

Annual Report

2011-12

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

CERA

Cera Sanitaryware Limited

Style now thinks
out of the box



CERA

Cera, synonymous with stylish ranges and innovative designs,
reflects this thought with a new logo.

Cera, the creator of imaginative bathroom solutions,
starts an exciting new journey,
where the spirit of freshness crafts waves of spectacular style.

Cera, Same innovative spirit. Fresh new look.

www.cera-india.com

ANNUAL REPORT 2011-2012 CERA
Cera Sanitaryware Limited

ANNUAL REPORT 2011-2012

Board of Directors

Shri Vikram Somany	- Chairman and Managing Director
Shri Sajan Kumar Pasari	
Dr. K. N. Maiti	
Shri Ashok Chhajed	
Shri Shree Narayan Mohata	
Shri Govindbhai P. Patel	
Shri Vidush Somany	- Executive Director
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) Sanitaryware and Faucetware Plants :
9, GIDC Industrial Estate, Kadi-382 715, Dist. Mehsana, Gujarat.
- 2) Wind Farms :
 - a) Vill. Lamba & Patelka, Tal. Kalyanpur, Dist. Jamnagar, Gujarat.
 - b) Vill. & Tal. Kalyanpur, Dist. Jamnagar, Gujarat.
 - c) Vill. Kadoli, Tal. Abdasa, Dist. Kutch, Gujarat.

Marketing 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 11.30 a.m. on Wednesday,
the 12th day of September, 2012 at the Registered Office.**

NOTICE

Notice is hereby given that the Fourteenth Annual General Meeting of the Members of **CERA SANITARYWARE LIMITED** will be held at 11.30 a.m. on Wednesday, the 12th day of September, 2012 at the Registered Office of the Company at 9, GIDC Industrial Estate, Kadi – 382 715, Dist. Mehsana, to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt Statement of Audited Profit and Loss Account for the year ended 31st March, 2012 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 a special resolution.

"RESOLVED THAT pursuant to the provisions of Section 309(4) and other applicable provisions, if any of the Companies Act, 1956 a sum not exceeding 1% p.a. of the net profits of the Company calculated in accordance with the provisions of Sections 198, 309, 349, 350 and other applicable provisions, if any, of the Companies Act, 1956 be paid to and distributed among the directors not in whole time employment of the Company in such manner, as the Board of Directors may from time to time determine and in default equally in each financial year of the company for a period of 5 years, commencing from 1st April, 2013 upto 31st March, 2018."

Regd. Office :
9, GIDC Industrial Estate,
Kadi – 382 715
11th July, 2012

By Order of the Board of Directors

Narendra N. Patel
President & Company Secretary

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIM SELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Members are requested to notify immediately the change of address, if any, to the Company or M/s. MCS Limited, Registrar and Share Transfer Agent.
3. The Register of Members and Share transfer book of the Company will remain closed from 27.08.2012 to 07.09.2012 (both days inclusive).
4. The Board of Directors has recommended a dividend of ₹ 3.00 (60%) per fully paid equity share of ₹ 5/- each for the year ended 31.03.2012.
5. Members / Proxies should bring the attendance slip sent herewith duly filled in for attending the meeting.
6. Members are requested to send their queries at least ten days before the date of the meeting so that the information can be made available at the meeting.
7. Explanatory Statement pursuant to Section 173 (2) of the companies Act, 1956 is annexed hereto.
8. Pursuant to the provisions of Sections 205A and 205C of the Companies Act, 1956, the Company has transferred the unpaid or unclaimed dividends up to the financial year 2003-04 to the Investor Education and Protection Fund (the IEPF) established by the Central Government.
9. Shareholders holding shares in Electronic Form may note that their bank account details as furnished by their depositories to the Company will be printed on their dividend warrants as per the applicable regulations of the depositories and the Company will not entertain any direct request from 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.
10. All the documents, if any, referred to in this notice and explanatory statement are available for inspection of the members at the registered office of the Company on any working day except Saturday, between 11:00 a.m. to 1:00 p.m. up to the conclusion of this meeting.

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

Name of Director	Dr. K. N. Maiti	Shri Sajan Kumar Pasari
Date of Birth	23.09.1946	21.02.1947
Date of Appointment	24.05.2008	15.06.2004
Expertise in Specific Functional Areas	Ceramic Scientist	Businessman
List of other Directorships	-	Regent Estates Ltd. Pegasus Infra Estates Ltd. Assam Roofing Ltd. India Automobiles (1960) Ltd. The Chemong Tea Co. Ltd. West Wing Estates Ltd. Arcus 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	Nil	2,45,140

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

Item No. 6

Section 309(4) of the Companies Act, 1956, provides that in the case of the directors who are not in the whole-time employment of the Company, the shareholders, may by Special Resolution, authorize the payment of commission for a period of five years. Members of the Company at their Annual General Meeting held on 12.09.2008 have approved the payment of 1% commission to the directors not in whole time employment of the Company, for a period of 5 years from 01.04.2008 to 31.03.2013. As such the same may be renewed for further period of 5 years w.e.f 01.04.2013. Accordingly, the directors other than the Whole Time Directors be paid commission not exceeding 1% of the net profits of the Company, calculated in accordance with the provisions of Sections 198, 309, 349, 350 and other applicable provisions, if any of the Companies Act, 1956 for a period of 5 years from 01.04.2013. This amount will

be distributed among all or some of the non working Directors in such manner, as the Board of Directors may from time to time determine and in default equally, in each financial year.

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

All the Directors except Shri Vikram Somany, Shri Vidush Somany and Shri M. K. Bhandari, may be deemed to be interested or concerned in the said resolution.

Regd. Office :
9, GIDC Industrial Estate,
Kadi – 382 715
11th July, 2012

By Order of the Board of Directors

Narendra N. Patel
President & Company Secretary

Directors' Report

To
The Members,

The Directors have pleasure in submitting the Annual Report together with the Statement of Accounts of your Company for the year ended 31st March, 2012.

Performance

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

	(₹ in lacs)	
	Year ended March 31, 2012	Year ended March 31, 2011
Profit before Depreciation and Taxes & Exceptional item	5620.60	4805.18
Deducting there from Depreciation of	770.52	653.03
Profit before Tax	4850.08	4152.15
Deducting there from taxes of:		
- Current Tax	1670.00	1432.03
- Deferred Tax	(23.57)	66.04
Profit after Tax	3203.65	2654.08
Add: Balance brought forward from previous year	1100.00	900.00
Amount available for Appropriations	4303.65	3554.08
The proposed appropriations are:		
1. Proposed Dividend	379.64	316.37
2. Tax on Proposed Dividend	61.59	51.32
3. General Reserve	2462.42	2086.39
4. Balance carried forward	1400.00	1100.00
Total	4303.65	3554.08

Your Company has continued to grow substantially due to brand building and distribution initiatives.

The well-entrenched distribution network of your Company is getting a boost by opening of CERA Bath Galleries in different towns.

Sanitaryware Unit

Your Company is expanding its production capacity, to meet the increasing demand. The production capacity will go up to 2.7 million pieces per annum from 2.0 million pieces on completion of expansion programme, which is under progress.

Faucetware Unit

Your Company's Faucetware plant has already gone on-stream in September 2010. After successful production of half-turn series and quarter-turn series, the plant is now producing high end single lever series. Automatic CNC machines and automatic polishing machine were installed, which facilitates the plant to produce more premium ranges.

Bathware Unit

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

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

Power Unit

The non-conventional wind power generation remained at 52,55,614 KWH against 43,81,473 KWH in the previous year. The installed capacity of wind power unit of the company is 4.975 M.W.

Corporate Governance and Management discussion and Analysis

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Report on Corporate Governance along with the Auditors' statement on its compliance and Management discussion and Analysis have been included in this Annual Report as a separate 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, 2012 and of the Profit of the Company for the year ended on that date.
- ❖ that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- ❖ that the annual accounts have been prepared on a going concern basis.

Dividend

Your Directors recommend a dividend of ₹ 3.00 per share (60%) (Previous year ₹ 2.50 per share (50%)) on 1,26,54,874 equity shares of ₹ 5/- each fully paid for the year ended 31.03.2012, 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 ₹ 64.92 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 31.03.2012 was ₹ 3.52 lacs. There were 06 Fixed Deposit holders with ₹ 2.74 Lacs of unclaimed / unrenewed deposits as on 31.03.2012. 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 ₹ 4871.33 lacs.

Finance

During the year under review, the Company repaid loans of ₹ 692.00 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, 2012 is annexed.

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).

No eligible employee exercised options during the year. 32 options were lapsed due to non-exercise by employees. The exercise period of all options have expired on 09.07.2011 and no granted options are outstanding after that date under Employees Stock Option Scheme 2007 (ESOS 2007).

Directors

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 re-appointment.

Brief resumes of 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 Ltd, Yes Bank Ltd and various departments of both State and Central Governments.

For and on behalf of the Board of Directors,

Ahmedabad.
11th July 2012

Vikram Somany
Chairman and Managing Director

Annexure to the Directors' Report

Disclosure of particulars with respect to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo as required under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Report of the Board of Directors for the year ended 31st March, 2012.

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 (DSIR), Government of India, since 1989. It has been relentlessly working for improvement in quality of products, cost reduction through waste minimization and pollution abatement to keep the company ahead in market competition.

Some innovative R&D activities carried out and commenced commercial production during the year under report are :
 - ❖ Development of an opaque glaze with extra-ordinary whiteness has been completed for better aesthetic appeal look and then introduced in commercial production. The glaze has been named as Snow White. Cera Sanitaryware products covered with snow-white glaze has been voted as the product of the year in Sanitaryware Category for the successive second year in a row.
 - ❖ Several dark coloured glazes have been developed utilizing stains from indigenous source through import substitution and also commenced commercial production.
 - ❖ Development of a new body in which recycling of fired waste (pitcher) in the composition is increased. Thus the said development has helped in reducing solid waste as well as reduce the consumption of raw materials thereby natural resources are also conserved.
 2. Benefit derived as a result : With the introduction of new sources and import substitution of raw materials, colours etc., the cost of production has reduced significantly.
 3. Future plan of action :
 - ❖ To minimize imports through utilization of raw materials and other inputs from indigenous sources for better inventory management and cost reduction.
 - ❖ To develop various glazes matching to the international standards of quality.
 - ❖ To develop crack resistant body and matching glazes with a view to mature the products at a lower maturing temperature for energy conservation.
 4. Expenditure on R & D
 - a) Capital : ₹ 3.34 Lacs
 - b) Recurring : ₹ 65.68 Lacs
 - c) Total : ₹ 69.02 Lacs
 - d) Total R & D Expenditure as a percentage of total turnover : 0.22%
- 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 ₹ 392.43 Lacs.

Total foreign exchange used	:	₹ 4746.03 Lacs
Total foreign exchange earned	:	₹ 392.43 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, 2012.

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

Sr. No.	Name & Age (Years)	Designation/ Nature of Duties	Remuneration (₹)	Qualifications & Experience (Years)	Date of commencement of employment	Last Employment, Name of employer, Post held and period (Years)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Shri Vikram Somany (62 years)	Chairman and Managing Director	2,56,98,495	B.Sc., FCMI (U.K.) (38 years)	13.08.2002	Madhusudan Industries Limited Chairman cum Managing Director (1 year)
2	Shri Vidush Somany (31 years)	Executive Director	1,89,67,755	Bachelors Degree in Management Studies (U.S.A.) (7 years)	15.06.2004	-
3	Shri M.K.Bhandari (60 years)	Director - Technical	60,94,382	B.E (Mech.) (38 years)	13.06.1992	Willard India Limited V.P. (Operations) (3 Years)

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

NIL

Notes :

- Gross remuneration as above includes Salary, Incentives, Company's contribution to Provident 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 there under.
- Shri Vikram Somany is father of Shri Vidush Somany, Executive Director of the Company.

Annexure to the Directors' Report

Management Discussion and Analysis

Your Company's healthy growth record continues year after year only and the growth got bettered in this fiscal.

The uninterrupted growth of your Company, despite the clouds of housing construction slow down, is due to the marketing efforts and product quality. On the marketing front, your Company inducted Miss Dia Mirza, a well-known celebrity from the film fraternity, as CERA's brand ambassador. The new television commercials, print advertisements featuring Miss Dia Mirza in various media were released during the year.

Your Company also strengthened its CERA Care division with induction of technicians for taking care of its after-sales services in all key cities of the country.

Another milestone in improving the retail experience of customers is inauguration of CERA Style Studio in Mumbai in the prime western suburb Veera Desai Road in Andheri (West).

a) Industry Structure and Developments

Your Company's brand CERA, with its impeccable legacy of over three decades, continue to grow, much above the industry rate, despite the competition from peer brands-both domestic and international. Your Company's well-entrenched and loyal distribution network, nation-wide teams for quick response in sales and service, immaculate product quality, and continuous advertising and promotion of the brand through television, print, OOH and POP have helped place CERA in an enviable platform in the minds of the customers.

Your Company's brand extension to other related categories like showers, faucets, PVC cisterns, seat covers, etc. has also helped in accelerating the growth. Such brand extensions will continue in the coming years as well, which will help CERA establish eventually as a total home solutions brand and place the brand ahead of its peers.

The industry structure remains unchanged with domestic and International brands vying for space in the Indian market and for getting larger shares.

b) Opportunities and Threats

Though there was no significant drop in housing construction rate in the fiscal under review, the fears of Euro-zone cloud looming over India too is not ruled out. However, your Company is unperturbed by such prediction because of its well-established mid-segment positioning in the market. The demand in mid-segment housing is likely to be least affected by any impending slow-down and hence your Company is confident of maintaining the growth rate.

c) Outlook

Your Company's brand CERA has strong equity, loyal and dedicated network. The width of distribution network is also being increased continuously for across India to reach out to tier two towns, where there is huge potential.

In addition to this, your Company has been continuously present in television and print media and today, CERA has near top-of-mind recall amongst architects, interior designers and builders.

Your Company is also been fortifying its rapport with housing developers and influencers like architects, interior designers and plumbing consultants. This is being done through personal contacts by your Company's sales team as well as through sponsorship of get-togethers by the organizations of these personnel like CREDAI, IIA, IIID, IPA, etc.

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 Style Studios is now extended to more cities. One such CERA Style Studio was opened in Andheri West in Mumbai. Soon, another CERA Style Studio in Gurgaon will be opened.

The CERA Style Galleries opened in several cities in collaboration with CERA dealers have been a success, with many more dealers coming forward for opening such Galleries. Already 36 CERA Style Galleries are functional all over the country.

Together, the CERA Style Studios and CERA Style Galleries have been of great impact in improving the retail experience for prospective customers and institutional buyers of CERA.

d) Risks and Concerns

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

(e) Internal Control Systems and their adequacy

The Company has an 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.

CERA's manpower strength as on March 31,2012, stands at 1895.

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 and Managing Director, a Executive Director, a Director-Technical and five 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, seven Board Meetings were held-on 18.04.2011, 30.06.2011, 21.07.2011 (two meetings), 13.10.2011, 31.10.2011 and 23.01.2012.

None of the directors on the Board are members in more than ten committees and they do not act as Chairman 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. Name of Director No.	Category of Directorship	No. of Board Meetings attended	Attendance At last AGM	No. of Other directorships	No. of Other Committee Memberships
1. Shri Vikram Somany	Chairman and Managing Director	7	No	1	—
2. Shri Vidush Somany	Executive Director	7	Yes	1	—
3. Shri Sajjan Kumar Pasari	Non-Executive Director	4	No	9	—
4. Shri Shree Narayan Mohata	Non-Executive Director	4	No	2	4
5. Shri Ashok Chhajed	Non-Executive Director	2	No	—	—
6. Dr. K. N. Maiti	Non-Executive Director	3	Yes	—	—
7. Shri Govindbhai P. Patel	Non-Executive Director	3	No	—	—
8. Shri M. K. Bhandari	Director-Technical	3	Yes	—	—

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 6 (Six) directors, namely Shri Ashok Chhajed-Chairman (independent), Shri Vikram Somany, Shri Sajjan Kumar Pasari (independent), Shri Shree Narayan Mohata (independent), Shri Govindbhai P. Patel (independent) and Dr. K. N. Maiti (independent). During the year, five Audit Committee Meetings were held i.e. on 18.04.2011, 21.07.2011 (two meetings), 31.10.2011 and 23.01.2012.

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 five independent directors namely, Shri Shree Narayan Mohata-Chairman, Shri Sajjan Kumar Pasari, Shri Ashok Chhajed, Dr. K. N. Maiti and Shri Govindbhai P. Patel.

The Committee fixes the Remuneration of Whole Time Directors, which include all elements of remuneration package i.e. salary, benefits, bonus, incentives, pension, retirement benefits 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 i.e. on 18.04.2011 and on 30.06.2011.

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 ₹ 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.

6) Details of remuneration for the year ended 31.03.2012**(i) Managing Director / Whole-time Director(s)**

Name	Remuneration (₹)	Perquisites and Retirement benefits (₹)
Shri Vikram Somany Chairman and Managing Director	2,35,29,833/-	21,68,662/-
Shri Vidush Somany Executive Director	1,78,14,000/-	11,53,755/-
Shri M. K. Bhandari Director-Technical	57,66,458/-	3,27,924/-

Whole-time Directors are entitled to the performance incentives as per the performance criteria as may be decided by the Chairman and 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 may resign from the services of the Company by giving three months notice in advance. The Company has the right to terminate the services of Whole-time Director/s except Chairman and Managing Director and Executive Director 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, neither any option was granted or vested nor any Equity Share has been issued to any 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 2011-12 are as under:

Name	Commission (₹)
Shri Sajjan Kumar Pasari	1,00,000
Dr. K. N. Maiti	1,00,000
Shri Shree Narayan Mohata	1,00,000
Shri Ashok Chhajed	1,00,000
Shri Govindbhai P. Patel	1,00,000
Total	5,00,000

(iii) Shareholding of Non-Executive Directors

Name	No. of Shares held	% of total shareholding
Shri Sajjan Kumar Pasari	2,45,140	1.94
Dr. K. N. Maiti	Nil	Nil
Shri Shree Narayan Mohata	500	0
Shri Ashok Chhajed	600	0
Shri Govindbhai P. Patel	Nil	Nil

7) Compensation Committee

Board of Directors has formed compensation committee for formulation and administration of Employees Stock Option 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.

8) Share Transfer Committee

In accordance with the Listing Agreement with 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 four directors namely Shri M. K. Bhandari-Chairman, Shri Vidush Somany, Shri Govindbhai P. Patel and Dr. K. N. Maiti.

Share Transfer Agent

The Company has appointed 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 four directors namely Shri M. K. Bhandari-Chairman, Shri Vidush Somany, Dr. K. N. Maiti and Shri Govindbhai P. Patel.

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 2011-12, the Company had received 103 complaints/queries from the Shareholders.

All the complaints received from the Shareholders were resolved. There is no complaint pending as of 31.03.2012, 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 31.03.2012 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 21.07.2011.

10) General Body Meetings

The last three Annual General Meetings were held as under:

Financial Year ended	Date	Time	Venue
31.03.2011	06.09.2011	11.30 a.m.	9, GIDC Industrial Estate Kadi-382 715, Dist. Mehsana.
31.03.2010	23.08.2010	10.30 a.m.	9, GIDC Industrial Estate Kadi-382 715, Dist. Mehsana.
31.03.2009	16.09.2009	11.30 a.m.	9, GIDC Industrial Estate Kadi-382 715, Dist. Mehsana.

No resolution is required to be passed during current year and up to the date of Annual General Meeting through postal ballot.

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.
- In terms of clause 5A of the Listing Agreement, the company has issued notices to the Shareholders for the shares issued in physical form in past, which remained unclaimed. The details of the same were as under:

	Number of share holders	Number of equity shares
Aggregate number of shareholders and shares outstanding as on April 1, 2011.	548	98,841
Number of shareholders who approached the Company for shares during the year.	37	5,555
Number of shareholders to whom shares were issued during the year.	37	5,555
Aggregate number of shareholders and shares outstanding as on March 31, 2012.	511	93,286

The voting rights on unclaimed shares will remain frozen till the rightful owner claims such shares.

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. Economic Times/Jai Hind/ Divya Bhaskar/ Loksatta/Financial Express. 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 BSE 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 our website www.cera-india.com.

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

Date and Time : 12th September, 2012: 11.30 a.m.
Venue : 9, GIDC Industrial Estate, Kadi – 382 715, Dist. Mehsana.

2. Financial Calendar 2012-13 (tentative) :

Annual General Meeting 3rd/4th week of September, 2013

Results for quarter ending By 15th day of

June 30, 2012 August, 2012
September 30, 2012 November, 2012
December 31, 2012 February, 2013
March 31, 2013 (Unaudited) May, 2013

or
March 31, 2013 (Audited) By 30th May, 2013

3. Book Closure date

27th August, 2012 to
07th September, 2012.
(both days inclusive)

4. Dividend Payment

- Dividend for the year ended 31.03.2012 will be paid to the members whose names will appear in the register of members of the Company, on 07.09.2012 after giving effect to all valid transfer of shares in physical form lodged with the Company on or before 26th August, 2012 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 26th August, 2012.
- Dividend will be paid within 30 days from the date of approval by the members at the Annual General Meeting either by posting of dividend warrants or by direct credit in to the members' bank accounts.

5. Listing on Stock Exchanges

The Company's shares are listed at BSE Limited and National Stock Exchange of India Limited. The company has paid listing fees for the year 2011-12 and 2012-13 to the Stock Exchanges.

Stock Code: Trading Symbol-BSE Limited:

Scrip Code : 532443 Scrip ID : CERASAN.

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

6. Share Transfer

Entire Share Transfer and dematerialisation/rematerialisation job 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.

7. Share price at BSE and NSE

Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2011	206.00	157.50	205.90	157.05
May 2011	200.00	179.00	203.00	180.10
June 2011	231.75	190.00	232.80	186.25
July 2011	245.75	208.20	245.70	207.00
August 2011	231.45	188.50	232.00	185.00
September 2011	221.00	186.05	222.00	185.15
October 2011	213.95	187.00	210.00	186.00
November 2011	208.00	168.00	206.90	168.00
December 2011	198.95	158.00	189.50	159.00
January 2012	195.05	166.00	195.00	166.35
February 2012	222.00	180.00	223.90	176.10
March 2012	240.00	207.00	240.05	211.00

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.

15) Distribution of Shareholding as on 31.03.2012

Shares	No. of Shareholders	Total No. of Shares
1 – 500	6471	1088389
501 – 1000	381	293212
1001 – 2000	175	267883
2001 – 3000	66	169227
3001 – 4000	42	157847
4001 – 5000	25	115684
5001 – 10,000	41	315902
10,001 – 50,000	36	961810
50,001 – 1,00,000	16	1286243
1,00,001 And above	13	7998677
Total	7266	12654874

16) Pattern of Shareholding as on 31.03.2012

Sr. No.	Category	No. of Shares	(%)
1.	NRIs	152352	1.20
2.	FII's	306988	2.43
3.	Financial Institutions/Banks	5600	0.04
4.	Mutual Funds	500	0.00
5.	Promoters	7005680	55.36
6.	Bodies Corporate	574884	4.54
7.	Indian Public	4608870	36.43
Total		12654874	100.00

17) Dematerialisation of Shares as on 31.03.2012

As on 31.03.2012, 94.87% of the Company's total shares representing 1,20,06,344 Shares were held in dematerialized form and the balance 5.13% representing 6,48,530 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:

- Sanitaryware and Faucetware Plants :
9, GIDC Industrial Estate, Kadi – 382 715, Dist. Mehsana, Gujarat.
- Wind Farms :
1. Village Patelka & Lamba, Taluka Kalyanpur, District Jamnagar, Gujarat.
2. Village & Taluka Kalyanpur, District Jamnagar, Gujarat.
3. Village Kadoli, Taluka Abdasa, District Kutch, 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 or Marketing/Ahmedabad Office at "Madhusudan House", Opp. Navrangpura Telephone Exchange, Ahmedabad - 380 006 or to the Registrar and Share Transfer Agent, 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 2012, 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.

For and on Behalf of
H. V. Vasa & Co.
Firm Reg. No. 131054W
Chartered Accountants
Tushar H. Vasa
Proprietor
Membership No. 16831

Ahmedabad
11th July 2012

Auditors' Report to the Members

We have audited the attached Balance Sheet of **CERA SANITARYWARE LIMITED**, as at 31st March 2012 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 2012 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 2012, prima-facie disqualified from being appointed as a 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 to the Financial Statements, 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, 2012, 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.
 Firm Reg. No. 131054W
 Chartered Accountants
Tushar H. Vasa
 Proprietor
 Membership No. 16831

Ahmedabad
 11th July 2012

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 reasonable 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 had 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 was ₹ 5.50 lacs and at year end ₹ Nil.
 - (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 amounts outstanding at the year end.
 - b. The Company had taken loans aggregating to ₹19 lacs from the companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount during the year was ₹ 28 lacs and the year end balance of loans taken from such companies was ₹ 27.35 lacs.
 - 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 ₹ 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. We have broadly reviewed the books of account maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, related to the maintenance of manufacture of certain products, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
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, 2012 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	Penalty	7.61	2004-05	Income-tax Appellate Tribunal
2	Income-tax Act, 1961	Penalty	11.35	2006-07	Commissioner of Income-tax (Appeals)
3	Income-tax Act, 1961	Income-tax	16.82	2008-09	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.

For and on Behalf of
H. V. Vasa & Co.
 Firm Reg. No. 131054W
 Chartered Accountants
Tushar H. Vasa
 Proprietor
 Membership No. 16831

Ahmedabad
 11th July, 2012

Balance Sheet as at 31st March, 2012

Particulars	Note	As at	As at
		31st March, 2012 ₹	31st March, 2011 ₹
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital	1	6,32,74,370	6,32,74,370
(b) Reserves and Surplus	2	1,32,85,34,563	1,05,22,95,221
		1,39,18,08,933	1,11,55,69,591
2. Non - current Liabilities			
(a) Long-term Borrowings	3	11,62,16,659	9,36,84,779
(b) Deferred Tax Liabilities (Net)	4	13,61,82,493	13,85,39,540
(c) Other Long-term Liabilities	5	5,55,06,779	4,66,44,175
(d) Long-term Provisions	6	16,67,52,536	14,39,22,257
		47,46,58,467	42,27,90,751
3. Current Liabilities			
(a) Short-term Borrowings	7	29,59,53,373	22,59,65,800
(b) Trade Payables	8	18,95,59,574	13,46,45,213
(c) Other Current Liabilities	9	48,99,29,537	40,48,45,319
(d) Short-term Provisions	10	10,40,61,489	8,33,85,305
		1,07,95,03,973	84,88,41,637
Total		2,94,59,71,373	2,38,72,01,979
II ASSETS			
1. Non-current Assets			
(a) Fixed Assets			
(i) Tangible Assets	11	90,26,01,941	78,33,15,637
(ii) Intangible Assets	11	-	-
(iii) Capital Work-in-progress	11	10,94,69,608	6,11,71,400
(iv) Intangible Assets under development	11	-	-
(b) Non-current Investments	12	13,000	13,000
(c) Long-term Loans and Advances	13	15,16,64,999	14,92,70,923
		1,16,37,49,548	99,37,70,960
2. Current Assets			
(a) Current Investments	14	1,09,31,385	7,77,10,861
(b) Inventories	15	91,75,42,022	50,03,27,275
(c) Trade Receivables	16	45,45,46,955	38,78,88,596
(d) Cash and Cash equivalents	17	31,29,51,078	36,19,92,272
(e) Short-term Loans and Advances	18	7,93,01,476	5,82,01,280
(f) Other Current Assets	19	69,48,909	73,10,735
		1,78,22,21,825	1,39,34,31,019
Total		2,94,59,71,373	2,38,72,01,979

Significant Accounting Policies

Notes to Accounts on Financial Statements

29 to 42

As per our report of even date attached

For and on behalf of

H. V. Vasa & Co.

Firm Registration No. : 131054W

Chartered Accountants

Tushar H. Vasa

Proprietor

Membership No. 16831

Ahmedabad

11th July, 2012

Rajesh B. Shah

C F O

C O O (Finance & FW Works)

Narendra N. Patel

President & Company Secretary

Vikram Somany

Chairman and Managing Director

Vidush Somany

Executive Director

Dr. K. N. Maiti

Director

Govindbhai P. Patel

Director

M. K. Bhandari

Director-Technical

Ahmedabad

11th July, 2012

Statement of Profit and Loss Account for the year ended 31st March, 2012

Particulars	Note	2011-12 ₹	2010-11 ₹
I Revenue from operations	20	3,19,38,97,405	2,42,95,12,315
II Other Income	21	6,84,68,987	5,06,53,092
III Total Revenue (I + II)		3,26,23,66,392	2,48,01,65,407
IV Expenses :			
Cost of Materials Consumed	22	40,02,06,300	21,80,04,239
Purchases	23	1,14,20,82,384	75,05,87,589
Changes in inventories of Finished Goods, Work-in-progress and Stock-in-Trade	24	(34,99,70,990)	(10,42,18,912)
Employee Benefits Expenses	25	43,13,32,214	32,29,60,754
Finance Costs	26	4,00,57,651	2,84,44,629
Depreciation and Amortization Expenses		7,70,51,581	6,53,03,054
Other Expenses	27	1,03,65,98,970	78,38,69,128
Total Expenses		2,77,73,58,110	2,06,49,50,481
V Profit before exceptional and extraordinary items and tax (III-IV)		48,50,08,282	41,52,14,926
VI Exceptional Items		-	-
VII Profit before extraordinary items and tax (V-VI)		48,50,08,282	41,52,14,926
VIII Extraordinary items		-	-
IX Profit before tax (VII-VIII)		48,50,08,282	41,52,14,926
X Tax expense:			
(1) Current tax		16,70,00,000	14,32,02,700
(2) Deferred tax		(23,57,047)	66,04,052
		16,46,42,953	14,98,06,752
XI Profit for the period (IX-X)		32,03,65,329	26,54,08,174
XII Earnings per equity share of face value of ₹ 5/- each	28		
(1) Basic		25.32	21.02
(2) Diluted		25.32	21.02

Significant Accounting Policies

Notes to Accounts on Financial Statements

29 to 42

As per our report of even date attached

For and on behalf of

H. V. Vasa & Co.

Firm Registration No. : 131054W

Chartered Accountants

Tushar H. Vasa

Proprietor

Membership No. 16831

Ahmedabad

11th July, 2012

Rajesh B. Shah

C F O

C O O (Finance & FW Works)

Narendra N. Patel

President & Company Secretary

Vikram Somany

Chairman and Managing Director

Vidush Somany

Executive Director

Dr. K. N. Maiti

Director

Govindbhai P. Patel

Director

M. K. Bhandari

Director-Technical

Ahmedabad

11th July, 2012

Cash Flow Statement for the year ended 31st March, 2012

	Year ended March 31, 2012		Year ended March 31, 2011	
	₹	₹	₹	₹
A. Cash flow from operating activities				
Profit before tax		48,50,08,282		41,52,14,926
Interest received	(2,45,92,779)		(1,81,46,347)	
Dividend received	(7,22,472)		(9,99,043)	
Foreign Exchange Variation (Income)/Loss	(22,37,848)		19,42,871	
Loss on Sale of Investments	-		-	
Amortisation of Lease hold Land	59,870		59,870	
(Profit)/Loss on Sale of Fixed Assets (Net)	(9,30,233)		1,42,31,474	
Employee Stock Options written back	(2,554)		(5,12,795)	
		<u>(2,84,26,016)</u>		<u>(34,23,970)</u>
Net profit before tax & Extra-ordinary items		45,65,82,266		41,17,90,956
Adjusted for				
Depreciation	7,70,51,581		6,53,03,054	
Foreign Exchange	22,37,848		(19,42,871)	
Interest Charged	3,85,85,851		2,71,85,796	
		<u>11,78,75,280</u>		<u>9,05,45,979</u>
Operating profit before working capital changes		57,44,57,546		50,23,36,935
Adjusted for				
Trade Receivable	(7,94,95,866)		(8,98,48,594)	
Inventories	(41,72,14,747)		(13,66,95,833)	
Trade Payable	16,21,83,461		14,54,42,596	
Other Current Assets	3,61,826		42,47,219	
		<u>(33,41,65,326)</u>		<u>(7,68,54,612)</u>
Cash generated from operations		24,02,92,220		42,54,82,323
Interest paid	(3,85,85,851)		(2,71,85,796)	
Direct taxes paid	(15,48,26,486)		(13,03,90,327)	
Cash flow before extra-ordinary items		4,68,79,883		26,79,06,200
Extra ordinary Items		-		-
Net cash from operating activities Total (A)		<u>4,68,79,883</u>		<u>26,79,06,200</u>
B. Cash flow from Investing activities				
Purchase of fixed assets	(24,59,88,089)		(22,01,13,749)	
Proceeds from sale of fixed assets	22,22,359		36,08,104	
Current Investments	6,67,79,476		(7,77,11,111)	
Interest received	2,45,92,779		1,81,46,347	
Dividend received	7,22,472		9,99,043	
Net cash used in investing activities Total (B)		<u>(15,16,71,003)</u>		<u>(27,50,71,366)</u>
C. Cash flow from financing activities				
Proceeds from issue of share capital	-		22,94,515	
Proceeds from borrowings/Repayment of Loan	9,25,19,453		4,75,20,857	
Dividend paid	(3,67,69,527)		(1,83,96,943)	
Net cash used in financing activities Total (C)		<u>5,57,49,926</u>		<u>3,14,18,429</u>
Net changes in cash & cash equivalents (A+B+C)		<u>(4,90,41,194)</u>		<u>2,42,53,263</u>
Cash & cash equivalent-Opening Balance		36,19,92,272		33,77,39,009
Cash & cash equivalent-Closing Balance		<u>31,29,51,078</u>		<u>36,19,92,272</u>

Rajesh B. Shah - C F O
C O O (Finance & FW Works)
Narendra N. Patel - President & Company Secretary
Ahmedabad
11th July, 2012

Vikram Somany
Vidush Somany
Dr. K. N. Maiti
Govindbhai P. Patel
M. K. Bhandari
Chairman and Managing Director
Executive Director
Director
Director
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, 2012 and March 31, 2011 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
For and on Behalf of
H. V. Vasa & Co.
Firm Reg. No. 131054W
Chartered Accountants
Tushar H. Vasa
Proprietor
Membership No. 16831

Ahmedabad
11th July, 2012

Notes 1 to 42 annexed to and forming part of the Accounts as at 31st March, 2012

	As at 31st March, 2012 ₹	As at 31st March, 2011 ₹
1. Share Capital		
A Authorised, Issued, Subscribed & Paid up Share Capital		
Authorised		
2,00,00,000 (2,00,00,000) Equity shares of ₹ 5/- each	10,00,00,000	10,00,00,000
Total	10,00,00,000	10,00,00,000
Issued, Subscribed & Paid Up		
1,26,54,874 (1,26,54,874) Equity shares of ₹ 5/- each fully paid up	6,32,74,370	6,32,74,370
Total	6,32,74,370	6,32,74,370
Terms / rights attached to equity shares :		
The company has only one class of Equity Shares having a par value of ₹ 5/- per share. Each holder of Equity Shares is entitled to one vote per share and each equity share carries an equal right to dividend.		
B Issue of Bonus Shares		
	As at 31st March, 2012 No of Shares	As at 31st March, 2011 No of Shares
Equity Shares allotted as fully paid by way of Bonus Shares	63,27,437	63,27,437
During the year ended March 31, 2011 company had issued Shares 63,27,437 number of equity shares of ₹ 5/- each by way of fully paid up bonus shares by capitalisation from Securities Premium.		
C Reconciliation of the number of Equity Shares outstanding is set out below :		
Particulars		
Shares at the beginning of the year	1,26,54,874	62,89,822
Add : Shares issued as fully paid Bonus Shares	-	63,27,437
Add : Shares issued on exercise of Employee Stock Options	-	37,615
Equity Shares at the end of the year	1,26,54,874	1,26,54,874
D Details of shareholders holding more than 5% of the aggregate shares :		
	As at 31st March, 2012	
Name of Shareholder	No. of Shares held	% of Holding
Vikram Investment Co. Ltd	29,00,275 (29,00,275)	22.92 (22.92)
Shri Vidush Somany	13,75,020 (13,66,520)	10.87 (10.80)
Shri Vikram Somany	9,88,453 (9,62,953)	7.81 (7.61)
E Share options granted under the Employee Stock Option Scheme		
	As at 31st March, 2012 No of Options	As at 31st March, 2011 No of Options
Outstanding at the beginning of the year	32	44,074
Granted during the year	-	-
Lapsed during the year	32	6,427
Excercised During the year	-	37,615
Outstanding at the end of the year	-	32
Exercise Price (₹)	61	61
# Vested Options were excercisable till 09.07.2011		

	As at 31st March, 2012 ₹	As at 31st March, 2011 ₹
2. Reserves & Surplus		
a. Securities Premium Reserve		
As per last Balance Sheet	10,53,12,106	13,18,41,174
Add : Share premium received/transferred during the year	-	51,08,117
Less : Capitalised by issue of Bonus Shares	-	(3,16,37,185)
Balance at the end of the year	<u>10,53,12,106</u>	<u>10,53,12,106</u>
b. Employees Stock Options Outstanding		
As per last Balance Sheet	2,554	35,17,026
Add : Fresh grants of options	-	-
Less : Transfer to employee compensation/option lapsed	(2,554)	(35,14,472)
Balance at the end of the year	<u>-</u>	<u>2,554</u>
c. General Reserve		
As per last Balance Sheet	83,69,80,561	62,83,41,914
Add : Transferred from Profit & Loss Account	24,62,41,896	20,86,38,647
Balance at the end of the year	<u>1,08,32,22,457</u>	<u>83,69,80,561</u>
d. Profit & Loss Account		
As per last Balance Sheet	11,00,00,000	9,00,00,000
Add : Net Profit for the year	32,03,65,329	26,54,08,174
Less : Appropriations :		
- Proposed Dividend	(3,79,64,622)	(3,16,37,185)
- Tax on Proposed Dividend	(61,58,811)	(51,32,342)
- Transfer to General reserve	(24,62,41,896)	(20,86,38,647)
Balance at the end of the year	<u>14,00,00,000</u>	<u>11,00,00,000</u>
Total	<u><u>1,32,85,34,563</u></u>	<u><u>1,05,22,95,221</u></u>
3. Long Term Borrowings		
Secured :		
Term Loans from Banks : (Refer note no-9(a))		
(i) From Yes Bank	4,79,16,659	7,29,16,655
(Secured by mortgage of Display Centres at Ahmedabad & Mumbai), repayable in 48 monthly installments, from March 2011 to February 2015.		
(ii) From State Bank of India	6,83,00,000	-
(Secured by mortgage of Fixed Assets situated at 9,GIDC Industrial Estate, Residential Colony at Kadi, pari passu with ICICI Bank, and charge by hypothecation of movable assets and windmills), repayable in 20 quarterly installments, from November, 2012 to February, 2018.		
(iii) From ICICI Bank	-	2,07,68,124
(Secured by mortgage of Fixed Assets situated at 9,GIDC Industrial Estate, Residential Colony at Kadi, pari passu with State Bank of India, and hypothecation of its movable assets), repayable in 8 half yearly installments, from April, 2008 to April, 2012.		
Total	<u><u>11,62,16,659</u></u>	<u><u>9,36,84,779</u></u>
4. Deferred Tax Liability (Net)		
Deferred Tax Liabilities on account of :		
Depreciation	14,43,98,849	13,96,92,695
Deferred Expenses	57,558	(10,68,819)
	<u>14,44,56,407</u>	<u>13,86,23,876</u>
Less : Deferred Tax Assets on account of :		
Expenses allowable on payment basis	(82,73,914)	(84,336)
Total	<u><u>13,61,82,493</u></u>	<u><u>13,85,39,540</u></u>
5. Other Long Term Liabilities		
Deposits by Dealers	4,60,88,321	3,72,96,372
Other liabilities	94,18,458	93,47,803
Total	<u><u>5,55,06,779</u></u>	<u><u>4,66,44,175</u></u>

	As at 31st March, 2012 ₹	As at 31st March, 2011 ₹
6. Long Term Provisions		
Provision for Taxation (including for earlier years)	16,67,52,536	14,39,22,257
Total	16,67,52,536	14,39,22,257
7. Short Term Borrowings		
Secured :		
(a) Working Capital Loan from Bank	29,59,19,373	21,35,92,823
From State Bank of India (Secured by hypothecation of Goods, Book-Debts, Movable assets, Windmills and mortgage of Fixed Assets situated at 9 GIDC Industrial Estate, Kadi).		
(b) Term Loan from Banks	-	1,10,57,977
From State Bank of India (Secured by mortgage of Fixed Assets situated at 9, GIDC Industrial Estate, Residential Colony at Kadi, pari passu with ICICI Bank, and charge by hypothecation of movable assets and windmills), repayable in 20 quarterly installments, from March, 2007 to September, 2011.		
	29,59,19,373	22,46,50,800
Unsecured :		
Deposits	34,000	13,15,000
Total	29,59,53,373	22,59,65,800
8. Trade Payable		
Due to Micro, Small & Medium Enterprises	11,19,06,471	7,69,03,835
Others	7,76,53,103	5,77,41,378
Total	18,95,59,574	13,46,45,213
9. Other Current Liabilities		
(a) Current maturities of long term debt (Refer note No - 3)	6,37,68,121	5,81,42,809
(b) Current maturities of finance lease obligations	-	7,35,534
(c) Interest accrued but not due on Deposits	31,026	2,27,935
(d) Unclaimed dividend	22,93,119	17,52,384
(e) Unpaid matured deposits and interest accrued thereon	3,72,102	3,96,007
(f) Other payables*	42,34,65,169	34,35,90,650
Total	48,99,29,537	40,48,45,319
* Includes statutory dues, Advance received from customers, amount payable to Employees.		
10. Short Term Provisions		
(a) Provision for employees' benefits	5,99,38,056	4,66,15,778
(b) Others		
- Proposed Dividend	3,79,64,622	3,16,37,185
- Tax on Dividend	61,58,811	51,32,342
Total	10,40,61,489	8,33,85,305

11. Fixed Assets

Description	Gross Block				Depreciation / Amortisation			Net Block		
	As at 1st April 2011 ₹	Additions / Adjustments ₹	Deductions / Adjustments ₹	Balance as at 31st March 2012 ₹	As at 1st April 2011 ₹	For the year ₹	Deductions / Adjustments ₹	Upto 31st March 2012 ₹	As at 31 March 2012 ₹	As at 31 March 2011 ₹
a TANGIBLE ASSETS :										
Owned Assets :										
Leasehold Land	14,65,904	-	59,870	14,06,034	-	-	-	-	14,06,034	14,65,904
Freehold Land	45,65,127	-	-	45,65,127	-	-	-	-	45,65,127	45,65,127
Buildings	22,53,80,947	11,12,45,617	6,71,677	33,59,54,887	7,02,21,918	1,68,51,879	4,39,220	8,66,34,577	24,93,20,310	15,51,59,029
Plant & Machinery	80,67,37,138	6,49,34,110	6,06,208	87,10,65,040	23,51,78,477	4,43,51,113	3,24,876	27,92,04,714	59,18,60,326	57,15,58,661
Furniture & Fixtures	5,82,39,460	1,38,63,692	15,16,535	7,05,86,617	2,91,73,965	97,70,432	12,44,165	3,77,00,232	3,28,86,385	2,90,65,495
Vehicles	3,17,44,768	76,46,462	18,54,222	3,75,37,008	1,18,36,640	56,65,653	13,48,255	1,61,54,038	2,13,82,970	1,99,08,128
Sub -Total (a)	1,12,81,33,344	19,76,89,881	47,08,512	1,32,11,14,713	34,64,11,000	7,66,39,077	33,56,516	41,96,93,561	90,14,21,152	78,17,22,344
b LEASED ASSETS :										
Vehicles	29,32,159	-	-	29,32,159	13,38,866	4,12,504	-	17,51,370	11,80,789	15,93,293
Sub -Total (b)	29,32,159	-	-	29,32,159	13,38,866	4,12,504	-	17,51,370	11,80,789	15,93,293
Total (a + b)	1,13,10,65,503	19,76,89,881	47,08,512	1,32,40,46,872	34,77,49,866	7,70,51,581	33,56,516	42,14,44,931	90,26,01,941	78,33,15,637
Previous Year	98,82,42,823	18,05,15,021	3,76,92,341	1,13,10,65,503	30,22,39,705	6,53,03,054	1,97,92,893	34,77,49,866	78,33,15,637	-
c CAPITAL WORK - IN - PROGRESS									10,94,69,607	6,11,71,400

Note : Buildings include a cost of shares in Co-operative Housing Societies ₹ 500/- (Previous Year ₹ 500/-)

	As at 31st March, 2012 ₹	As at 31st March, 2011 ₹
12. Non Current Investments (Unquoted)		
Government securities (Deposited with Government Departments)		
National Savings Certificates	13,000	13,000
Total	13,000	13,000
13. Long Term Loans and Advances		
a. Capital Advances		
Unsecured-considered good	2,28,10,921	3,22,70,000
b. Security Deposits		
Unsecured-considered good	1,52,47,835	1,40,51,445
c. Advance Income Tax (including for earlier years)	11,36,06,243	10,29,49,478
Total	15,16,64,999	14,92,70,923
14. Current Investments (Unquoted-Non Trade)		
Investments in Mutual Funds (in Units)		
# 2890670.9193 SBI Magnum Insta Cash Fund-Growth Option	-	6,27,10,861
# 542603.9490 Reliance Monthly Income Plan-Mthly Div. Plan	-	60,00,000
# 310788.2370 HDFC Mutual Fund Mthly Income Plan-Long Term-Mthly Div.	-	40,00,000
# 500000.0000 UTI Fixed Term Income Fund Series VIII-VI(366 D)-Div.Payout	-	50,00,000
# 2608.9780 Templeton India Short Term Income Retail plan-Mthly Div.	29,98,759	-
# 49472.9300 IDFC SSIF-Short Term-Mthly Div.	4,98,944	-
# 217021.4240 Birla Sun Life Dynamic Bond Fund Ret. Qtly. Div.-Payout	25,00,000	-
# 150375.7480 Kotak Gold Fund-Growth	20,00,000	-
# 188679.2450 Kotak Multi Asset Allocation Fund-Growth	20,00,000	-
# 88121.2550 Canara Robeco Indigo Qtly. Div. Fund	10,00,000	-
	1,09,97,703	7,77,10,861
Less : Provision for diminution in the value of Investments	66,318	-
Total	1,09,31,385	7,77,10,861
15. Inventories		
a. Raw Materials and components	10,41,43,622	5,64,82,713
b. Work-in-progress	2,79,77,000	1,58,66,456
c. Finished goods	70,91,96,467	37,13,36,021
d. Stores and spares	7,62,24,933	5,66,42,085
Total	91,75,42,022	50,03,27,275
16. Trade Receivables (Unsecured-Considered Good)		
Outstanding over six months	3,78,26,321	2,48,18,432
Others	41,67,20,634	36,30,70,164
Total	45,45,46,955	38,78,88,596
17. Cash and Cash equivalents		
Cash on hand	4,84,017	6,46,793
Balances with banks	5,64,37,480	7,52,49,019
Unclaimed Dividend Bank Accounts	22,93,119	17,52,384
Balances with banks held as margin money	1,06,24,497	1,00,68,968
Fixed Deposits with Bank*	24,31,11,965	27,42,75,108
Total	31,29,51,078	36,19,92,272
*Includes Bank deposits maturing after 12 months	9,25,000	10,000
18. Short-term loans and advances (Unsecured-Considered Good)		
Balances with Customs and Central Excise Authorities	1,80,69,455	1,40,71,297
Others*	6,12,32,021	4,41,29,983
Total	7,93,01,476	5,82,01,280
* Includes advances to sundry creditors, employees and tax credit available.		
19. Other current assets		
Interest accrued and receivable	66,26,709	69,07,985
Miscellaneous Expenditure (Not written off)	3,22,200	4,02,750
Total	69,48,909	73,10,735

	2011-12 ₹	2010-11 ₹
20. Revenue from Operations		
Sale of products	3,35,71,31,722	2,55,55,10,192
Less : Excise duty	16,32,34,317	12,59,97,877
Total	3,19,38,97,405	2,42,95,12,315
<u>Particulars of Sale of Products</u>		
Vitreous China Sanitaryware, Faucetware, Fittings & Allied products	3,35,49,03,761	2,55,10,92,260
Others	22,27,961	44,17,932
Total	3,35,71,31,722	2,55,55,10,192
21. Other Income		
Interest Income	2,45,92,779	1,81,46,347
Dividend Income	7,22,472	9,99,043
Net gain on sale of Investments	18,47,326	2,10,861
Net gain on sale of Fixed Assets	9,30,233	-
Export Incentive	1,44,132	5,50,855
Claims Received	2,06,60,522	1,37,30,043
Miscellaneous Income	67,50,924	37,56,640
Items pertaining to Previous year unspent liabilities & provisions no longer required written back (net)	1,28,20,599	1,32,59,303
Total	6,84,68,987	5,06,53,092
22. Cost of Materials Consumed		
Opening Stock	5,64,82,713	3,66,73,786
Add : Purchases (Net of Transfers)	44,78,67,209	23,78,13,166
	50,43,49,922	27,44,86,952
Less : Closing Stock	10,41,43,622	5,64,82,713
Total	40,02,06,300	21,80,04,239
<u>Particulars of Cost of Materials Consumed</u>		
Sand, Sandstone, Clays & Chemicals	22,54,82,518	16,47,48,670
Accessories & Fittings	1,38,59,669	1,57,42,235
Brass ingots and components	16,08,64,113	3,75,13,334
Total	40,02,06,300	21,80,04,239
23. Purchases		
Purchases	1,14,20,82,384	75,05,87,589
Total	1,14,20,82,384	75,05,87,589
<u>Particulars of Purchase of Products</u>		
Vitreous China Sanitaryware, Faucetware, Fittings & Allied products	1,14,20,82,384	75,05,87,589
24. (Increase) / Decrease in Finished Goods and Work-in-Progress		
Stock at Commencement		
Finished Goods	37,13,36,021	27,71,91,371
Work-in-Progress	1,58,66,456	57,92,194
	38,72,02,477	28,29,83,565
Stock at Close		
Finished Goods	70,91,96,467	37,13,36,021
Work-in-Progress	2,79,77,000	1,58,66,456
	73,71,73,467	38,72,02,477
Total	(34,99,70,990)	(10,42,18,912)
25. Employees Benefit Expenses		
Salaries, Wages and Bonus	38,49,15,507	28,89,86,736
Employee Stock option scheme	(2,554)	(5,12,795)
Contributions to Provident and other Funds	3,13,75,830	2,36,34,096
Staff and Labour Welfare Expenses	1,50,43,431	1,08,52,717
Total	43,13,32,214	32,29,60,754

	2011-12 ₹	2010-11 ₹
26. Finance Costs		
Interest on term loans	1,19,92,422	1,26,23,167
Interest others	2,65,93,429	1,45,62,629
Other borrowing costs	14,71,800	12,58,833
Total	4,00,57,651	2,84,44,629
27. Other Expenses		
Stores, spares, chemicals and packing materials consumed	16,32,84,826	12,92,00,425
Excise Duty (Net of Opening Provision)	1,29,23,591	74,21,515
Rent	2,33,43,965	1,96,27,314
Power and Fuel consumed	15,71,72,989	12,29,76,932
Repairs - Plant and Machinery	1,12,27,857	97,90,730
Repairs - Building	20,67,623	19,76,805
Repairs - Others	98,32,400	72,34,507
Insurance	51,82,202	47,56,026
Rates and Taxes	23,12,645	7,04,114
Freight and Forwarding expenses (Net)	18,16,27,821	13,30,44,634
Brokerage, commission and discounts on Sales	19,30,47,260	13,18,53,703
Publicity & Advertisement Expenses	14,53,92,993	9,78,22,336
Research & Development Expenses	65,68,033	51,73,363
Bad Debts/Amount written off	27,02,813	33,89,555
Miscellaneous Expenses	11,31,63,384	8,50,90,695
Loss on Sale/Discard of Fixed Assets (Net)	-	1,42,31,474
Provision for diminution in the value of Investments	66,318	-
Donation	61,82,250	90,75,000
Director's Commission	5,00,000	5,00,000
Total	1,03,65,98,970	78,38,69,128
28. Basic & Diluted EPS	2011-12	2010-11
Basic Earning per share		
Profit attributable to the shareholders	A ₹ 32,03,65,329	₹ 26,54,08,174
Weighted average number of Equity shares outstanding during the year	B 1,26,54,874	1,26,25,194
Nominal Value of Equity share	₹ 5.00	₹ 5.00
Basic Earning per share (F.V. ₹ 5/- per share)	A/B ₹ 25.32	₹ 21.02
Diluted Earning per share		
Profit attributable to the shareholders	A ₹ 32,03,65,329	₹ 26,54,08,174
Weighted average number of Equity shares outstanding during the year	B 1,26,54,874	1,26,25,231
Nominal Value of Equity share	₹ 5.00	₹ 5.00
Diluted Earning per share (F.V. ₹ 5/- per share)	A/B ₹ 25.32	₹ 21.02
Number of shares for Basic & Dilutive EPS		
Weighted average no. of Equity shares outstg. during the year for Basic EPS	1,26,54,874	1,26,25,194
Add :Dilutive potential Equity shares	-	37
Weighted average no. of Equity shares outstg. during the year for Dilutive EPS	1,26,54,874	1,26,25,231
29. Payments to the Auditors	2011-12 (₹)	2010-11 (₹)
a. Audit fees	1,80,000	1,80,000
b. Taxation matters	2,26,000	1,37,500
c. Other services	39,500	1,09,500
d. Reimbursement of expenses	33,003	28,368
Total	4,78,503	4,55,368

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

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

The Name of the Company has been subsequently 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.

31. Value of Imports on C.I.F Basis

	2011-12 (₹)	2010-11 (₹)
1. Raw Materials and Chemicals	1,12,70,715	47,51,395
2. Stores and Spare Parts & Fittings	1,02,09,857	32,09,420
3. Capital Goods	71,88,467	80,65,299
4. Vitreous China Sanitaryware, Faucetware, Fittings & Allied products	43,64,25,318	25,32,06,696
Total	46,50,94,357	26,92,32,810

32. Value of Raw Materials, Stores & Spare Parts Consumed

	Raw Materials	
	₹	%
1. Imported	99,91,308 (4,29,77,307)	2.50% (19.71%)
2. Indigenous	39,02,14,992 (17,50,26,932)	97.50% (80.29%)
	Stores & Spare Parts	
	₹	%
1. Imported	44,40,913 (22,32,995)	8.18% (5.58%)
2. Indigenous	4,98,29,175 (3,77,71,252)	91.82% (94.42%)

33. Expenditure in Foreign Currencies on account of

	2011-12 (₹)	2010-11 (₹)
1. Travelling	46,29,498	34,00,446
2. Export Commission	8,95,685	8,35,330
3. Interest/Bank Charges	2,58,269	15,10,212
4. Technical Support Service & Professional fees	22,18,865	15,22,629
5. Others	15,07,069	1,31,592

34. Earnings in Foreign Exchange

	2011-12 (₹)	2010-11 (₹)
Exports of Goods on F.O.B Basis	3,92,42,513	2,95,62,914

35. Disclosures required under the Micro, Small and Medium enterprises Development Act, 2006 for year ended March 31, 2012

Particulars	As at 31-03-2012 Principal ₹	As at 31-03-2011 Principal ₹
	Unpaid Principal and Interest thereon as at March 31, 2012	11,19,06,471
Delayed payments due as at March 31, 2012	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

36. Contingent liability in respect of :

	As at 31-03-2012 ₹	As at 31-03-2011 ₹
a. Claims against the Company not acknowledged as debts (Net of Payments).	35,68,274	1,13,52,708
b. Estimated amount of contracts remaining to be executed on capital account not provided for (Net of advance).	8,65,92,646	38,51,330
c. Letters of Credit opened and guarantees given by the Bank in favour of Parties and Government Authorities.	7,27,09,618	2,63,10,744

37. As notified by Ministry of Corporate Affairs, revised Schedule VI under the Companies Act, 1956 is applicable to the financial statements for the financial year commencing on or after 1st April, 2011. Accordingly, the financial statements for the period ended 31st March, 2012 are prepared in accordance with the revised Schedule VI. The amounts and disclosures included in the financial statements of the previous year have been reclassified to conform to the requirements of revised Schedule VI. Figures in brackets relate to previous year.

38. The company has continuous practice to obtain balance confirmations from various parties. Due adjustments on reconciliation will be made on receipt thereof, if necessary.

39. Pursuant to notification dt. 31st March, 2009 (Further amended by Notification dt. 29th December, 2011) issued by the Ministry of Corporate Affairs, the company had exercised the option available under the newly inserted Paragraph 46A (1) to the AS-11. The effect of changes in foreign exchange rates is to add/deduct the foreign exchange fluctuation to the cost of capital assets.

Accordingly, the net foreign exchange fluctuation loss amounting to ₹ 0.53 Cr. ((P Y Gain amounting to ₹ 0.09 Cr, Gain amounting to ₹ 1.59 Cr in FY 11 & FY 10 and Loss amounting to ₹ 1.96 Cr. in FY 08 & FY 09 (net of trf. from General Reserve)) has been deducted/(added) respectively to the cost of capital assets.

40. 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 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, the 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 Employees' 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:

	2011-12 (₹ in Lacs)	2010-11 (₹ in Lacs)
Provident fund	96.10	75.49
Employees' Pension Scheme	80.05	66.66
ESIC	61.87	51.43
	238.02	193.58

3) Disclosures for defined benefit plans based on actuarial reports as on 31st March, 2012

Particulars	2011-12		2010-11	
	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	4,79,19,523	1,79,70,195	4,30,75,839	1,30,98,490
Current service cost	47,22,332	26,44,339	39,55,155	69,42,251
Interest cost	40,73,159	15,27,467	36,22,678	11,01,583
Actuarial loss/(gain)	6,62,077	27,66,384	(17,066)	(23,76,100)
Benefits paid	(10,38,530)	(4,36,772)	(27,17,083)	(7,96,029)
Closing defined benefits obligation	5,63,38,561	2,44,71,613	4,79,19,523	1,79,70,195
Change in Fair value of Assets				
Opening fair value of plan assets	4,80,32,298		4,32,93,485	
Expected return on plan assets	48,27,152		37,67,189	
Actuarial gain/(loss)	(11,60,989)		(2,52,211)	
Contributions by employer	56,78,630		39,40,918	
Benefits paid	(10,38,530)		(27,17,083)	
Closing fair value of plan assets	5,63,38,561		4,80,32,298	
Movement in net liability recognized in Balance Sheet				
Net opening liability	(1,12,775)	1,79,70,195	(2,17,646)	1,30,98,490
P & L Charge	57,91,405	69,38,190	40,45,789	56,67,734
Contribution Paid	(56,78,630)	(4,36,772)	(39,40,918)	(7,96,029)
Closing Net (asset)/liability	-	2,44,71,613	(1,12,775)	1,79,70,195
Expenses recognized in the Profit and Loss Account				
Current Service cost	47,22,332	26,44,339	39,55,155	69,42,251
Interest on defined benefit obligation	40,73,159	15,27,467	36,22,678	11,01,583
Expected return on plan assets	(48,27,152)	-	(37,67,189)	-
Net actuarial loss/(gain) recognized in the current year	18,23,066	27,66,384	2,35,145	(23,76,100)
Total Expenses	57,91,405	69,38,190	40,45,789	56,67,734
Assets Information				
Government of India Securities	41.12%		41.00%	
Corporate Bonds	51.63%		52.00%	
Special Deposits Scheme	-		-	
Others	7.25%		7.00%	
Principal actuarial assumption				
Discount Rate (p.a)	8.50%	8.50%	8.41%	8.41%
Expected rate of return on plan assets (p.a)	9.25%	-	8.25%	-
Annual Increase in Salary costs	5.50%	5.50%	5.50%	5.50%
Effect on the aggregate Service Cost & interest cost	-	-	-	-
Effect on defined benefit obligation	-	-	-	-

- (4) The Company has provided upto 31.03.2012 ₹ 244.71 Lacs (₹ 179.70 Lacs) being increment of discounted value of liability for unavailed leave of the employees determined as per Actuarial Valuation.

41. A) Details of Related party transactions during the year ended 31st March, 2012.

Type of Transaction	Associates (₹)	Key Management Personnel (₹)	Relatives of Key Management Personnel (₹)	Total (₹)
Purchases - Goods & Materials	1,80,655 (60,185)			1,80,655 (60,185)
Sales - Goods & Materials	- (2,081)			- (2,081)
Expenses - Remuneration	- (-)	5,07,52,360 (4,60,01,762)	13,57,866 (8,07,870)	5,21,10,226 (4,68,09,632)
Lease Rent/Rent	74,64,375 (70,49,250)			74,64,375 (70,49,250)
Other Services	30,43,372 (13,94,002)	18,92,416 (15,92,822)		49,35,788 (29,86,824)
Interest Paid	1,74,886 (4,70,384)			1,74,886 (4,70,384)
Donation/Other Expenses	3,70,000 (3,10,000)			3,70,000 (3,10,000)
Income - Interest Received	5,366 (5,53,600)			5,366 (5,53,600)
Finance - Inter Corporate Deposit given	- (2,00,000)			- (2,00,000)
Inter Corporate Deposit repaid	- (1,67,00,000)			- (1,67,00,000)
Inter Corporate Loan received	25,00,000 (-)			25,00,000 (-)
Inter Corporate Loan repaid	6,65,000 (1,23,00,000)			6,65,000 (1,23,00,000)
Rent Deposit paid	- (2,94,500)		75,000 (-)	75,000 (2,94,500)
Balance at the end of the year				
Loans & Advances	- (-)			- (-)
Loans/Deposits	27,35,000 (9,00,000)			27,35,000 (9,00,000)
Rent Deposit	17,04,000 (17,04,000)		75,000 (-)	17,79,000 (17,04,000)

B) Names of related parties and description of relationship :

1. Fellow subsidiaries —
2. Associates
Madhusudan Industries Ltd.
Madhusudan Fiscal Ltd.
Cera Foundation
Vikram Investment Co. Ltd.
Madhusudan Holdings Ltd.
Swadeshi Fan Ind. Ltd.
3. Key Management Personnel
Vikram Somany
Vidush Somany
Dr.K.N.Maiti
M. K. Bhandari
4. Relatives of Key Management Personnel
Smiti Somany
Pooja Jain Somany
Shishir Bhandari

C) Disclosure in respect of transactions with related parties during the year :

Particulars	2011-12 ₹	2010-11 ₹
Purchases : Goods & Materials Madhusudan Industries Ltd	1,80,655	60,185
Sales : Goods & Materials Madhusudan Industries Ltd	-	2,081
Expenses		
Lease Rent / Rent Madhusudan Industries Ltd	74,64,375	70,49,250
Other Services Madhusudan Industries Ltd Swadeshi Fan Industries Ltd	28,96,122 1,47,250	12,96,502 97,500
Interest Paid Madhusudan Fiscal Ltd Madhusudan Holdings Ltd	1,74,886 -	90,000 3,80,384
Donation Cera Foundation	3,70,000	3,10,000
Income		
Interest Received Madhusudan Industries Ltd	5,366	5,53,600
Finance		
Inter Corporate Deposit given Madhusudan Industries Ltd	-	2,00,000
Inter Corporate Deposit repaid Madhusudan Industries Ltd	-	1,67,00,000
Inter Corporate Loan received Madhusudan Industries Ltd Madhusudan Fiscal Ltd	5,50,000 19,50,000	- -
Inter Corporate Loan repaid Madhusudan Industries Ltd Madhusudan Fiscal Ltd Madhusudan Holdings Ltd	5,50,000 1,15,000 -	- - 1,23,00,000
Rent Deposit Paid Madhusudan Industries Ltd Shishir Bhandari	- 75,000	2,94,500 -

42. Significant accounting policies and practices adopted by the company are disclosed in the statement annexed to these financial statement as Annexure - I

As per our report of even date attached
For and on behalf of

H. V. Vasa & Co.

Firm Registration No. : 131054W
Chartered Accountants

Tushar H. Vasa

Proprietor

Membership No. 16831

Ahmedabad

11th July, 2012

Rajesh B. Shah

C F O

C O O (Finance & FW Works)

Narendra N. Patel

President & Company Secretary

Vikram Somany

Chairman and Managing Director

Vidush Somany

Executive Director

Dr. K. N. Maiti

Director

Govindbhai P. Patel

Director

M. K. Bhandari

Director-Technical

Ahmedabad

11th July, 2012

Annexure - I**Significant accounting policies and practices :****(Annexed to and forming part of the financial statement for the year ended 31st March, 2012)***** 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 Amortization**

- (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 CENVAT 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 costs.
- (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**

- a) Non-Current Investments are stated at cost. Provision for diminution in the value of non current investments is made, if such a decline is other than temporary in the opinion of the management.
- b) Current Investments are carried at lower of cost and fair value. Current Investments are carried individually at lower of cost and fair value and resultant decline, if any, is charged to revenue.

* **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. Account Receivables in foreign currencies 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. 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 Equity 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.

* **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.

* **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.

CERA
Cera Sanitaryware Limited

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

DP ID	Client ID	Folio No.	No. of shares held

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 Wednesday, the 12th September, 2012 at 11.30 a.m. or at any adjournment thereof.

Signed this _____ day of _____ 2012.

Signature(s) of the Shareholder(s) _____

Affix
Revenue
Stamp

L.F. No. _____

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.

----- CUT HERE -----

CERA
Cera Sanitaryware Limited

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

DP ID	Client ID	Folio No.	No. of shares held

ATTENDANCE SLIP

Annual General Meeting - 2012

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

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

I hereby record my presence at the Annual General Meeting held at 11.30 a.m. on 12th September, 2012.

Member's / Proxy's Signature

- 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.

CERA & me.

Luxury and style, like it should be.



Book-Post

To



If undelivered, please return to :

CERA
Cera Sanitaryware Limited

Regd. Office: 9, GIDC Industrial Estate, Kadi-382 715, Dist. Mehsana, Gujarat.
www.cera-india.com • Phone: (02764) 242329, 262619, 262638 • Fax: (02764) 242465

