given that the Twelfth Annual General Meeting of the Members of **CERA SANITARYWARE LIMITED** will be held at 10.30 a.m. on Monday, the 23rd day of August, 2010 at the Registered Office of the Company at 9, GIDC Industrial Estate, Kadi – 382 715, Dist. Mehsana, to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt Audited Profit and Loss Account for the year ended 31st March, 2010 and Balance Sheet as at that date and the Directors' and Auditors' Reports thereon.
2. To declare dividend on Equity Shares.
3. To appoint a director in place of Dr. K. N. Maiti, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a director in place of Shri Sajan Kumar Pasari, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

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

RESOLVED THAT Shri Mahendra Kumar Bhandari appointed as an Additional Director of the Company by Board of Directors and who ceased to hold the office at this meeting u/s. 260 of the Companies Act, 1956 and in respect of whom the Company has received notice in writing u/s. 257 of the Companies Act, 1956 proposing his candidature for the office of the director be and is hereby appointed as director of the Company.

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

RESOLVED THAT approval of the members be and is hereby accorded in terms of Sections 198, 269, 309, 311, 349, 350, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 for the appointment of and for the remuneration payable to Shri Mahendra Kumar Bhandari as Director – Technical of the Company for a period of three years w. e. f. 19.04.2010 in terms of agreement entered into by the Board of Directors of the Company with Shri Mahendra Kumar Bhandari.

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

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

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

RESOLVED FURTHER THAT in the event of absence or inadequacy of profit in any financial year during the tenure of

his appointment, total remuneration payable shall not exceed the maximum limit prescribed under Schedule XIII of the Companies Act, 1956 and any amendment thereof from time to time, if and to the extent with necessary approvals.

RESOLVED FURTHER THAT Shri Mahendra Kumar Bhandari, Director – Technical appointed herein above shall be appointed as an "Occupier" of the Company as defined under Section 2 of the Factories Act.

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

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

"RESOLVED:

- (a) that in accordance with the applicable provisions of the Companies Act, 1956 ('the Act') and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ('the Regulations'), Reserve Bank of India (RBI) including any amendment of the Act and / or the Regulations or re-enactment of the Act, and the enabling provisions of the Articles of Association of the Company and subject to such other necessary approvals, permissions and sanctions as may be necessary from any authority, consent be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee thereof which the Board may constitute to exercise its powers, including powers conferred by this resolution) for capitalization of a sum not exceeding Rs. 3,16,69,480/- (Rupees Three Crores Sixteen Lacs Sixty Nine Thousand Four Hundred Eighty) from the Share Premium Account or such other accounts as are permissible to be utilized for the purpose of issue of Bonus Shares of Rs.5/- (Rupees Five) each, credited as fully paid up Equity Shares to the holders of the Equity Shares of the Company as on the 'Record Date' to be determined by the Board for the purpose, in the proportion of 1 (One) Bonus Share of Rs.5/- each, for every existing 1 (One) fully paid-up Equity Share of Rs.5/- each held by them and that the Bonus Shares so distributed shall, for all purposes, be treated as an increase in the nominal amount in the Share Capital of the Company held by each such member, and not as income;
- (b) that the Bonus Shares so allotted shall rank pari passu in all respects with the fully paid-up Equity Shares of the Company as existing on the Record Date, save and except that they shall not be entitled to any dividend in respect of any financial year up to and including year ended on 31st March, 2010;
- (c) that the Bonus Shares so allotted shall be subject to the terms and conditions contained in the Memorandum and Articles of Association of the Company;
- (d) that no letter of allotment shall be issued in respect of the Bonus Shares but in the case of members who hold



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Equity Shares in dematerialized form, the Bonus Shares shall be credited to the respective beneficiary accounts of the members with their respective Depository Participants and in the case of members who hold Equity Shares in physical form, the share certificates in respect of the Bonus Shares shall be dispatched, within the prescribed time limit;

- (e) that the Board be and is hereby authorized to take necessary steps for listing of such Bonus Shares on the Stock Exchanges where the Equity Shares of the Company are listed in terms of the Listing Agreement and other applicable guidelines, rules or regulations;
- (f) that pursuant to the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and consequent to the issue of bonus shares, the Board and / or Compensation Committee be and is hereby authorized to make fair and reasonable adjustment in the price and number of shares to be issued against stock options, whether vested or to be vested and / or exercised or to be exercised under Employee Stock Option Scheme 2007 and its decision shall be final and binding to all the employees of the Company covered under Employee Stock Option Scheme 2007.
- (g) that for the purpose of giving effect to this Resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things and give such directions as may be necessary or expedient, and to settle any question, difficulty or doubt that may arise in this regard at any stage including at the time of listing of the bonus shares without requiring the Board to secure any further consent or approval of the members of the Company to the end and intent that they shall be deemed to have given their approval thereto and for matters connected herewith or incidental hereto expressly by the authority of this resolution and the decision of the Board in the matter shall be final and binding.
9. To consider and, if thought fit, to pass with or without modification the following resolution as an ordinary resolution.

RESOLVED THAT Shri Govindbhai P. Patel appointed as an Additional Director of the Company by Board of Directors and who ceased to hold the office at this meeting u/s. 260 of the Companies Act, 1956 and in respect of whom the Company has received notice in writing u/s. 257 of the Companies Act, 1956 proposing his candidature for the office of the director be and is hereby appointed as director of the Company.

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

RESOLVED THAT Company hereby accords its consent and approval u/s. 314 (1) and other applicable provisions, if any, of the companies Act, 1956, to Smt. Pooja Jain Somany, a relative of Shri Vikram Somany, CMD and Shri Vidush Somany, ED of the Company, who holds an office or place of profit in the company, for holding and continuing to hold an office or place of profit as Manager – Marketing services in the Company in the scale of Rs.22,000/- - Rs. 42,000/- p.m. together with other allowances and benefits as applicable to other employees of the Company but total remuneration including all allowances and benefits shall not exceed Rs. 48,000/- p.m.

RESOLVED FURTHER THAT this resolution shall be deemed to confer the necessary authority to the Board of Directors and / or Head - Marketing Department at their discretion, to give increments within the grade as may be deemed fit and proper.

Regd. Office : By Order of the Board of Directors
9, GIDC Industrial Estate,
Kadi – 382 715 **Narendra N. Patel**
17th July, 2010 VP & Company Secretary

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Members are requested to notify immediately the change of address, if any, to the Company or M/s. MCS Limited, Registrar and Share Transfer Agent.
3. The Register of Members and Share transfer book of the Company will remain closed from 28.07.2010 to 29.07.2010 (both days inclusive).
4. The Board of Directors has recommended a dividend Rs.2.50 per fully paid equity share of Rs.5/- each for the year ended 31.03.2010.
5. Members / Proxies should bring the attendance slip sent herewith duly filled in for attending the meeting.
6. Members are requested to send their queries atleast ten days before the date of the meeting so that the information can be made available at the meeting.
7. Explanatory Statement pursuant to 173 (2) of the Companies Act, 1956 is annexed hereto.
8. As per the provisions of Section 205 of the Companies Act, 1956 the dividend can be paid to the bankers of the Shareholder or any other authorized person. The Shareholders who want to make the Payment of dividend to any other person or banker may send the authority to the Company on or before 08.08.2010 with details of number of shares held, amount of dividend, L.F. No. / DPID and name of the person / bank to whom the payment is to be made.
9. Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956, the Company has transferred the unpaid or unclaimed dividends for the financial year 2001-02 to the Investor Education and Protection Fund (the IEPF) established by the Central Government.
10. Shareholders holding shares in Electronic Form may note that their bank account details as furnished by their depositories to the Company will be printed on their dividend warrants as per the applicable regulations of the depositories and the Company will not entertain any direct request from such shareholders for deletion of / change in such bank details. Shareholders who wish to change such bank account details are, therefore, requested to advise their Depository Participants about such change, with complete details of bank account.

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11. All the documents, if any, referred to in this notice and explanatory statement are available for inspection of the members at the registered office of the Company on any working day except Saturday, between 11:00 a.m. to 1:00 p.m. up to the conclusion of this meeting.

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

Name of Director	Dr. K. N. Maiti	Shri Sajan Kumar Pasari	Shri Mahendra Kumar Bhandari	Shri Govindbhai P. Patel
Date of Birth	23.09.1946	21.02.1947	13.11.1951	01.08.1933
Date of Appointment	24.05.2008	15.06.2004	19.04.2010	16.07.2010
Expertise in Specific Functional Areas	Ceramic Scientist	Businessman	Production, R&D and Technical aspects	Labour Matters and Administration
List of other Directorships	-	Regent Estates Ltd. Bajrang Factory Ltd. Assam Roofing Ltd. India Automobiles (1960) Ltd. The Chamong Tea Co. Ltd. Merrygold Properties Pvt. Ltd. Kiwi Estates Pvt. Ltd. Parmeshwar Estates Pvt. Ltd. I A Builders Pvt. Ltd. I A Property Developers Pvt. Ltd.	-	-
Chairman / Member of the Committees of the Board of other Companies	-	-	-	-
Shareholding in the Company	-	1,22,570	-	-

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

Item No. 6

The Board of Directors has appointed Mr. Mahendra Kumar Bhandari as an additional director w.e.f. 19.04.2010 u/s. 260 of the Companies Act, 1956. As per the provisions of the said section he will hold office till this Annual General Meeting. However, being eligible for re-appointment he offers himself for the same. The Company has also received notice alongwith deposit of Rs. 500/- from a member of the Company signifying his intention to propose Mr. Mahendra Kumar Bhandari being appointed as director of the Company under the provisions of Section 257 of the companies Act, 1956. It is in the interest of the Company to have the benefit of the services of Mr. Mahendra Kumar Bhandari, as director, who is expert in Production, R&D and technical aspects.

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

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

Item No. 7

Mr. Mahendra Kumar Bhandari was appointed as an Additional Director and Director – Technical with effect from 19.04.2010 subject to approval of members of the company at general meeting.

Mr. Mahendra Kumar Bhandari has been appointed as Director - Technical of the Company for a period of three years w.e.f. 19.04.2010, by the Board of Directors at their meeting held on 19.04.2010 subject to approval of members of the Company at the

general meeting. Mr. Mahendra Kumar Bhandari, designated as Director - Technical, shall discharge duties and functions as specified in agreement executed with him subject to the superintendence, direction and control of the Board of Directors and / or Chairman-cum-Managing Director and / or Executive Director of the Company. The Company has entered into agreement with Mr. Mahendra Kumar Bhandari for his appointment as Director – Technical.

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

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

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

Mr. Mahendra Kumar Bhandari, Director – Technical appointed herein above shall be appointed as an “Occupier” of the Company as defined under section 2 of the Factories Act.

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

- Period of Appointment:** Three (3) years w.e.f. 19.04.2010.



2. Remuneration

i) Salary: In the range of Rs.1,65,000/- to Rs. 3,00,000/- per month, w.e.f. 19.04.2010. The next increment of salary will be due on 01.04.2011.

ii) Perquisites:

Category – A

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

Category - B

- a) Contribution to Provident Fund or Annuity Fund : As per the rules of the Company as applicable to other executives / employees of the Company.
- b) Gratuity : Gratuity payable in accordance with the company's scheme thereof as applicable to other executives / employees of the company.

Category – C

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

Others:

- a) The Director - Technical is also entitled to the benefits as per the rules of the Company, which the other executives / employees of the Company are entitled to.

b) He will not be entitled to Sitting Fee for attending the meetings of the Board of Directors or Committee(s) thereof.

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

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

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

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

Appointment of Shri Mahendra Kumar Bhandari as Director - Technical and remuneration payable to him is approved by the Remuneration Committee by a resolution at the meeting held on 19.04.2010.

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

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

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Statement as required under schedule XIII of the Companies Act, 1956.

I. General Information :

- (1) Nature of Industry: Manufacturing of Sanitarywares, trading of Bathroom accessories and Captive Non-conventional Energy.
- (2) The commercial production began 29 years ago.
- (3) The Company is not a new Company.
- (4) Financial Performance :as on 31st March, 2010

		(Rs. in lacs)
PARTICULARS		Audited for the year ended 31.03.2010
1	a) Gross Sales	20028.44
	Less : Excise Duty	891.99
	Net Sales	19136.45
	b) Other Operating Income	0.00
	Total Income	19136.45
2	Expenditure	
	a) Increase/(decrease) in stock in trade and work in progress	(767.69)
	b) Consumption of raw materials	1573.32
	c) Purchases (Outsourcing)	5862.66
	d) Power & Fuel	633.47
	e) Employee Cost	2546.99
	f) Depreciation	610.31
	g) Other expenditure	5681.53
	h) Total	16140.59
3	Profit from Operations before other Income, Interest & Exceptional Items (1-2)	2995.86
4	Other Income	246.61
5	Profit from Operations before Interest & Exceptional Items (3+4)	3242.47
6	Interest	252.75
7	Profit from Operations after Interest but before Exceptional Items (5-6)	2989.72
8	Exceptional items	0.00
9	Profit (+)/Loss (-) from ordinary activities before tax (7+8)	2989.72
10	Tax expenses	1028.61
11	Net Profit (+)/ Loss (-) from ordinary activities after tax (9-10)	1961.11
12	Extraordinary items (net of tax expenses Rs. -)	0.00
13	Net Profit (+)/ Loss (-) for the period (11-12)	1961.11
14	Operating Profit Before Exceptional Item	3852.78

PARTICULARS		Audited for the year ended 31.03.2010
15	Paid-up equity share capital (Face Value Rs. 5/- each)	314.49
16	Reserves excluding revaluation reserve (as per balance sheet)	8537.00
17	Earning per Share (EPS in Rs.)	
	a) Basic EPS before Extraordinary / exceptional items	31.50
	Dilluted EPS before Extraordinary / exceptional items	31.43
	b) Basic EPS after Extraordinary items	31.50
	Dilluted EPS after Extraordinary items	31.43
18	Public Shareholding	
	- No. of shares	2891842
	- Percentage of shareholding	45.98
19	Promoter and Promoters group shareholding	
	a) Pledged / Encumbered	
	- Number of Shares	0
	- % of shares (as a % of the total shareholding of the promoter and promoter group)	0.00
	- % of shares (as a % of the total share capital of the Company)	0.00
	b) Non - Encumbered	
	- Number of Shares	3397980
	- % of shares (as a % of the total shareholding of the promoter and promoter group)	100.00
	- % of shares (as a % of the total share capital of the Company)	54.02%
(5)	Exports of Goods on F.O.B. basis during the financial year 2009-10 of the Company was Rs. 366.41 lacs.	
(6)	The Company has no foreign investments of collaborators.	
II. Information about the appointee:		
(1) Background Details:		
Shri Mahendra Kumar Bhandari, B.E. (Mech.) is having 36 years of experience in various fields including Production, R & D, technical aspects of Ceramic Industry etc. He was President (Works) of the Company. He is appointed as Director – technical w.e.f. 19-04-2010.		
(2) Past Remuneration:		
In the year 2009-10, Rs. 37,84,993/- was paid as remuneration to Shri Mahendra Kumar Bhandari.		
(3) Recognition or awards : Nil		
(4) Job profile and his suitability : Shri Mahendra Kumar Bhandari, Director – Technical, is responsible for managing the affairs of production, R & D and other technical aspects of Production of the Company subject to the superintendence, control and direction of the Board		



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of Directors, Chairman-cum-Managing Director and / or Executive Director. His rich experience in Production field will benefit the Company immensely.

(5) **Remuneration proposed :**

The Company proposes to pay remuneration for next three years as under to Shri Mahendra Kumar Bhandari.

Basic salary in the scale of Rs. 1,65,000 – 3,00,000 p.m. plus perquisites & allowances.

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

(6) **The comparative remuneration payable to Director – Technical, who is responsible for the production and other related affairs in similar industries is quite higher in comparison to what has been proposed in the present case. The remuneration proposed is quite moderate.**

(7) **Shri Mahendra Kumar Bhandari does not hold any share of the Company.**

Shri Mahendra Kumar Bhandari has no pecuniary relation directly or indirectly with the Company or with managerial personnel.

III. Other Information

(1) **Reasons of loss or inadequate profits :**

Presently the profit of the Company is adequate and it proposes to pay remuneration to the working directors of the Company as per Section-I, Part-II of Schedule XIII of the Companies Act, 1956 i.e. 10% of net profits pursuant to Sections 198, 309, 349, 350 and other applicable provision, if any, of the Companies Act, 1956.

In case of no profit or inadequacy of profit in future during the tenure of working directors, the Company proposes to pay minimum remuneration as per Section-II, Part-II of Schedule XIII of the Companies Act, 1956 and any amendment thereof from time to time, if and to the extent with necessary approvals.

(2) **Steps taken or proposed to be taken for improvement :**

The Company has developed new body of Sanitary ware with fired pitcher, which will reduce waste, cost and pollution. The Company is also working on development of fireclay body.

(3) **Expected increase in productivity & profit in measurable terms :**

The Company has set up faucet ware plant, which will be operational by September, 2010. Expansion of the Faucet

Ware Plant is also on the cards. The Company also plans to expand its capacity of Sanitaryware from 2.00 million pieces to 2.7 million pieces. This step will increase the profitability of the Company considerably.

IV. Disclosures:

(1) **Remuneration Package:**

As stated in Explanatory Statement of Item No. 7 of the Notice of this Annual General Meeting.

(2) **The Company has made all necessary disclosures in the Directors' Report under a separate Corporate Governance Report, which is attached with the Annual Report for the year 2009-10.**

(3) **Stock Option :** Shri Vikram Somany and Shri Vidush Somany were not given any stock option being members of Promoters Group. Other working directors were granted stock options in January 2007 at a price of Rs.61/- per share (at 50% discount of then prevailing market price when the Employee Stock Option Scheme was framed), which were vested over a period of 3 years (1/3rd every year) after one year's vesting period. Vested options can be exercised within 18 months from the date of vesting of options.

Item No. 8

The Board of Directors of your Company have pleasure in proposing issue of Shares by way of bonus by increasing the issued, subscribed and paid-up Share Capital of the Company to a sum not exceeding Rs. 3,16,69,480/- from the company's Share Premium Account or such other accounts as are permissible to be utilized for the purpose as per the Audited Accounts of the Company for the financial year ended 31st March, 2010 and the same is proposed to be applied in paying up in full not exceeding 63,33,896 Equity Shares of Re. 5/- each (including vested but not exercised options / unapplied - unallotted shares under Employee Stock Option Scheme of the Company) in the proportion of 1 Equity Share of Rs. 5/- each for every 1 fully paid up Equity Share of Rs. 5/- each held to the eligible members of the company as on the Record date.

The bonus shares shall be issued pursuant to the applicable provisions of the Companies Act, 1956, the Articles of Association of the Company, the Securities & Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, Reserve Bank of India (RBI) and subject to such other approvals, if any required.

The amount to be capitalized under this item includes the amount necessary for issue of Bonus Shares upon exercise of Stock Options by the Optionees in accordance with the Employee Stock Option Scheme 2007 of the Company ('the Scheme') as vested but not exercised prior to the Record Date to be determined by the Board of Directors of your Company ('the Board', which term shall be deemed to include any Committee thereof) for the purpose of issue of Bonus Shares, and may stand reduced to the extent such Options are not exercised prior to the Record Date.

Consequent upon issue of Bonus Shares, in accordance with the provisions of the Scheme read with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, fair and reasonable adjustment in price and number of shares to be issued against Stock Options granted would be required to be made in the event of issue of bonus

shares.

The fully paid-up Bonus Shares shall be distributed to the members of your Company whose names shall appear on its Register of Members in respect of shares held in the physical form, and whose names shall appear as beneficial owners as per details to be furnished by the Depositories in respect of shares held in the dematerialized form, as on the Record Date, in the proportion of 1 Bonus Share of Re. 5/- each for every existing 1 Equity Share of Rs. 5/- each held by them respectively on the Record Date.

The bonus shares so allotted shall rank pari passu in all respects and carry the same rights as the existing fully paid up Equity Shares of the Company, save and except that they shall not be entitled to any dividend in respect of any financial year up to and including year ended on 31st March, 2010.

The Directors of your Company are interested in this Resolution to the extent of their respective holdings of shares in the Company,

Your directors recommend the resolution as per item No.8 of the notice for passing by members.

Item No. 9

The Board of Directors has appointed Shri Govindbhai P. Patel as an additional director w.e.f. 16.07.2010 u/s. 260 of the Companies Act, 1956. As per the provisions of the said section he will hold office till this Annual General Meeting. However, being eligible for re-appointment he offers himself for the same. The Company has also received notice alongwith deposit of Rs. 500/- from a member of the Company signifying his intention to propose Shri Govindbhai P. Patel being appointed as director of the Company under the provisions of Section 257 of the companies Act, 1956. It is in the interest of the Company to have the benefit of the services of Shri Govindbhai P. Patel, as director, who is expert in labour matters and administration.

Your directors commend the resolution as per item no. 9 of the notice for passing by members.

Except, Shri Govindbhai P. Patel, none of your directors is concerned

or interested in the said resolution.

Item No. 10

Under section 314(1) of the Companies act, 1956, special resolution is required for enabling relative of director of the Company holding office or place of profit under the Company. Smt. Pooja Jain Somany, a relative of directors has joined your company's office on 01.04.2009 as Advisor – Marketing services on a monthly salary of Rs. 7,000/- plus some allowances. Smt. Pooja Jain Somany be promoted as Manager – Marketing Services w.e.f. 01.04.2010, carrying monthly salary in the grade of Rs.22,000/- – Rs. 42,000/- but total remuneration shall not exceed Rs.48,000/- per month. She is wife of Shri Vidush Somany, ED and daughter in law of Shri Vikram Somany, CMD.

Under the provision of section 314 of the Companies Act, 1956 she will be deemed to hold office or place of profit. Pursuant to the provisions of Director's Relatives (Office or Place of profit) Rules, 2003 her remuneration shall not exceed Rs.50,000/- per month without obtaining prior approvals of members and Central government.

Accordingly, in terms of section 314 (1) of the Act, the members are requested to grant their consent to Smt. Pooja Jain Somany holding and continue to hold office or place of profit with the Company as per the resolution. The members are also requested to authorise the Board of Directors and/or Head - Marketing Department to sanction in due course promotion of Smt. Pooja Jain Somany to the next higher grade together with allowances and benefits not exceeding Rs. 48,000/- per month.

Your directors commend the resolution as per item no. 10 of the notice for passing by members.

Except, Shri Vikram Somany and Shri Vidush Somany, none of your directors is concerned or interested in the said resolution.

Regd. Office :
9, GIDC Industrial Estate,
Kadi – 382 715
17th July, 2010

By Order of the Board of Directors
Narendra N. Patel
VP & Company Secretary



Directors' Report

To
The Members,

The Directors have pleasure in submitting the Annual Report together with the Statement of Accounts of your Company for the year ended 31st March, 2010.

Performance

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

	(Rs. in lacs)	
	Year ended March 31, 2010	Year ended March 31, 2009
Profit before Depreciation and Taxes & Exceptional item	3600.02	2746.39
Deducting there from Depreciation	610.30	592.81
Profit before tax & Exceptional Item	2989.72	2153.58
Less : Exceptional Item	-	163.20
Profit before Tax	2989.72	1990.38
Deducting there from taxes of:		
- Current Tax	1075.79	508.05
- Fringe Benefit Tax	-	31.69
- Deferred Tax	(47.18)	139.79
Profit after Tax	1961.11	1310.85
Add: Balance brought forward from previous year	800.00	600.00
Amount available for Appropriations	<u>2761.11</u>	<u>1910.85</u>
The proposed appropriations are:		
1. Proposed Dividend	157.25	124.22
2. Tax on Proposed Dividend	26.72	21.11
3. General Reserve	1677.14	965.52
4. Balance carried forward	900.00	800.00
Total	<u>2761.11</u>	<u>1910.85</u>

Sanitaryware Unit

The recession in the housing construction in India has withered away, which was evident from the last quarter of the financial year. However, for your Company, like the previous financial year, when the global recession was at its peak, the sales were well-insulated from the slowdown, thanks to its quality, brand image, well-entrenched distribution network and preference by a large number of builders.

This trend is apparent from the healthy growth in both the topline and bottomline achieved by your Company. Buoyed by the changing market scenario, your company is embarking on an expansion plan to increase the sanitaryware production capacity from the current 2 million pieces to 2.7 million pieces. This will entail addition a new fuel saving kiln and installation of high-productivity pressure-casting system, and two shuttle kilns. Your company is also Planning, construction of New fireclay plant to produce large washbasins which otherwise cannot be produced using ordinary raw materials.

With expansion as envisaged, Your Company's manufacturing facility at Kadi makes it the single largest sanitaryware plant at one location in India.

Faucetware Unit

Your Company has already been marketing faucets during the past few years. After successful test marketing, now your Company is entering full-fledged manufacturing of faucets. The construction of the plant is underway in Kadi, adjacent to the existing sanitaryware plant. Soon, Cera faucets will roll out from its own plant from September 2010 with initial capacity of 2500 pieces per day. Further, this capacity will be doubled to 5000 pieces a day in near future.

Bathware Unit

Your Company continues to market, under the brand name Cera, imported products like shower cubicles, shower panels, steam cubicles in addition to sanitaryware. This has helped your Company grow at a fast pace.

Novellini

Your Company has made a strategic marketing alliance with European wellness leader, Novellini SpA of Italy to import and sell their shower products, consisting of steam cubicles, massage bath tubs, equipped panels, shower cubicles, etc. in India. Novellini will do the marketing, while your Company will be responsible for logistics and sales operations.

Power Unit

The non-conventional wind power generation in the year was 56,76,843 KWH against 59,65,534 KWH in the previous year. The installed capacity of wind power unit of the company is 4.975 M.W.

Management Discussion and Analysis Report**(a) Industry Structure and Developments**

The 50-year old, Rs. 1,600 crore sanitaryware industry in India has evolved over a period of time. There are different sector now, as compared to the previous era, when there were only two segments—the organized and the unorganized sector. Now apart from these, there are foreign players who were earlier importing and selling in India and have now set up their own manufacturing facilities. Apart from this, there are some brands which still continue to market their products in India through imports. There is also large scale imports from china sold by retailers.

However, since your Company has been investing, since its launch, in brand building, CERA has been able to grow and prosper despite the turbulence the industry has been going through.

Your Company has also expanded its brand presence to other related categories like showers, faucets, PVC cistern - seat cover, etc. to capitalize on the strength of the brand and also to accelerate your Company's growth.

(b) Opportunities and Threats

The housing construction is on a recovery mode in India from the past slowdown. This is an excellent opportunity for your Company to grow. Though there are threats from foreign brands, CERA's brand equities and service parameters makes it a tough competition.

(c) Outlook

Your Company has a strong brand equity and loyal distribution network. Your Company has been making all out efforts

ANNUAL REPORT 2009-2010

consistently increase the visibility of the brand and product even in smaller towns, where there is huge untapped potential.

Your Company is also fortifying its relationship with housing developers. Thus we are confident of increasing the growth rate in the coming years.

The continuous efforts to improve quality and productivity have put your company on par with global standards. The past innovations of the Company, like one-piece WCs and water-saving twin-flush cisterns have today become industry norms.

Your Company's growth continues to be much above the industry growth, year after year, which is testimony to its product quality and marketing success.

The successful display centre concept of your company, introduced through Cera Bath Studios in several cities, is now being extended in the form of Cera Bath Galleries with its retail partners.

(d) Risks and Concerns

Any drastic change in the Government Policy may affect the sanitaryware manufacturers.

(e) Internal Control Systems and their adequacy

The Company has adequate system of internal control relating to the purchase of stores, raw materials, plant & machineries, equipments and various components and for the sale of goods commensurate with the size of the Company and the nature of business.

The system of internal control of the Company is adequate keeping in mind the size and complexity of your Company's business. Systems are regularly reviewed to ensure effectiveness.

(f) Financial performance with respect to operational performance is discussed in the main part of the Report.

(g) Material Developments in Human Resources / Industrial Relations

Faced with the shortage of quality manpower, the thrust of your Company has been on talent improvement through training programmes.

Your Company continues to invest in training and development of its employees and has been organizing various training programmes from time to time.

(h) Employees Stock Option Scheme

Pursuant to the authority of the members granted at the Extra – Ordinary General Meeting of your Company held on 6th January, 2007, the company has framed the Employees Stock Option scheme 2007 (ESOS – 2007).

Accordingly, NIL (previous year NIL) options were granted to the eligible employees during the year under review. During the year 59,022 (previous year 75,060) options were vested with the eligible employees and 60,471 options were lapsed due to non exercise by employees. Further, during the year 78,958 options were exercised and equal number of equity shares have been issued towards second & third trench under the scheme.

Details required to be provided pursuant to clause 12 of the Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are set out in Annexure to this Report.

Corporate Governance

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Report on Corporate Governance along with the Auditors' statement on its compliance has been included in this Annual Report as a separate section.

Directors' Responsibility Statement

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

- ❖ that in the preparation of annual accounts, the applicable accounting standards have been followed and there are no material departures;
- ❖ that such accounting policies have been selected and applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2010 and of the Profit of the Company for the year ended on that date.
- ❖ that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- ❖ that the annual accounts have been prepared on a going concern basis.

Bonus Shares

Your directors are pleased to recommend, subject to the approval of members at the General Meeting, issue of Bonus shares in the proportion of 1 (one) Bonus Share of Rs. 5/- each for every existing 1 (one) fully paid equity share of Rs. 5/- each held by the members on the "Record Date".

Dividend

Your Directors recommend a dividend of 50% (Rs. 2.50 per share) (Previous year 40%, Rs. 2.00 per share) on 62,89,822 (Previous year 62,10,864) Equity Shares of Rs. 5/- each fully paid for the year ended 31.03.2010, to be paid subject to approval by the members at the ensuing Annual General Meeting.

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

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

Exchequer

The Company has contributed Rs. 35.11 Crores to the exchequer by way of excise duty, customs duty, income tax, VAT, sales tax, and other fiscal levies.

Fixed Deposit

Fixed deposits from the Public, outstanding as on 31.03.2010 was Rs.18.10 lacs. There were 12 Fixed Deposit holders with Rs. 4.11



Lacs of unclaimed / unrenewed deposits as on 31.03.2010. The Company, on the basis of the working results during the year under review can accept deposits from the Public as well as from the shareholders to the extent of Rs. 2,987.95 lacs.

Finance

During the year under review, the Company repaid loans of Rs.577.25 Lacs to Financial Institutions and Banks.

Employees

Information as per sub-section (2A) of Section 217 of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 forming part of the Directors' Report for the year ended 31st March, 2010 is annexed.

Directors

Shri S.K. Nema has resigned as Director and whole-time Director w.e.f. 26-06-2009. Shri S.A.Trivedi was appointed as Additional Director w.e.f. 26-06-2009 and resigned w.e.f. 19-04-2010. Dr. Abraham Koshy has resigned as Director w.e.f. 19-04-2010. Your Board of Directors places on record its appreciation for the contribution made by them to the company.

Shri Mahendra Kumar Bhandari has been appointed as Additional Director and Director -Technical w.e.f. 19-04-2010.

Dr.K.N.Maiti and Shri Sajan Kumar Pasari are due to retire at the end of ensuing Annual General Meeting and being eligible offered themselves for reappointment.

Brief resumes of Shri Mahendra Kumar Bhandari, Dr.K.N.Maiti and Shri Sajan Kumar Pasari, Directors as required under clause 49 of the Listing Agreement executed with the Stock Exchanges are provided in the notice convening the Annual General Meeting of the Company.

Auditors

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

Insurance

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

Industrial Relations

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

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

Appreciation

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

For and on behalf of the Board of Directors,

Kadi
16th July, 2010

Vikram Somany
Chairman-cum-Managing Director

Annexure to the Directors' Report

Information to be disclosed under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

(a) Options Granted	2,26,878
(b) The Pricing Formula	Stock options granted were priced at Rs. 61/- per share excluding FBT.
(c) Options Vested	59,022
(d) Options Exercised	78,958
(e) The total number of shares arising as a result of exercise of options	2,68,000 equity shares of Rs. 5/- each will arise on exercise of options
(f) Options lapsed	60,471
(g) Variation of terms of options	Nil
(h) Money realized by exercise of options	Rs. 48.16 lacs
(i) Total number of options in force	44,074
(j) Employee wise details of options granted to : i) Senior managerial personnel ii) Any other employee who received a grant in any one year of options amounting to 5% or more of options granted during that year. iii) Identified employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	No option granted during the year. Nil Nil
(k) Diluted Earning Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 "Earnings Per Share"	Rs. 31.43
(l) Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options. The impact of this difference on profits and on EPS of the company.	The Company has calculated the employee compensation cost using the intrinsic value of stock options. Had the fair value method been used, in respect of stock options granted, the employee compensation cost would have been lower by Rs. 4.56 (Rs. 40.58) lacs, Profit after tax higher by Rs. 76.17 (Rs. 26.78) Lacs and the basic and diluted earning per share would have been higher by Rs. 1.22 (Rs. 0.65) and Rs.1.22 (Rs. 0.43) respectively.
(m) Weighted - average exercise prices and weighted - average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.	Not Applicable
(n) A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information: i) risk free interest rate ii) expected life iii) expected Volatility iv) expected dividend v) The price of the underlying share in market at the time of option grant	Black-Scholes Model 8% 12 Months 32% 18% Rs. 140.80 & Rs. 190.05



Annexure to the Directors' Report

Disclosure of particulars with respect to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo as required under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Report of the Board of Directors for the year ended 31st March, 2010.

A. Energy Conservation

Form - A : Not Applicable

B. Technology Absorption

Form B

Research and Development (R & D)

1. Specific areas in which R & D is carried out : The Company's Research & Development Unit is recognized by the Department of Scientific and Industrial Research, Government of India, since 1993. It has been constantly working for improvement in quality of products to keep company ahead in market competition.

R & D Centre was successful in the following areas :-

- ❖ Development of Snow White (Whitest White) glaze for better look.
- ❖ Development of Block Plaster of Paris from Indian sources replacing imported one.
- ❖ Development of two dark colour glaze stains from Indian sources replacing imported one.
- ❖ Development of body of sanitaryware with fired pitcher to reduce waste, cost and pollution.
- ❖ Working on development of Fire Clay body.

2. Benefit derived as a result : With the introduction of new sources and import substitution of raw materials, colours & stains the cost of wares has reduced.

3. Future plan of action : To minimize imports by developing substitution in India for better inventory management and cost reduction. To develop glazes for matching quality of reputed International brands.

4. Expenditure on R & D

- a) Capital : Rs. 7.67 Lacs
- b) Recurring : Rs. 39.78 Lacs
- c) Total : Rs. 47.45 Lacs
- d) Total R & D Expenditure as a percentage of total turnover : 0.25%

Technology Absorption, Adaptation & Innovation : Nil

C. Foreign Exchange earnings and outgo

The Company has continued to maintain focus and avail of export opportunities based on economic considerations. During the year the Company has exports (FOB value) worth Rs. 366.41 Lacs.

Total foreign exchange used : Rs.2,188.65 Lacs

Total foreign exchange earned : Rs. 366.41 Lacs

Annexure to the Directors' Report

Information as per Section 217(2A) read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 2010.

A. Names of Employees employed through out the year and were in receipt of remuneration of not less than Rs.24,00,000/- during the year:

Sr. No.	Name & Age (Years)	Designation/ Nature of Duties	Remuneration (Rs.)	Qualifications & Experience(Years)	Date of commencement of employment	Last Employment, Name of employer, Post held and period (Years)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Shri Vikram Somany (60 years)	Chairman-cum- Managing Director	Rs.1,15,60,369	B.Sc., FCMI (U.K.) (36 years)	13.08.2002	Madhusudan Industries Limited Chairman-cum- Managing Director (1 year)
2	Shri Vidush Somany (29 years)	Executive Director	Rs.65,77,554	Bachelors Degree in Management Studies (U.S.A.) (5 years)	15.06.2004	-
3	Shri M.K.Bhandari (58 years)	President (Works)	Rs.37,84,993	B.E. (Mech.) (36 years)	13.06.1992	Willard India Limited – V.P (Operations) (3 years)
4	Shri Atul Sanghvi (48 years)	Sr.VP (Marketing & Sales)	Rs.25,98,692	MBA Marketing (26 years)	18.01.1999	Grasim Industries Limited- Cement Division GM (Marketing) (11 years)

B. Names of Employees employed for part of the year and were in receipt of remuneration of not less than Rs.2,00,000/- per month:

Sr. No.	Name & Age (Years)	Designation/ Nature of Duties	Remuneration (Rs.)	Qualifications & Experience (Years)	Date of commencement of employment	Last Employment, Name of employer, Post held and period (Years)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Shri Santoshkumar Nema (51 years)	Whole-time director cum CEO	Rs.78,06,851	B.E. (Mech.), PGDM (IIM-A) (27 years)	24.05.2007	Samsons Group of Companies - Group President Marketing (4 years)

Notes :

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

**Annexure to the Directors' Report****CORPORATE GOVERNANCE REPORT****(As required by Clause 49 of the Listing Agreement of the Stock Exchanges)****1) Company's Philosophy**

The Company believes in the practice of good Corporate Governance and acting as a good corporate citizen.

The spirit of Corporate Governance has been prevailing in the Company. The Company believes in the values of transparency, professionalism and accountability. The Company recognizes the accountability of the Board and importance of its decisions on its customers, dealers, employees, shareholders, and with every individual, who comes in contact with the Company.

2) Board of Directors

The Board comprises of a Chairman-cum-Managing Director, a Executive Director, a Director – Technical and four non-executive directors.

The Company did not have any pecuniary relationship or transactions with the non-executive directors during the period under review.

During the year, nine Board Meetings were held – on 01.04.2009, 28.05.2009, 26.06.2009, 14.07.2009, 16.09.2009, 21.10.2009, 12.12.2009, 18.01.2010 and 18.03.2010.

None of the directors on the Board are members in more than ten committees and they do not act as Chairmen of more than five committees across all companies in which they are directors.

The composition of Board of Directors and their attendance at the Board meetings during the year and at the last Annual General Meeting as also number of other directorships and Committee Memberships are given below:

Sr. No.	Name of Director	Category of Directorship	No. of Board Meetings attended	Attendance At last director-AGM	No. of Other ships	No. of Other Committee Memberships
1.	Shri Vikram Somany	Chairman-cum-Managing Director	9	YES	2	—
2.	Shri Vidush Somany	Executive Director	9	YES	—	—
3.	Shri Shailesh A. Trivedi*	Non-Executive Director	1	YES	1	—
4.	Dr. Abraham Koshy **	Non-Executive Director	—	NO	4	3
5.	Dr. K. N. Maiti	Non-Executive Director	3	YES	—	—
6.	Shri Ashok Chhajed	Non-Executive Director	3	YES	—	—
7.	Shri Sajjan Kumar Pasari	Non-Executive Director	6	NO	10	—
8.	Shri Shree Narayan Mohata	Non-Executive Director	6	NO	2	—
9.	Shri Santosh Kumar Nema***	Whole Time Director	1	NO	1	—
10.	Shri M. K. Bhandari****	Director - Technical	—	—	—	—

* appointed w.e.f. 26.06.2009 and resigned w.e.f. 19.04.2010.

** resigned w.e.f. 19.04.2010.

*** resigned w.e.f. 26.06.2009.

**** appointed w.e.f. 19.04.2010.

Code of Conduct

The Company has finalized model code of conduct for the Board members and senior Officers of the Company. The code of conduct has been posted on the website of the Company www.cera-india.com

CEO/CFO certification

As per clause 49 of listing agreement entered with the stock exchanges, a certificate from CEO/CFO has been obtained.

Whistle Blower Policy

The Company has not implemented a whistle-Blower policy.

3) Audit Committee

The Audit Committee, consists of 5 (Five) directors, namely Shri Ashok Chhajed – Chairman (independent), Shri Vikram Somany, Shri Sajjan Kumar Pasari (independent), Shri Shree Narayan Mohata (independent) and Dr. K. N. Maiti (independent). During the year, four Audit Committee Meetings were held i.e. on 28.05.2009, 14.07.2009, 21.10.2009 and 18.01.2010.

Terms of reference:

The role and terms of reference of the Audit Committee cover the matters specified for Audit Committees under Clause 49 of Listing Agreement and Section 292A of the Companies Act, 1956.

4) Remuneration Committee

The Remuneration Committee, consists of four independent directors namely, Shri Shree Narayan Mohata – Chairman, Shri Sajjan Kumar Pasari, Shri Ashok Chhajed and Dr. K. N. Maiti.

The Committee fixes the Remuneration of Whole Time Directors, which include all elements of remuneration package i.e. salary, benefits, bonus, pension, retirement scheme and such other benefits.

The Committee also decides the fixed component and performance linked incentives, performance criteria, service contracts, notice period, severance fees etc. of the remuneration package of working directors, as may be necessary. During the year under review, two meetings were held on 28.05.2009 and on 14.07.2009.

5) Remuneration Policy

Remuneration of employees largely consists of basic remuneration and perquisites.

The component of the total remuneration varies for different grades and is governed by Industry pattern, qualifications and experience of the employee, responsibilities handled by him and his individual performance, etc.

The objectives of the remuneration policy are to motivate employees to excel in their performance, recognize their contribution and to retain talent in the organization and accord merit.

Employees Stock Option Scheme (ESOS)

The company had introduced Employees Stock Option Scheme (ESOS 2007) for the employees of the Company. Non-Promoter working directors were granted options under the Employee Stock Option Scheme. The options were granted to the employees in January, 2007 at a price of Rs. 61/- per share (at 50% discount of then prevailing market price when the Employee Stock Option Scheme was framed) which were vested over a period of 3 years (1/3rd every year) after one year's vesting period. Vested options can be exercised within 18 months from the date of vesting of options.

ANNUAL REPORT 2009-2010**6) Details of remuneration for the year ended 31.03.2010****(i) Managing Director / Wholetime Director(s)**

Name	Remuneration (Rs.)	Perquisites and Retirement benefits (Rs.)
Shri Vikram Somany Chairman-cum- Managing Director	1,00,51,839/-	15,08,530/-
Shri Vidush Somany Executive Director	59,82,000/-	5,95,554/-
Shri Santosh Kumar Nema* Whole Time Director	73,04,293/-	5,02,558/-

* Resigned w.e.f. 26.06.2009.

Whole-time Directors were entitled to the performance incentives as per the performance criteria as may be decided by the Chairman-cum-Managing Director and/or remuneration committee and/or Board of Directors from time to time.

The Company has entered into contract with the above directors. Their appointments are for a period of 3 years. The Whole Time Directors, except Chairman-cum-Managing Director and Executive Director may resign from the services of the Company by giving three months notice in advance. Similarly, the Company has the right to terminate the services of Whole Time Director/s at any time by giving three months notice in writing or salary in lieu thereof.

The Whole-time Directors are also entitled to the benefits as per the Rules of the Company which the other employees / executives of the Company are entitled to.

During the year, no options were granted but 5000 Equity Shares have been issued to Shri S. K. Nema, Whole-time Director under Employees Stock Option Scheme. ESOS does not form a part of contract with the Company.

The Whole Time Directors are not entitled to the sitting fees for attending the Board Meetings.

(ii) Non-Executive Directors

The company has passed the resolution at the Annual General Meeting held on 12.09.2008 for the payment of commission not exceeding 1% p.a. of the net profit of the Company. The commission will be distributed among the directors not in whole time employment of the Company in such manner, as the Board of directors may determine from time to time. The commission will be paid to the Non-Executive Directors on approval of accounts by the members of the Company at ensuing AGM. The details of remuneration to be paid to them for the year 2009-10 are as under:

Name	Commission (Rs.)
Shri Shailesh A. Trivedi*	1,00,000
Dr. Abraham Koshy**	1,00,000
Shri Sajjan Kumar Pasari	1,00,000
Shri Shree Narayan Mohata	1,00,000
Shri Ashok Chhajed	1,00,000
Total	5,00,000

*appointed w.e.f. 26.06.2009 and resigned w.e.f. 19.04.2010

**resigned w.e.f. 19.04.2010

(iii) Shareholding of Non-Executive Directors

Name	No. of Shares held	% of total shareholding
Shri Sajjan Kumar Pasari	1,22,570	1.95
Dr. Abraham Koshy*	Nil	Nil
Dr. K. N. Maiti	Nil	Nil
Shri Shree Narayan Mohata	250	0.00
Shri Ashok Chhajed	300	0.00
Shri Shailesh A. Trivedi**	2	0.00

* resigned w.e.f. 19.04.2010

**appointed w.e.f.26.06.2009 and resigned w.e.f. 19.04.2010.

7) Compensation Committee

Board of Directors has formed compensation committee for formulation and administration of Employees Stock Options Scheme. The Compensation Committee consists of four directors, Shri Shree Narayan Mohata - Chairman, Shri Sajjan Kumar Pasari, Dr. K. N. Maiti and Shri M. K. Bhandari. During the year under review, two meetings were held on 11.01.2010 and on 18.01.2010.

8) Share Transfer Committee

In accordance with the Listing Agreement of the Stock Exchanges, the Board had delegated the powers of share transfers to the Share Transfer Committee. In order to expedite the process of share transfers / transmissions/ splits / consolidation, the Committee meets at least once in a fortnight.

The Share transfer committee, consists of three directors namely Shri M. K. Bhandari – Chairman, Shri Vidush Somany and Dr. K. N. Maiti.

Share Transfer Agent

The Company has appointed M/s. MCS Limited, Ahmedabad, a SEBI registered Share Transfer Agent as Registrar and Share Transfer Agent w.e.f. 01.03.2003.

9) Shareholders' / Investors' Grievance Committee

The Shareholders' / Investors' Grievance Committee, consists of three directors namely Shri M. K. Bhandari – Chairman, Shri Vidush Somany and Dr. K. N. Maiti.

All investor complaints, which cannot be settled at the level of Company Secretary and Compliance Officer, are forwarded to the Shareholders' Grievance Committee for final settlement.

During the year 2009-10, the Company had received 52 complaints / queries from the Shareholders.

All the complaints received from the Shareholders were resolved. There is no complaint pending as of 31.03.2010, which is not attended / replied by the Company.

The Company confirms that there were no share transfers lying pending as on date which were received upto 31.03.2010 and all requests for dematerialisation and rematerialisation of shares as on that date were confirmed / rejected into the NSDL/ CDSL system.

During the year, one meeting was held on 28.05.2009.

**10) General Body Meetings**

The last three Annual General Meetings were held as under:

Financial Year ended	Date	Time	Venue
31.03.2009	16.09.2009	11.30 a. m.	9, GIDC Industrial Estate Kadi-382 715, Dist. Mehsana.
31.03.2008	12.09.2008	11.30 a. m.	9, GIDC Industrial Estate Kadi-382 715, Dist. Mehsana.
31.03.2007	26.09.2007	11.30 a. m.	9, GIDC Industrial Estate Kadi-382 715, Dist. Mehsana.

11) Disclosures

- There were no transactions of material nature with the directors or the management or their subsidiaries or relatives etc. during the year, which could have potential conflict with the interests of the Company at large.
- There were no instances of non-compliance of any matter related to the capital market, during the last three years.

12) Means of Communication

- Quarterly results are published in leading daily newspapers viz. Financial Express / Economic Times / Indian Express / Times of India and a local language newspaper viz. Jai Hind/ Loksatta / Financial Express/ Economic Times. The annual results (annual reports) are posted to all the members of the Company.
- Management Discussion & Analysis forms part of this annual report, which is also being posted to all the members of the Company.
- The official news releases, if any, are given directly to the press.
- The Company sends its financial results, Shareholding pattern and other information to Bombay Stock Exchange Limited and National Stock exchange of India Limited. They upload these information on their website <http://www.bseindia.com> and <http://www.nseindia.com>. The said information is also available on website www.corpfilng.co.in.

13) General Shareholders' Information**1. Annual General Meeting :**

Date and Time : 23rd August, 2010 : 10.30 a.m.
Venue : 9, GIDC Industrial Estate,
Kadi - 382 715, Dist. Mehsana.

2. Financial Calendar 2010-11 (tentative) :

Annual General Meeting 3rd / 4th week of
September, 2011

Results for quarter ending By 15th day of

June 30, 2010 August, 2010
September 30, 2010 November, 2010
December 31, 2010 February, 2011
May, 2011

March 31, 2011 (Unaudited)
Results for year ending By 30th May, 2011
March 31, 2011 (Audited)

- Book Closure date** 28.07.2010 to 29.07.2010.
(Both days inclusive)

4. Dividend Payment

- Dividend for the year ended 31.03.2010 will be paid to the members whose names will appear in the register of members of the Company, on 29.07.2010 after giving effect to all valid transfer of shares in physical form lodged with the Company on or before 27th July, 2010 at the end of business hours, and
- in respect of shares held in De-mat form, the members whose names appear on the statement of beneficial ownership furnished by NSDL and CDSL at the end of business hours on 27th July, 2010.
- Dividend will be paid within 30 days from the date of approval by the members at the Annual General Meeting.

5. Listing on Stock Exchanges

The Company's shares are listed at Bombay Stock exchange Limited and National Stock Exchange of India Limited. The company has paid listing fees for the year 2009-10 and 2010-11 to the the Stock Exchanges.

Stock Code: Trading Symbol - Bombay Stock Exchange Limited: 532443 CERASANITDM.

Trading Symbol-National Stock Exchange of India Limited: CERA.

6. Share price at BSE and NSE

Month	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April 2009	64.75	52.00	65.45	55.00
May 2009	90.40	57.05	86.00	59.15
June 2009	111.45	94.00	109.70	90.30
July 2009	127.00	95.00	122.75	91.30
August 2009	117.00	101.00	114.95	98.60
September 2009	153.10	108.00	150.60	107.60
October 2009	173.00	133.50	170.00	131.55
November 2009	175.00	134.00	158.60	123.00
December 2009	206.60	140.00	187.80	135.10
January 2010	246.35	151.00	245.85	176.30
February 2010	261.70	202.20	279.00	200.00
March 2010	269.85	236.00	278.50	242.00

7. Share Transfer

Entire Share Transfer work and dematerialisation / rematerialisation work is assigned to R & T Agent, M/s. MCS Limited, Ahmedabad, a SEBI registered Share Transfer Agent. Request for Share transfer, dematerialisation and rematerialisation should be sent directly to M/s. MCS Limited, 101, Shatdal Complex, 1st Floor, Opp. Bata Show Room, Ashram Road, Ahmedabad-380 009. Shareholders have option to open their accounts with either NSDL or CDSL as the Company has entered into agreements with both of these depositories.

14) Share Transfer System

The share transfer/s is normally effected within a period of 15-20 days from the date of receipt, provided the documents being complete in all respects. The Company has formed Share Transfer Committee of directors, which meets atleast once in a fortnight for effecting transfer of shares and other related matters.

ANNUAL REPORT 2009-2010**15) Distribution of Shareholding as on 31.03.2010**

No. of shares	No. of Shareholders	Total No. of Shares
1 – 500	5043	573993
501 – 1000	107	85729
1001 – 2000	47	68678
2001 – 3000	15	38022
3001 – 4000	5	17692
4001 – 5000	7	33107
5001 – 10,000	9	78918
10,001 – 50,000	25	754758
50,001 – 1,00,000	2	168000
And above	14	4470925
Total	5274	6289822

16) Pattern of Shareholding as on 31.03.2010

Sr. No.	Category	No. of Shares	(%)
1.	NRI	5647	0.09
2.	Financial Institutions/Banks/FIs	158885	2.52
3.	Mutual Funds	325	0.01
4.	Promoters	3397980	54.02
5.	Body Corporate	932748	14.83
6.	Others	1794237	28.53
	Total	6289822	100.00

17) Dematerialisation of Shares as on 31.03.2010

As on 31.03.2010, 81.68% of the Company's total shares representing 51,37,728 Shares were held in dematerialized form and the balance 18.32% representing 11,52,094 shares were in paper form.

The ISIN Number in NSDL and CDSL is "INE 739E01017".

18) Plant Locations

The Company's plants are located at the following places:

- 9, GIDC Industrial Estate, Kadi – 382 715, Dist. Mehsana, Gujarat.
- Wind Farms :
 - Village Patelka & Lamba, Taluka Kalyanpur, District Jamnagar, Gujarat
 - Village & Taluka Kalyanpur, District Jamnagar, Gujarat.
 - Village Kadoli, Taluka Abdasa, District Kutchh, Gujarat

19) Address for Correspondence

The Company's Registered Office is situated at 9, GIDC Industrial Estate, Kadi-382715, District Mehsana, Gujarat. Shareholders' correspondence should be addressed either to the Registered Office of the Company as stated above and / or to the Ahmedabad Office of the Company at "Madhusudan House", Opp. Navrangpura Telephone Exchange, Ahmedabad - 380 006 or to the Registrar and Share Transfer Agent, M/s. MCS Limited, 101, Shatdal Complex, 1st Floor, Opp. Bata Show Room, Ashram Road, Ahmedabad-380009.

AUDITOR'S CERTIFICATE

To,
The Members of **Cera Sanitaryware Limited**

We have examined the compliance of conditions of Corporate Governance by **Cera Sanitaryware Limited**, for the year ended 31st March 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has generally complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

Kadi
16th July, 2010

For and on Behalf of
H. V. Vasa & Co.
Chartered Accountants
Tushar H. Vasa
Proprietor
Membership No. 16831



Auditors' Report to the Members

We have audited the attached Balance Sheet of **CERA SANITARYWARE LIMITED**, as at 31st March 2010 and also the Profit and Loss Account and the Cash Flow Statement of the Company 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.

As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to in the paragraph above, we report that :

- (1) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
- (2) 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;
- (3) The Balance Sheet, Profit and 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;
- (4) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (5) As per the written representation made by the directors as on 31st March 2010 and taken on record by the Board of Directors and the information and explanations given to us, none of the Directors is, as at 31st March 2010, prima-facie disqualified from being appointed as Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- (6) In our opinion and to the best of our information and according to explanations given to us, the said accounts read with significant accounting policies and other notes thereon in Schedule 18, 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 so far as it relates to the Balance Sheet, of the state of affairs of the Company as at March 31, 2010, and
 - (b) in so far as it relates to the Profit and Loss Account, of the profit of the Company for the year ended on that date.
 - (c) In case of Cash Flow Statement, of the cash flows for the year ended on that date.

For and on Behalf of
H. V. Vasa & Co.
Chartered Accountants
Tushar H. Vasa
Proprietor
Membership No. 16831

Kadi
16th July, 2010

Annexure to the Auditors' Report

As required by the Companies (Auditors' Report) Order, 2003 (as amended) issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we have annexed hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.

1. In respect of its fixed assets:
 - a. The Company has maintained proper records, showing full particulars including quantitative details and situation of its fixed assets on the basis of available information, other than furniture and fixtures.
 - b. As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and the nature of its assets. No material discrepancies between the book records and the physical inventory have been noticed in respect of the assets physically verified.
 - c. In our opinion, there was no substantial disposal of fixed assets during the year, which would affect the going concern of the company.
2. In respect of its inventories :
 - a. As explained to us, inventories have been physically verified by the management at regular intervals during the year.
 - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c. The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.
3. In respect of loans, secured or unsecured, granted or taken by the Company to / from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:
 - a. (i) The Company has granted unsecured loan to a company, covered in the register maintained under section 301 of the Companies Act 1956. In respect of the said loan, the maximum amount outstanding at any time during the year and year end balance are Rs. 165 lacs.
(ii) In our opinion and according to information and explanations give to us, the rate of interest and other terms and conditions of the loan given by the company are not prima facie prejudicial to the interest of the company.
(iii) The receipts of principal amounts and interest have been regular / as per stipulations.
(iv) There were no overdue amounts remaining outstanding as at the year end.
 - b. The Company had taken loans aggregating to Rs. 143.90 lacs from three companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 143.90 lacs and the year end balance of loans taken from such companies was Rs. 123.00 lacs.

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- c. In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions on which the loans have been taken from companies listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with its size of the Company and the nature of business for the purchase of inventory, fixed assets and also for sale of goods and services. Further, on the basis of our examination, and according to the information and explanations given to us, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control systems.
5. In respect of transactions covered under Section 301 of the Companies Act, 1956:
- a. In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered into in the register maintained under that section.
- b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the Register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs. Five lacs in respect of each party have been made at prices which appear reasonable having regard to the prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and Companies (Acceptance of Deposit) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, in this regard, no order under the aforesaid sections has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the company.
7. In our opinion, the internal audit system of the Company is commensurate with its size and the nature of its business.
8. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 in respect of goods manufactured by the Company.
9. In respect of statutory dues:
- a. According to the records of the Company, undisputed statutory dues including Provident Fund, Investors Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2010 for a period of more than six months from the date of becoming payable.
- b. According to the information and explanations given to us, following disputed statutory dues have not been deposited on account of disputed matters pending before

appropriate authorities are as under:

Sr. No.	Name of Statute	Nature of Dues	Amount Rs. (Lacs)	Period to which the amount relates	Forum where dispute is Pending
1	Income-tax Act, 1961	Income-tax / Penalty	20.80	2005-06 & 2007-08	Commissioner of Income-tax (Appeals)
10.	The Company does not have accumulated losses at the end of the financial year and has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.				
11.	As per the books and records maintained by the company and according to the information and explanation given to us, we are of the opinion that the Company has not defaulted in repayment of dues to bank.				
12.	In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.				
13.	In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund/ society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.				
14.	In our opinion and according to the information and explanations given to us, the Company has not dealt in or is trading in shares, securities, debentures and other investments. The company has invested surplus funds in marketable securities and mutual funds. According to the information and explanation given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The investments in marketable securities and mutual funds have been held by the company in its own name.				
15.	According to the information and explanations given to us, the Company has not given guarantee for loans taken by others from bank or financial institutions.				
16.	In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were raised.				
17.	According to the cash flow statement and other records examined by us and the information and explanations given to us, on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long term investment (fixed assets, etc.).				
18.	During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.				
19.	As the Company has not issued any debentures, clause (xix) of the order is not applicable to the company.				
20.	The Company has not raised any money by way of public issue during the year.				
21.	In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year, that causes the financial statements to be materially misstated.				

Kadi
16th July, 2010

For and on Behalf of
H. V. Vasa & Co.
Chartered Accountants
Tushar H. Vasa
Proprietor
Membership No. 16831

**Cera Sanitaryware Limited****Balance Sheet as at 31st March, 2010**

	Schedule	31-3-2010		31-3-2009	
		Rs.	Rs.	Rs.	Rs.
I. Sources of Funds					
1. Shareholders' Funds					
(a) Share Capital	1	3,14,49,110		3,10,54,320	
(b) Reserves & Surplus	2	85,37,00,114		67,51,36,718	
			88,51,49,224		70,61,91,038
2. Loan Funds :					
(a) Secured Loans	3	25,63,77,948		33,67,26,492	
(b) Unsecured Loans	4	1,57,51,774		1,88,56,238	
			27,21,29,722		35,55,82,730
3. Deferred Tax Liability (Net)			13,19,35,488		13,66,53,779
Total			1,28,92,14,434		1,19,84,27,547
II. Application of Funds					
1. Fixed Assets :	5				
(a) Gross Block		98,82,42,323		98,77,86,508	
(b) Less : Depreciation		30,22,39,705		24,46,42,292	
(c) Net Block		68,60,02,618		74,31,44,216	
(d) Capital Work-in-progress		2,15,72,672		21,12,592	
			70,75,75,290		74,52,56,808
2. Investments	6		13,250		13,250
3. Current Assets, Loans & Advances					
(a) Inventories	7	36,36,31,442		26,85,26,627	
(b) Sundry Debtors	8	33,14,44,127		30,69,30,845	
(c) Cash & Bank Balances	9	34,04,91,259		21,63,63,814	
(d) Other Current Assets :					
Interest accrued on deposits		1,09,29,902		58,92,483	
(e) Loans & Advances	10	15,68,55,462		9,01,03,526	
		1,20,33,52,192		88,78,17,295	
Less : Current Liabilities & Provisions					
(a) Liabilities	11	45,26,17,365		32,68,64,272	
(b) Provisions	12	16,97,36,985		10,86,48,933	
		62,23,54,350		43,55,13,205	
			58,09,97,842		45,23,04,090
4. Miscellaneous Expenditure			6,28,052		8,53,399
(To the extent not written off or adjusted)					
Total			1,28,92,14,434		1,19,84,27,547
Notes forming part of the Accounts	18				

As per our report of even date attached
For and on behalf of
H. V. Vasa & Co.
Chartered Accountants
Tushar H. Vasa
Proprietor
Membership No. 16831

Kadi
16th July, 2010

Rajesh B. Shah
President & C.F.O.
Narendra N. Patel
V.P. & Company Secretary

Kadi
16th July, 2010

Vikram Somany Chairman-cum-Managing Director
Vidush Somany Executive Director
Ashok Chhajed Director
Dr. K. N. Maiti Director
M. K. Bhandari Director - Technical

Profit and Loss Account for the year ended 31st March, 2010

	Schedule	2009-10		2008-09	
		Rs.	Rs.	Rs.	Rs.
Income					
Sales		2,00,28,44,084		1,70,54,71,404	
Less : Excise Duty		8,91,98,941		11,02,28,934	
Net Sales		1,91,36,45,143		1,59,52,42,470	
Other Income	13	2,46,61,091		1,90,20,662	
			1,93,83,06,234		1,61,42,63,132
Increase (Decrease) in Finished Goods and Work-in-process	14		7,67,69,280		89,94,390
			2,01,50,75,514		1,62,32,57,522
Expenditure					
Raw materials consumed	15		15,73,31,864		13,04,48,718
Purchases			58,62,67,178		46,96,01,924
Payments to and provision for Employees	16		25,46,99,055		23,64,79,006
Other Expenses	17		63,15,00,016		47,24,29,177
Interest :					
on Term Loans		1,68,85,060		2,28,05,196	
on Others		83,89,950		1,68,53,909	
			2,52,75,010		3,96,59,105
Depreciation			6,10,30,530		5,92,81,214
Total Expenditure			1,71,61,03,653		1,40,78,99,144
Profit before taxation & Exceptional Item			29,89,71,861		21,53,58,378
Less : Exceptional Item			-		1,63,19,975
Profit before taxation			29,89,71,861		19,90,38,403
Provision for taxation					
- Current Tax			10,75,79,400		5,08,05,000
- Deferred Tax			(47,18,291)		1,39,78,559
- Fringe Benefit Tax			-		31,69,262
Profit after Taxation			19,61,10,752		13,10,85,582
Add : Surplus brought forward from previous year			8,00,00,000		6,00,00,000
Profit Available for Appropriations			27,61,10,752		19,10,85,582
Appropriations					
Proposed Dividend			1,57,24,555		1,24,21,728
Tax on Proposed Dividend			26,72,388		21,11,073
Transferred to General Reserve			16,77,13,809		9,65,52,781
Balance Carried to Balance Sheet			9,00,00,000		8,00,00,000
			27,61,10,752		19,10,85,582
Notes forming part of the Accounts	18				
No. of Equity Shares (Face Value Rs. 5/- each) - Basic			62,26,656		61,99,249
Basic earning per share (in Rs.)			31.50		21.15
No. of Equity Shares (Face Value Rs. 5/- each) - Diluted			62,38,750		61,99,249
Diluted earning per share (in Rs.)			31.43		21.15

As per our report of even date attached

For and on behalf of

H. V. Vasa & Co.

Chartered Accountants

Tushar H. Vasa

Proprietor

Membership No. 16831

Kadi

16th July, 2010

Rajesh B. Shah

President & C.F.O.

Narendra N. Patel

V.P. & Company Secretary

Kadi

16th July, 2010

Vikram Somany

Chairman-cum-Managing Director

Vidush Somany

Executive Director

Ashok Chhajed

Director

Dr. K. N. Maiti

Director

M. K. Bhandari

Director - Technical

**Cera Sanitaryware Limited****Schedules 1 to 18 Annexed to And Forming Part of The Accounts As At 31st March, 2010**

	31-3-2010		31-3-2009	
	Rs.	Rs.	Rs.	Rs.
1. Share Capital				
Authorised				
2,00,00,000 (2,00,00,000) Equity shares of Rs. 5/- each		10,00,00,000		10,00,00,000
Total		<u>10,00,00,000</u>		<u>10,00,00,000</u>
Issued, Subscribed & Paid Up				
62,89,822 (62,10,864) Equity shares of Rs. 5/- each fully paid up		3,14,49,110		3,10,54,320
Of the above				
53,75,000 Equity Shares allotted as fully paid pursuant to the scheme of arrangement.				
Total		<u>3,14,49,110</u>		<u>3,10,54,320</u>
NOTES :				
# Options in force as of March 31, 2010 under the Employees Stock Option Scheme 2007- 44,074 Shares (Previous Year - 1,98,738 Shares)				
# Vested Options Exercisable @ Rs.61/- per share till 09.07.2010 - 14,460 Shares (Previous Year 30,368)				
# Vested Options Exercisable @ Rs.61/- per share till 09.07.2011 Nos. of Shares 29,614 (Previous Year 65,060 Shares)				
# Vested Options Exercisable @ Rs.61/- per share till 09.07.2012 - Nil Shares (Previous Year 5,000 Shares)				
# Options Exercised till March 31, 2010 - 1,04,808 shares				
2. Reserves and Surplus				
General Reserve				
As per last Balance Sheet	46,06,28,105		36,82,38,276	
Less: Adjustments as per amended provisions of AS-11 (See note - 13 of Schedule - 18)	-		(41,62,953)	
Add : Transferred from Profit and Loss Account	<u>16,77,13,809</u>		<u>9,65,52,781</u>	
		62,83,41,914		46,06,28,104
Share Premium Account				
As per last Balance Sheet	11,88,09,600		11,31,80,000	
Add : Forfeiture of Preferential Warrants (See note - 5 of Schedule - 18)	-		41,82,000	
Add : Received/Transferred during the year	<u>1,30,31,574</u>		<u>14,47,600</u>	
		13,18,41,174		11,88,09,600
Employees Stock Options Outstanding				
As per last Balance Sheet	1,76,93,456		1,88,43,614	
Deletion during the year	<u>(1,41,76,430)</u>		<u>(11,50,158)</u>	
	35,17,026		1,76,93,456	
Less : Deferred Employee Compensation Cost (See note - 6 of Schedule-18)	-		(19,94,442)	
		35,17,026		1,56,99,014
Profit and Loss Account		9,00,00,000		8,00,00,000
Total		<u>85,37,00,114</u>		<u>67,51,36,718</u>

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	31-3-2010		31-3-2009	
	Rs.	Rs.	Rs.	Rs.
3. Secured Loans				
From Banks				
- Cash / Packing Credit (see note 1)		9,22,62,159		9,59,21,765
- Term Loans (see note 2)		16,41,15,789		24,08,04,727
		<u>25,63,77,948</u>		<u>33,67,26,492</u>
Total		<u>25,63,77,948</u>		<u>33,67,26,492</u>

Notes :

- Credit facilities from Banks are secured by hypothecation of Goods, Book Debts, movable assets and by mortgage of Fixed Assets of the Company.
- Term Loans by Banks are secured by mortgage of Fixed Assets situated at 9, GIDC Industrial Estate and Residential Colony at Kadi, display centres and hypothecation of its movable assets.

4. Unsecured Loans				
Fixed Deposits		18,10,000		15,55,000
Interest Accrued and Due		59,213		37,906
		<u>18,69,213</u>		<u>15,92,906</u>
Inter Corporate Loans		1,23,00,000		1,43,90,000
Other Loans & Advances				
1. From Banks - Finance Lease - Vehicles (Secured by lien on vehicles acquired on finance lease)		15,82,561		28,73,332
		<u>15,82,561</u>		<u>28,73,332</u>
Total		<u>1,57,51,774</u>		<u>1,88,56,238</u>

5. Fixed Assets

Sr. No.	Name of Assets	Gross Block			Depreciation				Net Block		
		As at 1-4-2009	Additions	Deductions/ Adjustments	As at 31-3-2010	As at 31-3-2009	For the year	Deductions/ Adjustments	As at 31-3-2010	As on 31-3-2010	As on 31-3-2009
1.	Land										
	- Lease Hold	15,85,644	-	59,870	15,25,774	-	-	-	15,25,774	15,85,644	
	- Free Hold Hold	36,33,677	-	-	36,33,677	-	-	-	36,33,677	36,33,677	
2.	Buildings	17,69,69,624	22,86,236	8,27,470	17,84,28,390	4,57,02,200	1,26,26,990	1,26,222	5,82,02,968	12,02,25,422	13,12,67,424
3.	Plant & Machinery	73,21,41,528	32,87,862	1,54,64,292	71,99,65,098	16,80,02,925	3,91,98,865	2,02,615	20,69,99,175	51,29,65,923	56,41,38,603
4.	Electric Plant & Installation	1,07,59,686	-	-	1,07,59,686	19,21,136	5,67,295	-	24,88,431	82,71,255	88,38,550
5.	Furniture, Fixtures & Equipments	4,20,65,988	1,24,99,657	49,26,121	4,96,39,524	2,15,44,558	47,62,109	19,33,584	2,43,73,083	2,52,66,441	2,05,21,430
6.	Vehicles	2,06,30,361	60,15,636	23,55,823	2,42,90,174	74,71,473	38,75,271	11,70,696	1,01,76,048	1,41,14,126	1,31,58,888
	TOTAL	98,77,86,508	2,40,89,391	2,36,33,576	98,82,42,323	24,46,42,292	6,10,30,530	34,33,117	30,22,39,705	68,60,02,618	74,31,44,216
	PREVIOUS YEAR	94,19,91,885	4,76,79,706	18,85,083	98,77,86,508	18,64,44,578	5,92,81,214	10,83,500	24,46,42,292	74,31,44,216	



Cera Sanitaryware Limited

	31-3-2010		31-3-2009	
	Rs.	Rs.	Rs.	Rs.
6. Investments (At Cost)				
A. Government Securities : (Unquoted) (Deposited with Government Departments)				
National Savings Certificates		13,000		13,000
B. Non-trade other investments (Unquoted) In fully paid Equity Shares of Rs. 50/- each 5 (5) Shares of Shivalik Co.Op. Hsg. Soc. Ltd.		250		250
Total		<u>13,250</u>		<u>13,250</u>
Aggregate Book Value - Quoted		-		-
- Unquoted		13,250		13,250
Aggregate Market Value - Quoted		-		-
During the year, the following current investments were purchased and sold/redeemed				
Units of SBI Magnum Insta Cash Fund - Daily Dividend Option (5970.0423 Units purchased, 1.8889 Units cumulated, 5971.9312 Units sold during the year)				
7. Inventories (Certified and valued by a Director) (At lower of cost or net realisable value)				
Stores, Chemicals & Coal etc.		4,39,74,091		3,38,56,350
Raw Materials		3,66,73,786		2,84,55,992
Finished Goods		27,71,91,371		20,06,54,594
Stock-in-process		57,92,194		55,59,691
Total		<u>36,36,31,442</u>		<u>26,85,26,627</u>
8. Sundry Debtors (Unsecured-Considered Good)				
A. Debts outstanding for a period exceeding 6 months		2,80,35,084		3,05,47,577
B. Others		30,34,09,043		27,63,83,268
Total		<u>33,14,44,127</u>		<u>30,69,30,845</u>
9. Cash and Bank Balances				
A. Cash on Hand		5,91,066		4,88,003
B. Balances with Scheduled Banks:				
On Current Accounts		5,40,15,701		3,78,10,067
On Unclaimed Dividend Accounts		11,60,539		8,85,018
On Fixed Deposit Accounts		<u>28,47,23,953</u>		<u>17,71,80,726</u>
Total		<u>33,99,00,193</u>		<u>21,58,75,811</u>
Total		<u>34,04,91,259</u>		<u>21,63,63,814</u>
10. Loans and Advances (Unsecured-considered Good)				
Advances recoverable in cash or in kind or for value to be received		5,08,80,949		3,69,12,535
Inter Corporate Deposits		1,65,00,000		-
Advance payment of Income-tax		8,57,36,862		4,69,69,086
Balances with Excise Authorities		37,37,651		62,21,905
Total		<u>15,68,55,462</u>		<u>9,01,03,526</u>

**Cera Sanitaryware Limited**

	2009-10		2008-09	
	Rs.	Rs.	Rs.	Rs.
15. Raw Materials Consumed				
Opening Stock	2,84,55,992		3,01,42,393	
Add: Purchases (Net of transfers)	16,55,49,658		12,87,62,317	
	<u>19,40,05,650</u>		<u>15,89,04,710</u>	
Less: Closing Stock	3,66,73,786		2,84,55,992	
Total	<u>15,73,31,864</u>		<u>13,04,48,718</u>	
16. Payments to and Provision for Employees				
Salaries, Wages and Bonus	22,51,39,583		20,78,99,659	
Contribution to Provident and other funds	1,87,41,900		1,96,38,189	
Staff and Labour Welfare Expenses	1,08,17,572		89,41,158	
Total	<u>25,46,99,055</u>		<u>23,64,79,006</u>	
17. Other Expenses				
Stores, Spare Parts and Packing Materials	10,61,18,393		7,99,45,224	
Excise Duty (Net of Opening Provision)	4,36,518		(19,65,202)	
Rent (Net)	1,72,05,597		1,43,37,206	
Power and Fuel	6,33,47,501		4,98,38,263	
Repairs to:				
Buildings	39,83,646		17,74,429	
Plant and Machinery	1,01,74,876		1,06,03,261	
Others	<u>44,18,850</u>		<u>23,57,642</u>	
	1,85,77,372		1,47,35,332	
Insurance	34,77,662		47,75,728	
Rates and Taxes	9,63,808		6,40,376	
Freight and Forwarding Expenses (Net)	10,61,39,503		8,72,99,654	
Brokerage, Commission and discounts on Sales	12,32,17,658		8,55,55,304	
Publicity & Advertisement Expenses	9,64,76,559		4,71,75,985	
Research & Development Expenses	39,77,594		33,15,804	
Baddebts / Amount written off	2,95,458		-	
Miscellaneous Expenses	7,84,86,369		8,05,59,403	
Loss on sale / discard of Fixed Assets (Net)	35,00,524		-	
Donations	87,79,500		58,12,100	
Directors' sitting Fees	-		4,000	
Directors' Commission	5,00,000		4,00,000	
Total	<u>63,15,00,016</u>		<u>47,24,29,177</u>	

18. Notes forming part of the Accounts for the year ended 31st March, 2010.

1. Significant Accounting Policies

* **Basis of Accounting**

The Company prepares its financial statements under the historical cost convention, on an accrual basis of accounting, to comply in all material respects with the notified Accounting Standards by the Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956.

* **Sales**

Sales include excise duty and net of discounts and sales-tax / Vat.

* **Employee Benefits**

- (i) Provident Fund is a defined contribution scheme and it is charged to revenue for the year when due.
- (ii) Contribution to approved Gratuity Fund is made of the present liability for future Gratuity as determined on an actuarial valuation. The Company has no further obligation except contribution to the fund.
- (iii) Leave encashment is recognised on the basis of an actuarial valuation made at the end of each year.

* **Employees Stock Option Scheme**

In accordance with the Securities and Exchange Board of India guidelines, the excess of the Market Price of the shares at the date of grant of options under the Employee Stock Option Scheme, over the exercise price is treated as Employee Compensation and amortised over the vesting period.

* **Fixed Assets, Depreciation and Amortisation**

- (a) Fixed Assets transferred on demerger scheme are stated at cost-less accumulated depreciation.
Acquisitions and additions are stated at cost. The Company capitalizes all costs relating to the acquisition and installation of Fixed Assets on net of MODVAT credits on the assets and adjustments arising from exchange rate variations attributable to the fixed assets are capitalised.
- (b) Capital work in progress : Projects under commissioning and other capital work in progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.
- (c) Assets acquired under hire purchase instalment credit scheme, the cost of asset is capitalized while the annual financial charges at equated instalments are charged to revenue.
- (d) Depreciation for the year has been provided on net asset value at the rates and in the manner specified in Schedule-XIV of the Companies Act, 1956 as under:
 - (1) On Plant & Machinery and Electric Plant & Installation on straight-line method, but on incremental cost arising on account of translation of foreign currency liabilities for acquisition of fixed assets and depreciation is provided as aforesaid over the residual life of the respective assets.
 - (2) On other assets on written down value method.
- (e) Leasehold land is amortized over the period of lease.
- (f) The value of discarded Plant and Machinery has been written down to the lower of net book value and net realizable value.

* **Inventories**

- (a) Raw-materials, Packing Materials, Stores and Chemicals are taken at lower of cost and net realizable value following FIFO method.
- (b) Stock-in-Process is valued at lower of cost and net realizable value.
- (c) Finished goods are valued at lower of cost and net realizable value.
- (d) Excise duty on goods manufactured by the Company and remaining in inventory is included as a part of valuation of finished goods.

* **Investments**

Investments are stated at cost.

* **Foreign Currency Transactions**

Foreign currency transactions during the year are recorded at rates of exchange prevailing on the date of transaction.

Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies as at the end of the year is recognised in the profit and loss account. Accounts Receivable in foreign currency are either represented by bills of exchange, which in many cases, are immediately discounted with bankers, or accounted at realized amounts.

Exchange differences arising in respect of fixed assets acquired from outside India were capitalised as part of fixed assets (see note 13 below).

Derivative transactions are considered as off-balance sheet items and cash flows arising therefrom are recognised in the books of account as and when the settlements take place in accordance with the terms of the respective contracts over the tenor thereof.

* **Borrowing Cost**

Borrowing costs that are attributable to the acquisition or construction of assets are capitalized as part of the cost of such assets.



* **Taxation**

Provision for tax for the year comprises current Income-tax and Wealth-tax determined to be payable in respect of taxable income and deferred tax being the tax effect of timing differences representing the difference between taxable income and accounting income that originate in one period, and are capable of reversal in one or more subsequent period(s).

* **Earning per Share**

The earnings considered in ascertaining the company's Earnings per Share (EPS) comprise the net profit after tax. The number of shares used in computing Basic EPS is the Weighted average number of shares outstanding during the year. The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity shares.

* **Contingent Liability**

Contingent liabilities determined on the basis of available information; wherever material are provided for and Contingent liabilities not provided for in the accounts are disclosed by way of notes to the accounts.

2. Transfer of Ceramic Division from Madhusudan Industries Limited (MIL)

The Honourable High Court of Judicature at Gujarat vide its order dated 30.10.2001 has sanctioned Scheme of Arrangement (the Scheme) U/s. 391-394 of the Companies Act, 1956 between Madhusudan Industries Limited ("MIL") and the Company under which all the assets, liabilities and debts of the Ceramic Division as defined in the Scheme ("the Undertaking") of "MIL" comprising of Ceramic Division have been transferred to the Company at net book value with effect from 01.04.2001.

The Name of the Company has been changed from Madhusudan Oils And Fats Limited to **Cera Sanitaryware Limited** with effect from 01-11-2002 consequent upon the fresh certificate of Incorporation, issued by the Registrar of Companies, Gujarat State, Ahmedabad.

3. Impairment of Assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the amount may not be recoverable. An impairment loss is recognized for the amount by which the assets' carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the assets' net selling price and its value in use.

4. Contingent liability in respect of :

	31.03.2010	31.03.2009
	Rs.	Rs.
a. Claims against the Company not acknowledged as debts.	35,67,974	52,55,266
b. Estimated amount of contracts remaining to be executed on capital account not provided for (Net of advance)	11,47,109	-
c. Letters of Credit opened and guarantees given by the Bank in favour of Parties and Government Authorities.	1,60,62,009	2,85,20,582

5. Preferential Warrants for Equity Shares

During the year ended on 31st March, 2009 the company has forfeited 3,40,000 Preferential Warrants issued to promoters on preferential basis ; since the option of conversion of warrants was not exercised by the due date 26.07.2008. Rs. 41.82 Lacs received as 10% of subscription value of preferential warrants is transferred to Share Premium Account.

6. Employees Stock Option Scheme

Employees Stock Options are evaluated and accounted on intrinsic value method as per the accounting treatment prescribed under Guidance Note on "Accounting for Employee Share-based payments" issued by ICAI read with SEBI (Employee Stock Option Scheme & Employee Stock Purchase scheme) Guidelines, 1999 issued by Securities and Exchange Board of India. Accordingly the excess of market value of the stock options as on the date of grant over the exercise price of the option is recognised as deferred employee compensation and is charged to profit and loss account on graded vesting basis over the vesting period of the options. The unamortised portion of the Deferred Employee Compensation is reduced from Employee Stock Option Outstanding which is shown under Reserves & Surplus.

Consequently an amount of Rs.4.56 (40.58) lacs has been amortised for the Current Year and the company has taken credit of Rs.40.28 lacs for 50471 options lapsed due to non exercise by employees during the exercise period (18 months) ended on 09.07.2009.

7. Miscellaneous expenses include payment to Auditors as under :

	Current year	Previous year
	Rs.	Rs.
Statutory Auditors		
- Audit Fees	1,80,000	1,50,000
- Taxation work	75,893	1,13,315
- Other Services	8,273	1,19,005
- Expenses	29,282	25,447
	<u>2,93,448</u>	<u>4,07,767</u>

8. Managerial Remuneration to Directors under Section 198 of the Companies Act, 1956. (As per Schedule XIII of the Act)

(a) To Managing Director, Executive Director and Whole time Director	2009-10	2008-09
	Rs.	Rs.
i. Salary & Incentives	2,33,38,132	1,30,24,398
ii. Contribution to Provident and Other Funds	8,40,870	9,58,897
iii. Perquisites in cash or in kind	17,65,772	20,91,108
	<u>2,59,44,774</u>	<u>1,60,74,403</u>

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Notes :

- (1) Above Remuneration includes payment as Directors' and not for the period as an employee.
 (2) As the liability for Gratuity and Leave Encashment is provided for on an Actuarial Basis for the company as a whole, the amount pertaining to directors is not ascertainable and therefore not included.

(b) Computation of Profit in accordance with section 309 read with section 349 of the Companies Act, 1956 for calculation of Managerial Remuneration

	2009-10		2008-09	
	Rs.	Rs.	Rs.	Rs.
Profit before Taxation (as per books)		29,89,71,861		19,90,38,403
Add: 1. Managerial Remuneration	2,59,44,774		1,60,74,403	
2. Depreciation charged in the accounts	6,10,30,530		5,92,81,214	
3. Directors' Commission	5,00,000		4,00,000	
4. Directors' Sitting Fees	-		4,000	
		8,74,75,304		7,57,59,617
		38,64,47,165		27,47,98,020
Less: Depreciation as per Section 350 of the Companies Act, 1956		6,10,30,530		5,92,81,214
Profit as per Section 198 of the Companies Act, 1956		32,54,16,635		21,55,16,806
10% of the Profit as per section 198 of the Companies Act, 1956		3,25,41,664		2,15,51,681
Remuneration paid during the year		2,59,44,774		1,60,74,403
Directors' Commission Payable @ 1%		32,54,166		21,55,168
Directors' Commission Restricted by Board of Directors		5,00,000		4,00,000

9. Particulars in respect of goods manufactured : (On triple shift basis in tons per annum)

A. Capacity (in M.T.)	Licensed		Installed (as certified by Management)	
1. Vitreous China Sanitaryware		24,000	24,000	
		(24,000)	(24,000)	
2. Non Conventional Energy (WTG)			4,975 M.W.	
			(4,975 M.W.)	

B. Actual Production (in M.T.)

1. Vitreous China Sanitaryware		21,095		
		(18,525)		
2. Non Conventional Energy (WTG) (in units)			* 56,76,843	
			(59,65,534)	

* Under Energy banking system, electricity produced is for use by Ceramic Division at Kadi except Nil (Nil) units given to UGVCL.

C. (a) Sales and Stock of Goods Manufactured and Traded

	Opening Stock		Closing Stock		Sales	
	Quantity	Value	Quantity	Value	Quantity	Value
	M.T.	Rs.	M.T.	Rs.	M.T.	Rs.
Vitreous China Sanitaryware, Fittings & Allied Products	2,999	18,31,63,444	2,600	25,97,87,392	21,494	1,98,58,32,008
- Others	(3,243)	(19,09,31,645)	(2,999)	(18,32,37,063)	(18,769)	(1,68,38,89,159)
		1,74,91,150		1,74,03,978		1,70,12,077
		(98,514)		(1,74,17,531)		(2,15,82,245)
						2,00,28,44,084
						(1,70,54,71,404)

C. (b) Purchases

	Value Rs.
Goods	
Outsourced :	
- Fittings & Allied Products	57,33,59,975
	(43,68,71,863)
- Others (in Nos.)	1,29,07,203
	(3,27,30,061)
	58,62,67,178
	(46,96,01,924)

Note :

Value of purchases, sales & stocks of sanitaryware & fittings include the value of fittings - allied products. In view of practical difficulties, the quantitative details of fittings - allied products have not been included above.



Cera Sanitaryware Limited

D. Itemwise Break-up of Raw Materials consumed

	2009-10		2008-09	
	QTY. M.T.	Value Rs.	QTY. M.T.	Value Rs.
Sand, Sandstone, Clays & Chemicals	42,405	14,74,41,108	34,858	11,76,33,936
Accessories & Fittings (Pcs)	3,31,265	98,90,756	2,44,558	1,28,14,782
		<u>15,73,31,864</u>		<u>13,04,48,718</u>

E. Value of Imports on C.I.F. basis

	2009-10 Rs.	2008-09 Rs.
1. Raw Materials and Chemicals	67,87,027	88,18,648
2. Stores and Spare Parts & Fittings	65,85,610	16,69,400
3. Capital Goods	-	-
4. Outsourced	19,45,32,155	12,23,87,763
	<u>20,79,04,793</u>	<u>13,28,75,811</u>

F. Value of Raw Materials, Stores & Spare Parts consumed

	Raw Materials		Stores & Spare Parts	
	Rs.	%	Rs.	%
1. Imported	93,79,753 (72,03,982)	5.96% (5.52%)	52,89,689 (56,80,929)	13.10% (18.15%)
2. Indigenous	14,79,52,110 (12,32,44,736)	94.04% (94.48%)	3,50,76,397 (2,56,25,780)	86.90% (81.85%)

G. Expenditure in Foreign Currencies on Account of

	2009-10 (Rs.)
1. Travelling	32,34,578 (32,01,977)
2. Export Commission	9,36,261 (8,97,928)
3. Interest / Bank Charges	53,59,536 (78,74,626)
4. Technical know-how & Professional fees	13,67,798 (12,99,261)
5. Others	62,158 (41,00,781)

H. Amount remitted in Foreign Currency towards dividend during the year

	2009-10	2008-09
Final Dividend		
- Number of Shareholders	-	-
- Number of Equity Shares held	-	-
- Amount remitted (Rs.)	-	-
- Year to which the dividend pertain	-	-

I. Earnings in Foreign Exchange

	2009-10 (Rs.)
Exports of Goods on F.O.B. Basis	3,66,40,641 (4,21,68,834)

10. Disclosures required under the Micro, Small and Medium enterprises Development Act, 2006 for year ended March 31, 2010

Particulars	As on 31-03-2010	As on 31-03-2009
	Principal Amt.(Rs.)	Principal Amt.(Rs.)
Unpaid Principal and Interest thereon as at March 31, 2010	6,18,99,233	5,28,39,628
Delayed payments due as at March 31, 2010	Nil	Nil
Interest paid on delayed payment under the MSMED Act	Nil	Nil
Interest due on principal amounts paid beyond the due date during the year	Nil	Nil
Interest accrued but not due	Nil	Nil
Total Interest due but not paid	Nil	Nil

Note: The above disclosure has been made based on the information provided by the management.

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		2009-10	2008-09
11. Basic & Diluted EPS			
Basic Earning per share			
Profit attributable to the shareholders	A	19,61,10,752	13,10,85,582
Weighted average number of Equity shares outstanding during the year	B	62,26,656	61,99,249
Nominal Value of Equity Shares		Rs. 5	Rs. 5
Basic Earning per Share (F.V. Rs. 5 per share)	A/B	Rs. 31.50	Rs. 21.15
Diluted Earning per share			
Profit attributable to the shareholders	A	19,61,10,752	13,10,85,582
Weighted average number of Equity shares outstanding during the year	B	62,38,750	61,99,249
Nominal Value of Equity Shares		Rs. 5	Rs. 5
Diluted Earning per Share (F.V. Rs. 5 per share)	A/B	Rs. 31.43	Rs. 21.15
Number of shares for Basic & Dilutive EPS			
Weighted average number of equity shares outstanding during the year for Basic EPS		62,26,656	61,99,249
Add : Dilutive potential Equity Shares		12,094	-
Weighted average number of equity shares outstanding during the year for Dilutive EPS		62,38,750	61,99,249

12. The exceptional item in previous year represents the one time, non recurring loss suffered by the company consequent to having entered into certain foreign currency swap transactions which have been settled during the year.

13. Pursuant to notification dt.31st March, 2009 issued by the Ministry of Corporate Affairs, the company had exercised the option available under the newly inserted Paragraph 46 to the AS-11. The effect of changes in foreign exchange rates is to add/deduct the foreign exchange fluctuation to capital cost of the asset. Accordingly the net foreign exchange fluctuation gain amounting to Rs.1.50 Cr. ((PY. Loss amounting to Rs.1.96 Cr. (FY 08 & FY 09) (net of trf. from General Reserve)) has been deducted/(added) respectively to the cost of capital assets.

14. Employee Benefits

The Company has with effect from 1st April 2007, adopted Accounting Standard 15, Employee Benefits (revised 2005), issued by the Institute of Chartered Accountants of India. The disclosure as required are as under :

1) Brief description of the plans :

The Company has various schemes for long-term benefits such as provident fund, gratuity and leave encashment. In case of funded schemes, the funds are recognised by Income Tax Authorities and administered through trustees/appropriate authorities.

The Company's defined contribution plans are Provident Fund (exempted employees) recognised by the Income Tax Authorities and administered through trustees. Since the Company has no further obligation beyond making contributions and interest shortfall. Further the pattern of investment for investible funds is as prescribed by the Government. Accordingly other related disclosures in respect of Provident Fund have not been made.

The Company's other defined contribution plans are Provident Fund (non exempted employees), Employees' Pension Scheme (under the Provisions of the employees' Provident Funds and Miscellaneous Provisions Act, 1952), state plans namely Employee's State Insurance Fund, Since Company has no further obligation beyond making contributions.

The Company's defined benefit plans are Gratuity and leave Encashment for all its employees. Gratuity fund is recognised by the Income Tax Authorities and is administered through trustees.

Liability for Defined Benefit Plan is provided on the basis of valuations, as at Balance sheet date, carried out by an independent actuary. The actuarial valuation method used by independent actuary for measuring the liability is the projected unit credit method.

2) Charge to the Profit and Loss Account based on contributions:

	2009-10	2008-09
Provident fund	60,57,865	54,81,596
Employees' Pension Scheme	54,04,522	47,75,381
ESIC	37,92,645	33,57,834
	<u>1,52,55,032</u>	<u>1,36,14,811</u>



3) **Disclosures for defined benefit plans based on actuarial reports as on 31st March, 2010**

Particulars	2009-10		2008-09	
	Gratuity Funded Plan	Leave Encashment Non-funded Plan	Gratuity Funded Plan	Leave Encashment Non-funded Plan
Change in Defined Benefits Obligation				
Opening defined benefits obligation	37914912	14100933	35304088	11885972
Current service cost	3481544	1916860	3311968	2689842
Interest cost	3033193	1128075	2647807	891448
Actuarial loss / gain	-44646	-2929756	1440726	912045
Benefits paid	-1309164	-1117622	-4789677	-2278374
Closing defined benefits obligation	43075839	13098490	37914912	14100933
Change in Fair value of Assets				
Opening fair value of plan assets	38125748		35369719	
Expected return on plan assets	3358543		3307296	
Actuarial gain / loss	-23378		-1473790	
Contributions by employer	3141736		5712200	
Benefits paid	-1309164		-4789677	
Closing fair value of plan assets	43293485		38125748	
Movement in net liability recognized in Balance Sheet				
Net opening liability	-210836	14100933	-65631	11885972
P & L Charge	3134926	115179	5566995	4493335
Contribution Paid	-3141736	-1117622	-5712200	-2278374
Closing Net (asset) / liability	-217646	13098490	-210836	14100933
Expenses recognized in the Profit and Loss Account				
Current Service cost	3481544	1916860	3311968	2689842
Interest on defined benefit obligation	3033193	1128075	2647807	891448
Expected return on plan assets	-3358543	---	-3307296	---
Net actuarial loss / gain recognized in the current year	-21268	-2929756	2914516	912045
Total Expenses	3134926	115179	5566995	4493335
Assets Information				
Government of India Securities	35%		35%	
Corporate Bonds	56%		56%	
Special Deposits Scheme	---		---	
Others	9%		9%	
Principal actuarial assumption				
Discount Rate (p.a)	8%	8%	7.50%	7.50%
Expected rate of return on plan assets (p.a)	8.25%		9%	
Annual Increase in Salary costs	6%	6%	6%	6%
Effect on the aggregate service cost & interest cost				
Effect on defined benefit obligation				

(4) The Company has provided upto 31.03.2010 Rs.130.98 Lacs (141.01 Lacs) being increment of discounted value of liability for unavailed leave of the employees determined as per actuarial valuation.

15. **Related party disclosures**

Type of Transaction	Associates	Key Management Personnel	Relatives of Key Management Personnel	Total
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Purchases - Goods & Materials	22,61,116			22,61,116
	(62,33,773)			(62,33,773)
Fixed Assets	---			---
	(---			(---
Sales - Goods & Materials	3,806			3,806
	(---			(---
Fixed Assets	---			---
	(---			(---

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Type of Transaction	Associates (Rs.)	Key Management Personnel (Rs.)	Relatives of Key Management Personnel (Rs.)	Total (Rs.)
Expenses - Remuneration	---	2,59,44,774	4,42,073	2,63,86,847
	(---)	(1,60,74,403)	(1,15,517)	(1,61,89,920)
Lease Rent / Rent	45,14,857			45,14,857
	(---)			(---)
Other Services	11,93,412	10,07,478		22,00,890
	(10,000)			(10,000)
Interest paid	15,09,886			15,09,886
	(22,04,374)			(22,04,374)
Donation / Other Expenses	2,10,000	---		2,10,000
	(4,15,936)	(4,45,000)		(8,60,936)
Income - Interest Received	15,75,563			15,75,563
	(14,145)			(14,145)
Finance - Loans & Advances given	---			---
	(---)			(---)
Fixed Deposits / Loan Received	---			---
	(11,50,000)			(11,50,000)
Fixed Deposits / Loan repaid	20,90,000			20,90,000
	(95,60,000)			(95,60,000)
Rent Deposit paid	14,09,500			14,09,500
	(---)			(---)
Balance at the end of the year				
Loans & Advances	1,65,00,000			1,65,00,000
	(1,218)			(1,218)
Loans / Deposits	1,32,00,000			1,32,00,000
	(1,52,90,000)			(1,52,90,000)
Others				
Options granted and outstanding (Under ESOS)		---		---
		(15,000)		(15,000)

Notes :

Names of related parties and description of relationship :

- | | | | |
|--|--|-----------------------------|--|
| 1. Fellow Subsidiaries | --- | | |
| 2. Associates | 1. Madhusudan Industries Limited | 5. Madhusudan Holdings Ltd. | |
| | 2. Madhusudan Fiscal Limited | 6. Swadeshi Fan Ind. Ltd. | |
| | 3. Cera Foundation | 7. Decolite Ceramics Ltd. | |
| | 4. Vikram Investment Co. Ltd. | | |
| 3. Key Management Personnel | Vikram Somany, Vidush Somany, Dr. K. N. Maiti & S. K. Nema | | |
| 4. Relatives of Key Management Personnel | Smiti Somany, Pooja Jain Somany | | |

16. Note on deferred tax liability

The Deferred tax liabilities as at 31st March, 2010 comprise of the following
Deferred Tax Liabilities on account of:

	2009-10 Amount (Rs.)	2008-09 Amount (Rs.)
Depreciation	13,35,73,317	14,15,76,571
Deferred Expenses	-11,69,153	-45,32,293
	13,24,04,164	13,70,44,278
Less: Deferred Tax Assets on account of:		
- Others	4,68,676	3,90,499
Total	13,19,35,488	13,66,53,779

(Figures in brackets relate to previous year)

As per our report of even date attached

For and on behalf of

H. V. Vasa & Co.
Chartered Accountants
Tushar H. Vasa
Proprietor
Membership No. 16831

Kadi
16th July, 2010

Rajesh B. Shah
President & C.F.O.
Narendra N. Patel
V.P. & Company Secretary

Kadi
16th July, 2010

Vikram Somany	Chairman-cum-Managing Director
Vidush Somany	Executive Director
Ashok Chhajed	Director
Dr. K. N. Maiti	Director
M. K. Bhandari	Director - Technical

**Cera Sanitaryware Limited****Cash Flow Statement for the year ended 31st March, 2010**

	Year ended March 31, 2010		Year ended March 31, 2009	
	Rs.	Rs.	Rs.	Rs.
A. Cash flow from operating activities				
Net profit before tax & Extra-ordinary items		28,55,12,876		19,04,02,188
Adjusted for				
- Depreciation	6,10,30,530		5,92,81,214	
- Foreign Exchange	(9,87,020)		7,26,346	
- Investment Income				
- Interest Charged	2,52,75,010		3,96,59,105	
		8,53,18,520		9,96,66,665
Operating profit before working capital changes		37,08,31,397		29,00,68,853
Adjusted for				
- Trade and other receivables	(5,24,97,442)		(5,01,04,032)	
- Inventories	(9,51,04,815)		(25,14,000)	
- Trade Payable	12,69,66,880		1,99,73,382	
		(2,06,35,377)		(3,26,44,650)
Cash generated from operation		35,01,96,020		25,74,24,203
Interest paid		(2,52,75,010)		(3,96,59,105)
Direct taxes paid		(9,03,37,053)		(4,26,50,516)
Cash flow before extra-ordinary items		23,45,83,957		17,51,14,582
Extra-ordinary items		(48,12,072)		4,86,506
Net Cash From Operating Activities Total (A)		22,97,71,885		17,56,01,088
B. Cash flow from Investing activities				
Purchase of fixed assets		(4,35,49,471)		(4,50,34,649)
Sale of fixed assets		1,66,40,065		7,87,524
Interest received		1,44,34,306		79,23,928
Dividend received		32		---
Net Cash Used in Investing Activities Total (B)		(1,24,75,068)		(3,63,23,197)
C. Cash flow from financing activities				
Proceeds from issue of share capital		48,16,438		56,35,071
Proceeds from borrowings / Repayment of Loan		(8,34,53,008)		(2,49,85,184)
Dividend paid		(1,45,32,801)		(1,08,54,236)
Net Cash Used in Financing Activities Total (C)		(9,31,69,371)		(3,02,04,349)
Net Changes in Cash & Cash Equivalents (A+B+C)		12,41,27,445		10,90,73,542
Cash & Cash equivalent - Opening Balance		21,63,63,814		10,72,90,272
Cash & Cash equivalent - Closing Balance		34,04,91,259		21,63,63,814

Rajesh B. Shah - President & C. F. O.
Narendra N. Patel - V.P. & Company Secretary

Kadi, 16th July, 2010

Vikram Somany Chairman-cum-Managing Director
Vidush Somany Executive Director
Ashok Chhajed Director
Dr. K. N. Maiti Director
M. K. Bhandari Director - Technical

Auditors' Certificate

We have verified the above cash flow statement of Cera Sanitaryware Limited derived from the audited annual financial statements for the years ended March 31, 2010 and March 31, 2009 and found the same to be drawn in accordance therewith and also with the requirements of Clause 32 of the listing agreements with stock exchange(s).

As per our report of even date attached

Kadi
16th July, 2010

For and on Behalf of
H. V. Vasa & Co.
Chartered Accountants
Tushar H. Vasa
Proprietor
Membership No. 16831

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details		
Registration No.	:	34,400
State Code	:	04
Balance Sheet Date	:	31-03-2010
II. Capital raised during the year (Amount in Rs. Thousands)		
Public Issue	:	-
Right Issue	:	-
Bonus Issue	:	-
Private / Preferential Placement	:	4,816
III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)		
Total Liabilities	:	12,89,214
Total Assets	:	12,89,214
Sources of Funds		
Paid-up Capital	:	31,449
Reserves & Surplus	:	9,85,636
Secured Loans	:	2,56,378
Unsecured Loans	:	15,751
Application of Funds		
Net Fixed Assets	:	7,07,575
Investments	:	13
Net Current Assets	:	5,80,998
Misc. Expenditure	:	628
Accumulated Losses	:	-
IV. Performance of Company (Amount in Rs. Thousands)		
Turnover	:	19,38,306
Total Expenditure	:	16,39,334
Profit before tax (PBT)	:	2,98,972
Profit after tax (PAT)	:	1,96,111
Earning Per Share (Rs.) (PAT/No. of Shares) - Basic	:	31.50
Earning Per Share (Rs.) (PAT/No. of Shares) - Diluted	:	31.43
Dividend Rate	:	50%
V. Generic Names of Three Principal products/ Services of Company		
i. Item Code No. (ITC CODE)	:	691010 00
Product description	:	Ceramic Sinks, Wash basins, Wash basin pedestals, baths, bidets, Water closet pans, flushing cisterns, Urinals, similar Sanitary fixtures

Kadi
16th July, 2010

Rajesh B. Shah
President & C.F.O.

Narendra N. Patel
V.P. & Company Secretary

Vikram Somany Chairman-cum-Managing Director

Vidush Somany Executive Director

Ashok Chhajed Director

Dr. K. N. Maiti Director

M. K. Bhandari Director - Technical



Cera Sanitaryware Limited

Regd. Office : 9, GIDC Industrial Estate,
Kadi - 382 715, Dist. Mehsana.

DP ID *	
CLIENTID*	

PROXY

I/We _____
of _____
being a member(s) of Cera Sanitaryware Ltd. hereby appoint _____
_____ of _____
or failing him/her _____
of _____

as my/our Proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Monday, the 23rd August, 2010 at 10.30 a.m. or at any adjournment thereof.

Signed this _____ day of _____ 2010.

Signature(s) _____ L.F. No. _____



* Applicable for members holding shares in electronic form.

Note : The proxy must be returned so as to reach the registered office of the Company, not less than 48 hours before the time for holding the aforesaid meeting.

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Cera Sanitaryware Limited

Regd. Office : 9, GIDC Industrial Estate,
Kadi - 382 715, Dist. Mehsana.

DP ID *	
CLIENTID*	

ATTENDANCE SLIP

Annual General Meeting - 2010
at Regd. Office : 9, GIDC Industrial Estate, Kadi - 382 715, Dist. Mehsana.

Name of the attending Member/Proxy (In block letters) :

Member's Folio No. :

No. of Shares held :

I hereby record my presence at the Annual General Meeting held on 23rd August, 2010.

Member's / Proxy's Signature

* Applicable for members holding shares in electronic form.

- Notes : 1. Please bring this Attendance slip to the meeting and handover at the entrance duly filled in.
2. Members are requested to bring copy of Annual Report with them.