



Cera Sanitaryware Limited



Leveraging Growth



ANNUAL REPORT 2010-11



FROM THE CHAIRMAN'S DESK

Dear Shareholders,

It is my pleasure to present annual report of your Company for the year 2010-11. The year 2010-11 was one in which both the world and Indian economy remained vibrant. The Company had shown a top line growth of 27 % achieving a turnover of Rs. 243 crores against Rs. 191 crores in the previous year. Operating profit has shown growth of 32 % achieving Rs. 51 crores against Rs. 39 crores in previous year and the bottom line has increased by 35 % achieving a net profit of Rs. 27 crores against Rs. 20 crores in previous year. The EPS has also touched Rs. 21.02 per share against Rs. 15.75 per share in previous year (The EPS was Rs. 31.50 per share without considering bonus shares issued in the ratio of 1:1 in September 2010).

I have pleasure to inform that CERA's Snow White has been voted as "Product of the Year" in the sanitaryware category for 2011 through the Indian arm of a 25-year old "POY" international organisation having presence in 28 countries headquartered at France, in a consumer survey conducted by Nielsen, the market research firm.

The company over the years emerged as premium bathroom solutions provider. Snow White is a specially developed product of CERA manufactured with unique raw materials. The survey's finding is a validation by consumers that Snow White enjoys a distinct edge over others.

The company is making continuous efforts in the field of R & D to stay ahead of competition utilizing innovative technology to get superior quality products and cost effectiveness into production.

Continuing the expansion programme undertaken by the Company, your Company has created an ultra modern unit by setting up a Greenfield project of Faucetsware at Kadi. This plant is equipped to manufacture a wide range of faucets like single lever, quarter turn and half-turn. The commercial production of Faucets has already been started in the year under this report and we are getting very good response from the market about the quality of Faucets.

On successful capacity utilization of 2500 pieces / day of Faucetsware, the Company will expand the capacity to 5000 pieces / day which can further be extended to 7500 pcs / day in coming years.

In this year the Company has also undertaken expansion of the Sanitaryware production capacity to 2.7 million pieces per annum from the existing of 2.00 million pieces annually with an additional capital outlay of Rs. 60 crores funded through internal accruals / debts, which will be completed within 24 to 30 months.

Your Company has set the sales target of Rs.500 crores to be achieved in the next three years. Looking to the current year performances, we are confident to achieve the targets. Your company is introducing more and more designs and sprucing up its retail strength by opening more Cera Style Centres, Bath Studios, apart from continuing its brand building through media and other available sources.

The road ahead for financial year 2011-12 is full of obstacles due to surging inflation in raw materials, inputs and fuel prices which is putting pressure on margins. Market condition world over are plagued with uncertainties due to the debt crisis in the European countries and consequent global repercussions on demand etc. These factors will bring pressure on all aspects of business but by foresight and strategic decisions, I am hopeful that this year also we will achieve the results comparable to earlier years. We have designated present financial year as "COST AWARENESS YEAR", all concerned have to take stringent controls of costs.

Success of any business is only possible due to active participation by its employees and others who put their efforts to increase their excellence and it benefits the Company. Employees are greatest assets of your Company and due to their hard efforts and being dedicated and committed to goals, the Company is at this mark. I sincerely thank all the stakeholders including share holders, business partners, customers and my employees for their continuous support and faith reposed in your company. United we can always make wonders. Let us hope for the best.

VIKRAM SOMANY

CHAIRMAN AND MANAGING DIRECTOR

**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.

Ahmedabad Office

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

Registrar & Share Transfer Agent

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

Contents	Page No.
Notice	2
Directors' Report	9
Corporate Governance Report	15
Auditors' Report	19
Balance Sheet	21
Profit & Loss Account	22
Schedules 1 to 18	23
Cash Flow Statement	35
General Business Profile	36

**Annual General Meeting at 11.30 a.m. on Tuesday,
the 6th day of September, 2011 at the Registered Office.**

NOTICE

Notice is hereby given that the Thirteenth Annual General Meeting of the Members of **CERA SANITARYWARE LIMITED** will be held at 11.30 a.m. on Tuesday, the 6th day of September, 2011 at the Registered Office of the Company at 9, GIDC Industrial Estate, Kadi – 382 715, Dist. Mehsana, to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt Audited Profit and Loss Account for the year ended 31st March, 2011 and Balance Sheet as at that date and the Directors' and Auditors' Reports thereon.
2. To declare dividend on Equity Shares.
3. To appoint a director in place of Shri Shree Narayan Mohata, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a director in place of Shri Ashok Chhajed, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

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

RESOLVED THAT approval of the members be and is hereby accorded in terms of Sections 198, 269, 309, 311, 349, 350, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 for the re-appointment of and for the remuneration payable to Shri Vikram Somany as Chairman and Managing Director of the Company for a period of three years w. e. f. 01.07.2011 in terms of agreement entered into by the Board of Directors of the Company with Shri Vikram Somany.

RESOLVED FURTHER THAT Shri Vikram Somany, Chairman and Managing Director will not be liable to retire by rotation.

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

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

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

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to alter and vary the terms and conditions of the said appointment and / or

agreement in such a manner in terms of Sections 198, 269, 309, 311, 349, 350 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and any amendments made thereafter in this regard from time to time.

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

RESOLVED THAT approval of the members be and is hereby accorded in terms of Sections 198, 269, 309, 311, 349, 350, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 for the re-appointment of and for the remuneration payable to Shri Vidush Somany as Executive Director of the Company for a period of three years w. e. f. 01.07.2011 in terms of agreement entered into by the Board of Directors of the Company with Shri Vidush Somany.

RESOLVED FURTHER THAT Shri Vidush Somany, Executive Director will not be liable to retire by rotation.

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

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

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

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

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

RESOLVED THAT in supersession of the resolution passed by the members at the Annual General Meeting held on 16.09.2009, Company hereby accords its consent and approval u/s. 314 (1) and other applicable provisions, if any, of the companies Act, 1956, to Smt. Smiti Somany, a relative of Shri Vikram Somany, CMD and Shri Vidush Somany, ED of the Company, who holds an office or place of profit under the company, for holding and continuing to hold an office or place of profit as Sr. Manager – Marketing services in the Company in the scale of Rs. 37,000/- - Rs. 2,00,000/- per month together with other allowances and benefits as applicable to other employees of the Company but total remuneration including all allowances and benefits shall not exceed Rs. 2,45,000/- per month or such other remuneration as may be prescribed by the Central Government or as may be permissible under the Companies Act, 1956 from time to time.



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

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

RESOLVED THAT in supersession of the resolution passed by the members at the Annual General Meeting held on 23.08.2010, company hereby accords its consent and approval u/s. 314 (1) and other applicable provisions, if any, of the companies Act, 1956, to Smt. Pooja Jain Somany, a relative of Shri Vikram Somany, CMD and Shri Vidush Somany, ED of the Company, who holds an office or place of profit under the company, for holding and continuing to hold an office or place of profit as Manager – Marketing services in the Company in the scale of Rs.32,000/- - Rs. 2,00,000/- per month together with other allowances and benefits as applicable to other employees of the Company but total remuneration including all allowances and benefits shall not exceed Rs. 2,45,000/- per month or such other remuneration as may be prescribed by the Central Government or as may be permissible under the Companies Act, 1956 from time to time.

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

Regd. Office :
9, GIDC Industrial Estate,
Kadi – 382 715
22nd July, 2011

By Order of the Board of Directors

Narendra N. Patel
VP & Company Secretary

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.

2. Members are requested to notify immediately the change of address, if any, to the Company or M/s. MCS Limited, Registrar and Share Transfer Agent.
3. The Register of Members and Share transfer book of the Company will remain closed from 16.08.2011 to 27.08.2011 (both days inclusive).
4. The Board of Directors has recommended a dividend Rs.2.50 (50%) per fully paid equity share of Rs.5/- each for the year ended 31.03.2011.
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 Section 205A and 205C of the Companies Act, 1956, the Company has transferred the unpaid or unclaimed dividends up to the financial year 2002-03 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	Shri S.N. Mohata	Shri Ashok Chhajed	Shri Vikram Somany	Shri Vidush Somany
Date of Birth	03.12.1944	20.09.1960	26.08.1949	09.03.1981
Date of Appointment	07.05.2005	30.07.2008	27.11.2001	15.06.2004
Expertise in Specific Functional Areas	Administration / Commercial	Financial Management	Industrialist	Industrialist
List of other Directorships	Madhusudan Industries Ltd. Madhusudan Holdings Ltd.	-	Asopalav Plantations Pvt. Ltd.	Indian Council of Sanitaryware Manufacturers
Chairman / Member of the Committees of the Board of other Companies	-	-	-	-
Shareholding in the Company	500	600	9,62,953	13,66,520

Annual Report 2010-2011

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

Item No. 6

Shri Vikram Somany was appointed as Chairman-cum-Managing Director of the Company for a period of three years with effect from 13.08.2008. His term comes to an end on 12.08.2011.

Shri Vikram Somany has been re-appointed as Managing Director and designated as Chairman and Managing Director of the Company for a period of three years w.e.f. 01.07.2011 by the Board of Directors at their meeting held on 30.06.2011, subject to approval of members of the Company at the General Meeting. Shri Vikram Somany as Chairman and Managing Director shall discharge every duty and function subject to the superintendence, direction and control of the Board of Directors of the Company. The Company has entered into agreement on 02.07.2011 with Shri Vikram Somany for his re-appointment as Chairman and Managing Director.

Shri Vikram Somany, Chairman and Managing Director will not be liable to retire by rotation.

However, Shri Vikram Somany shall not exercise the following powers as Chairman and Managing Director.

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

The principle terms and conditions of appointment of Shri Vikram Somany as Chairman and Managing Director are as follows:

1. **Period of Appointment** : Three (3) years w. e. f. 01.07.2011.
2. **Remuneration**

- I) **Basic Salary**: In the range of Rs. 5,50,000/- — Rs.12,00,000/- per month w.e.f. 01.07.2011. The next increment of salary will be due w.e.f. 01.04.2012.

- II) **Perquisites** :

Category - A

- a) **Accommodation** : Free furnished housing accommodation or house rent allowance as may be mutually agreed by both the parties.
- b) **Facilities of gas, electricity, water and furnishings** : The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per Income-tax Rules, 1962. This shall, however, be subject to a ceiling of 10% of the salary of the appointee.
- c) **Medical benefit** : Medical benefit / Medical Allowance including medical reimbursement and Mediclaim for self and family subject to one month's salary in a year or three months' salary over a period of three years.
- d) **Leave Travel Concession** : For self and family once in a year to and fro any place in India in accordance with the Rules of the Company.

- e) **Club Fees** : Annual fees of club subject to a maximum of two clubs. This will not include admission and life membership fee.
- f) **Insurance** : Personal Accident Insurance of an amount annual premium of which does not exceed Rs. 6,000/-
- g) **Bonus** : As per rules of the Company as applicable to other executives/ employees of the Company.
- h) **Special Allowance**: As may be decided by the Board of Directors.
- i) **Performance Incentive**: As may be decided by the Board of Directors.

Category - B

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

Category - C

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

Others

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

The Board or Committee thereof, in its absolute discretion will fix within the range stated above the remuneration payable to the Chairman and Managing Director depending on the performance of the Chairman and Managing Director, size of operations, profitability and other relevant factors.

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

3. The terms and conditions of the said appointment and / or agreement may be altered and varied from time to time by the Board as it may, in its discretion deem fit, including the maximum



remuneration payable to the Chairman and Managing Director in accordance with sections 198, 269, 309, 349, 350, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 or any amendments made thereafter in this regard from time to time.

4. If at any time Shri Vikram Somany ceases to be a Director of the Company for any cause whatsoever, he will cease to be the Chairman and Managing Director.
5. Shri Vikram Somany, Chairman and Managing Director may resign from the service of the Company by giving three months notice in advance.

The copy of agreement entered into with Shri Vikram Somany is open for inspection at the registered office of the Company between 11.00 a.m. to 1.00 p.m. on any working day up to the date of ensuing Annual General Meeting.

Appointment and remuneration payable to Shri Vikram Somany is approved by the remuneration committee by resolution at the meeting held on 30.06.2011.

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

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

Item No. 7

Shri Vidush Somany was appointed as Executive Director of the Company for a period of three years with effect from 01.07.2008. His term came to an end on 30.06.2011.

Shri Vidush Somany has been re-appointed as Executive Director of the Company for a period of three years with effect from 01.07.2011 by the Board of Directors at their meeting held on 30.06.2011, subject to approval of members of the Company at the General Meeting. Shri Vidush Somany as Executive Director shall discharge every duty and function subject to the superintendence, direction and control of the Board of Directors of the Company and/or Chairman and Managing Director. The Company has entered into agreement on 02.07.2011 with Shri Vidush Somany for his re-appointment as Executive Director.

Shri Vidush Somany, Executive Director will not be liable to retire by rotation.

However, Shri Vidush Somany shall not exercise the following powers as Executive Director.

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

The principle terms and conditions of appointment of Shri Vidush Somany as Executive Director are as follows:

1. Period of Appointment :

Three (3) years w.e.f. 01.07.2011.

2. Remuneration

- I) Basic Salary : In the range of Rs. 3,50,000/- — Rs.9,00,000/- per month w.e.f. 01.07.2011. The next increment of salary will be due w.e.f. 01.04.2012.

II) Perquisites :

Category - A

- a) Accommodation : Free furnished housing accommodation or house rent allowance as may be mutually agreed by both the parties.
- b) Facilities of gas, electricity, water and furnishings : The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per Income-tax Rules, 1962. This shall, however, be subject to a ceiling of 10% of the salary of the appointee.
- c) Medical benefit : Medical benefit / Medical allowance including medical reimbursement and Mediclaim for self and family subject to one month's salary in a year or three months' salary over a period of three years.
- d) Leave Travel Concession : For self and family once in a year to and fro any place in India in accordance with the Rules of the Company.
- e) Club Fees : Annual fees of club subject to a maximum of two clubs. This will not include admission and life membership fee.
- f) Insurance : Personal Accident Insurance of an amount annual premium of which does not exceed Rs.6,000/-.
- g) Bonus : As per rules of the Company as applicable to other executives/ employees of the Company.
- h) Special Allowance: As may be decided by the Board of Directors and/or Chairman and Managing Director.
- i) Performance Incentive: As may be decided by the Board of Directors and / or Chairman and Managing Director.

Category - B

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

Category - C

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

Others

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

Annual Report 2010-2011

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

The Board or Committee thereof, in its absolute discretion will fix within the range stated above the remuneration payable to the Executive Director depending on the performance of the Executive Director, size of operations, profitability and other relevant factors.

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

3. The terms and conditions of the said appointment and / or agreement may be altered and varied from time to time by the Board as it may, in its discretion deem fit, including the maximum remuneration payable to the Executive Director in accordance with sections 198, 269, 309, 349, 350, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 or any amendments made thereafter in this regard from time to time.
4. If at any time Shri Vidush Somany ceases to be a Director of the Company for any cause whatsoever, he will cease to be the Executive Director.
5. Shri Vidush Somany, Executive Director may resign from the service of the Company by giving three months notice in advance.

The copy of agreement entered into with Shri Vidush Somany is open for inspection at the registered office of the Company between 11.00 a.m. to 1.00 p.m. on any working day up to the date of ensuing Annual General Meeting.

Appointment and remuneration payable to Shri Vidush Somany is approved by the remuneration committee by resolution at the meeting held on 30.06.2011.

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

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

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

(for Item Nos. 6 & 7 of notice)

I. General Information :

- (1) Nature of Industry: Manufacturing of Sanitaryware, Faucetsware, trading of Bathroom accessories and Captive Non-conventional Energy.

- (2) The commercial production began 30 years ago.
- (3) The Company is not a new Company.
- (4) Financial Performance :as on 31st March, 2011

		(Rs. in lacs)
PARTICULARS	Audited for the year ended 31.03.2011	
1 a) Gross Sales	25555.10	
Less : Excise Duty	1259.98	
Net Sales	24295.12	
b) Other Operating Income	0.00	
Total Income	24295.12	
2 Expenditure		
a) Increase/(decrease) in stock in trade and work in progress	(1042.18)	
b) Consumption of raw materials	2180.04	
c) Purchases (Outsourcing)	7505.88	
d) Power & Fuel	1229.77	
e) Employee Cost	3229.61	
f) Depreciation	653.03	
g) Other expenditure	6621.49	
h) Total	20377.64	
3 Profit from Operations before other Income, Interest & Exceptional Items (1-2)	3917.48	
4 Other Income	506.53	
5 Profit from Operations before Interest & Exceptional Items (3+4)	4424.01	
6 Interest	271.86	
7 Profit from Operations after Interest but before Exceptional Items (5-6)	4152.15	
8 Exceptional items	0.00	
9 Profit (+)/Loss (-) from ordinary activities before tax (7+8)	4152.15	
10 Tax expenses	1498.07	
11 Net Profit (+)/ Loss (-) from ordinary activities after tax (9-10)	2654.08	
12 Extraordinary items (net of tax expenses Rs. -)	0.00	
13 Net Profit (+)/ Loss (-) for the period (11-12)	2654.08	
14 Operating Profit Before Exceptional Item	5077.04	
15 Paid-up equity share capital (Face Value Rs. 5/- each)	632.74	
16 Reserves excluding revaluation reserve (as per balance sheet)	10522.95	
17 Earning per Share (EPS in Rs.)		
a) Basic EPS before Extraordinary / exceptional items	21.02	
Dilluted EPS before Extraordinary / exceptional items	21.02	



		(Rs. in lacs)
PARTICULARS		Audited for the year ended 31.03.2011
b) Basic EPS after Extraordinary items		21.02
Dilluted EPS after Extraordinary items		21.02
18 Public Shareholding		
- No. of shares		5694694
- Percentage of shareholding		45.00
19 Promoter and Promoters group shareholding		
a) Pledged / Encumbered		
- Number of Shares		0
- % of shares (as a % of the total shareholding of the promoter and promoter group)		0.00
- % of shares (as a % of the total share capital of the Company)		0.00
b) Non - Encumbered		
- Number of Shares		6960180
- % of shares (as a % of the total shareholding of the promoter and promoter group)		100.00
- % of shares (as a % of the total share capital of the Company)		55.00

Note :

The Board of Directors has recommended dividend of Rs.2.50 (50%) per fully paid Equity Share of Rs.5/- each for the year 2010-11.

- (5) Exports of Goods on F.O.B. basis during the financial year 2010-11 of the Company was Rs. 295.63 lacs.
- (6) The Company has no foreign investments of collaborators.

II. Information about the appointees:

- (1) Background Details:

SHRI VIKRAM SOMANY

Shri Vikram Somany has set up Ceramic Division of Madhusudan Industries Limited (now known as Cera Sanitaryware Limited after de-merger). He is Chairman and Managing Director of Cera Sanitaryware Limited.

SHRI VIDUSH SOMANY

Shri Vidush Somany is a young entrepreneur having bachelors degree in management studies from Franklin & Marshal College, Pennsylvania, U.S.A. He is Executive Director of the Company w.e.f. 15.06.2004.

- (2) Past Remuneration:

In the year 2010-11, remuneration paid by the Company was as under:

Shri Vikram Somany	- Rs. 233.05 Lacs
Shri Vidush Somany	- Rs. 183.86 Lacs

- (3) Recognition or awards : Nil

- (4) Job profile and his suitability

Vikram Somany, Chairman and Managing Director is responsible for managing the affairs of the Company subject to the superintendence, control and direction of the Board of Directors. His experience and knowledge has helped the Company to a great extent. It is under his guidance that the Company could survive the stiff competition and withstand adverse marketing conditions and pay consistent dividend and hopes to improve the performance further.

Vidush Somany, Executive Director is responsible for managing the affairs of the Company subject to the superintendence, control and direction of the Board of Directors and Chairman and Managing Director. His educational background coupled with managerial/ executive experience and very positive approach is very helpful to the Company.

- (5) Remuneration proposed :

The Company proposes to pay remuneration for next three years as under:

Shri Vikram Somany -

Basic salary in the scale of Rs.5,50,000– 12,00,000 per month plus perquisites & allowances.

Shri Vidush Somany -

Basic salary in the scale of Rs.3,50,000 - 9,00,000 per month plus perquisites and allowances.

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

- (6) The comparative remuneration payable to Chairman and Managing Director and Executive Director in similar industries is higher in comparison to what has been proposed in the present case. The remuneration proposed is quite reasonable.
- (7) Shri Vikram Somany and Shri Vidush Somany being members of Promoter Group along with Promoter Companies and relatives, hold 69,60,180 Equity Shares of the Company.

III. Other Information

- (1) Reasons of loss or inadequate profits :

Presently the profit of the Company is adequate. However, in case of no profit or inadequacy of profit in future during the tenure of working directors, the Company proposes to pay remuneration as per Schedule XIII of the Companies Act, 1956 and any amendment thereof from time to time, if and to the extent with necessary approvals.

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

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

Another hallmark of the Company's performance was that its product "Snow White" has been voted as the most innovative sanitary ware product for the year 2011, in a consumer survey conducted by Nielsen, the market research firm.

The Company over the years has emerged as premium bathroom solutions provider. Snow White is a typical R & D product of Cera and has been manufactured with special raw materials. The survey's finding is a validation by consumers that Snow White enjoyed a distinct edge over others.

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

The Company has set up faucetsware plant, which has started its operations in September, 2010. The Company also plans to expand its capacity of Sanitaryware from 2.00 million pieces to 2.7 million pieces. These steps will increase the profitability of the Company considerably.

IV. Disclosures:

(1) Remuneration Package:

It is as stated in Explanatory Statement of Item No. 6 and 7 of the notice of Annual General Meeting.

(2) The Company has made all necessary disclosures in the Directors' Report under a separate Corporate Governance Report, which is attached with the Annual Report for the year 2010-11.

(3) Stock Option : Shri Vikram Somany and Shri Vidush Somany were not given any stock option being members of Promoters Group.

Item Nos. 8 & 9

Pursuant to the provisions of Section 314(1) and other applicable provisions, if any, of the Companies Act, 1956 the members have approved the appointment of Smt. Smiti Somany, a relative of directors to hold and continue to hold office or place of profit in the Company as per the resolution passed in the Annual General Meeting of the Company held on 16.09.2009 with a total remuneration, including all allowances and benefits not exceeding Rs.48,000/- per month. The members at their Annual General Meeting held on 23.08.2010 have also approved the appointment of Smt. Pooja Jain Somany for holding and continue to hold office or place of profit u/s 314(1) of the Companies Act, 1956 with a total remuneration, including all allowances and benefits not exceeding Rs.48,000/- per month. Smt. Smiti Somany and Smt. Pooja Jain Somany are relatives of Shri Vikram Somany CMD and Shri Vidush Somany, ED of the Company.

The Govt. of India has issued notification on 06-04-2011, whereby the Director's Relatives (Office or Place of Profit) Rules, 2003 has been amended and total monthly remuneration for appointment of Director's Relatives in the Company has been increased from Rs.50,000/- per month to Rs.2,50,000/- per month.

Accordingly, in terms of section 314(1) of the Companies Act, 1956 and pursuant to the amended Director's Relatives (Office or Place of profit) Rules, 2003 the members are requested to grant their consent to Smt. Smiti Somany and Smt. Pooja Jain Somany for holding and continue to hold Office or Place of profit with the Company as per the resolution No. 8 & 9 of the notice. The members are also requested to authorise the Board of Directors and/or Head – Marketing Department to sanction in due course the promotion of Smt. Smiti Somany and Smt. Pooja Jain Somany to the next higher grade with total remuneration including all allowances and benefits not exceeding Rs.2,45,000/- per month or such other remuneration as may be prescribed by the Central Govt. or as may be permissible under the Companies Act, 1956 from time to time.

Your directors commend the resolutions as per Item Nos. 8 & 9 of the notice for passing by members.

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

Regd. Office :
9, GIDC Industrial Estate,
Kadi – 382 715
22nd July, 2011

By Order of the Board of Directors

Narendra N. Patel
VP & Company Secretary

**Directors' Report**

To
The Members,

The Directors have pleasure in submitting the Annual Report together with the Statement of Accounts of your Company for the year ended 31st March, 2011.

Performance

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

	(Rs. in lacs)	
	Year ended March 31, 2011	Year ended March 31, 2010
Profit before Depreciation and Taxes & Exceptional item	4805.18	3600.02
Deducting there from Depreciation of	653.03	610.30
Profit before Tax	4152.15	2989.72
Deducting there from taxes of:		
- Current Tax	1432.03	1075.79
- Deferred Tax	66.04	(47.18)
Profit after Tax	2654.08	1961.11
Add: Balance brought forward from previous year	900.00	800.00
Amount available for Appropriations	3554.08	2761.11
The proposed appropriations are:		
1. Proposed Dividend	316.37	157.25
2. Tax on Proposed Dividend	51.32	26.72
3. General Reserve	2086.39	1677.14
4. Balance carried forward	1100.00	900.00
Total	3554.08	2761.11

Your Company has continued to grow substantially due to brand building and distribution initiatives. We are also supported by a buoyant construction industry.

The well-entrenched distribution network of your Company is getting a boost by opening of CERA Bath Galleries in different towns. This helps CERA get high visibility and top of mind recall among influencers and institutional buyers.

Sanitaryware Unit

Your Company is expanding its production capacity, to meet the increasing demand. When the expansion is completed, the production capacity will go up to 2.7 million pieces per annum from 2.0 million pieces.

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 C N C machines shall be installed, which will enable 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 low in the year at 43,81,473 KWH against 56,76,843 KWH in the previous year due to Low wind, Heavy rain and natural disturbances in Kutch & Saurashtra area in Gujarat where these Wind Turbine Generators are situated. The installed capacity of wind power unit of the company is 4.975 M.W.

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

Despite the advent of international brands, your Company is well-insulated in its turf because of its continuous marketing activities ever since its inception in 1980 as can be seen from the healthy growth rate. Moreover our distribution system is one of the best in the country.

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

(b) Opportunities and Threats

The housing construction is now on a growth mode in India and this is an excellent opportunity for your Company. Though there are threats from foreign brands, CERA's brand equity and distribution width are unmatched.

(c) Outlook

Your Company has a strong brand equity and loyal distribution network. Your Company has been making all out efforts to consistently increase the visibility of the brand and product even in smaller towns, where there is huge untapped potential. Your Company is also fortifying its relationship with housing developers and influencers like architects, interior designers and plumbing consultants. Thus your Company is confident of increasing the growth rate in the coming years.

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

The successful display centre concept of your Company, introduced through CERA Bath Studios in several cities, has now been extended in the form of CERA Bath Galleries with its retail partners. Almost a dozen such CERA Bath Galleries are already operational in different towns and soon more will follow.

(d) Risks and Concerns

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

(e) Internal Control Systems and their adequacy

The Company has 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.

Annual Report 2010-2011

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

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

(g) Material Developments in Human Resources / Industrial Relations

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

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

(h) Employees Stock Option Scheme

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

Accordingly, NIL (previous year NIL) options were granted to the eligible employees during the year under review. During the year NIL (previous year 59,022) options were vested with the eligible employees and 6,427 (Previous Year 60,471) options were lapsed due to non exercise by employees. Further, during the year 37,615 (Previous Year 78,958) options were exercised and equal number of equity shares have been issued towards second & third tranches under the scheme.

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

Corporate Governance

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

Directors' Responsibility Statement

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

- ✓ that in the preparation of annual accounts, the applicable accounting standards have been followed and there are no material departures;
- ✓ that such accounting policies have been selected and applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2011 and of the Profit of the Company for the year ended on that date.
- ✓ that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- ✓ that the annual accounts have been prepared on a going concern basis.

Bonus Shares

With the approval of the members at last Annual General Meeting your directors have issued Bonus shares in the proportion of 1(one) Bonus Share of Rs. 5/- each for every existing 1(one) fully paid equity share on 06.09.2010. The said Bonus Shares have been listed at BSE & NSE.

Dividend

Your Directors recommend a dividend of Rs. 2.50 per share (50%) (Previous year Rs. 2.50 per share (50%)) on 1,26,54,874 enhanced equity shares (Previous year 62,89,822 equity shares) of Rs.5/- each fully paid for the year ended 31.03.2011, to be paid subject to approval by the members at the ensuing Annual General Meeting.

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

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

Exchequer

The Company has contributed Rs. 45.49 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 31.03.2011 were Rs.16.28 lacs. There were 11 Fixed Deposit holders with Rs. 3.43 Lacs of unclaimed / unrenewed deposits as on 31.03.2011. The Company, on the basis of the working results during the year under review can accept deposits from the Public as well as from the shareholders to the extent of Rs. 3904.49 lacs.

Finance

During the year under review, the Company repaid loans of Rs.998.08 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, 2011 is annexed.

Directors

Shri Govindbhai P. Patel was appointed as Additional Director w.e.f. 16-07-2010.

Shri Shree Narayan Mohata and Shri Ashok Chhajed are due to retire at the end of ensuing Annual General Meeting and being eligible offered themselves for reappointment.

Shri Vikram Somany and Shri Vidush Somany have been re-appointed as Chairman and Managing Director & Executive Director respectively w.e.f. 01-07-2011 for the period of three years.

Brief resumes of Shri Shree Narayan Mohata, Shri Ashok Chhajed, Shri Vikram Somany and Shri Vidush Somany, 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.



Cera Sanitaryware Limited

Auditors

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

Insurance

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

Industrial Relations

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

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

Appreciation

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

For and on behalf of the Board of Directors,

Kolkata
21st July, 2011

Vikram Somany
Chairman and Managing Director

Annexure to the Directors' Report

Information to be disclosed as at 31st March, 2011 (Cumulative Position) under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

(a) Options Granted	2,39,001
(b) The Pricing Formula	Stock options granted were priced at Rs. 61/- per Share plus applicable taxes as per law.
(c) Options Vested	2,04,713
(d) Options Exercised	1,42,423
(e) The total number of shares arising as a result of exercise of options	2,68,000 equity shares of Rs. 5/- each will arise on exercise of options
(f) Options lapsed	96,546
(g) Variation of terms of options	Nil
(h) Money realized by exercise of options	Rs. 22.95 lacs
(i) Total number of options in force	32
(j) Employee wise details of options granted to : i) Senior managerial personnel ii) Any other employee who received a grant in any one year of options amounting to 5% or more of options granted during that year. iii) Identified employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	No option granted during the year. Nil Nil
(k) Diluted Earning Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 "Earnings Per Share"	Rs. 21.02
(l) Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options. The impact of this difference on profits and on EPS of the company.	The Company has calculated the employee compensation cost using the intrinsic value of stock options. Had the fair value method been used, in respect of stock options granted, the employee compensation cost would have been lower by Rs. Nil (Rs. 4.56) lacs, Profit after tax higher by Rs. 53.56 (Rs. 76.17) Lacs and the basic and diluted earning per share would have been higher by Rs. 0.42 (Rs. 1.22) and Rs.0.42 (Rs. 1.22) respectively.
(m) Weighted – average exercise prices and weighted - average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.	Not Applicable
(n) A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information: i) risk free interest rate ii) expected life iii) expected Volatility iv) expected dividend v) The price of the underlying share in market at the time of option granted	Black-Scholes Model 8.25% 6 Months 32% 18% Rs. 140.80 & Rs. 190.05

**Annexure to the Directors' Report**

Disclosure of particulars with respect to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo as required under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Report of the Board of Directors for the year ended 31st March, 2011.

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 1993. 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 and 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 under Sanitaryware Category for 2011.
 - ✓ Several dark coloured glazes have been developed utilizing stains from indigenous source through import substitution and also commenced commercial production.
 - ✓ The most challenging and the innovative work carried out by CERA was the development of a new body through recycling of fired waste (pitcher) in the body composition and commenced commercial production since 2009. The said development has not only achieved "zero waste generation" in the company but also made the surrounding environment free from solid waste pollution.
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 : Rs. 0.27 Lacs
 - b) Recurring : Rs. 51.73 Lacs
 - c) Total : Rs. 52.00 Lacs
 - d) Total R & D Expenditure as a percentage of total turnover : 0.21%

Technology Absorption, Adaptation & Innovation : Nil**C. Foreign Exchange earnings and outgo**

The Company has continued to maintain focus and avail of export opportunities based on economic considerations. During the year the Company has exports (FOB value) worth Rs. 295.63 Lacs.

Total foreign exchange used	:	Rs.2,766.33 Lacs
Total foreign exchange earned	:	Rs. 295.63 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, 2011.

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

Sr. No.	Name & Age (Years)	Designation/ Nature of Duties	Remuneration (Rs.)	Qualifications & Experience(Years)	Date of commencement of employment	Last Employment, Name of employer, Post held and period (Years)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Shri Vikram Somany (61 years)	Chairman-cum-Managing Director	Rs.2,33,04,770	B.Sc., FCMI (U.K.) (37 years)	13.08.2002	Madhusudan Industries Limited Chairman-cum-Managing Director (1 year)
2	Shri Vidush Somany (30 years)	Executive Director	Rs.1,83,85,754	Bachelors Degree in Management Studies (U.S.A.) (6 years)	15.06.2004	-

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

Sr. No.	Name & Age (Years)	Designation/ Nature of Duties	Remuneration (Rs.)	Qualifications & Experience (Years)	Date of commencement of employment	Last Employment, Name of employer, Post held and period (Years)
(1)	(2)	(3)	(4)	(5)	(6)	(7)

NIL

Notes :

1. 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.
2. Shri Vikram Somany is father of Shri Vidush Somany, Executive Director of the Company.

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

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

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

2) Board of Directors

The Board comprises of a Chairman 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, eight Board Meetings were held – on 19.04.2010, 16.07.2010 (two meetings), 23.08.2010, 06.09.2010, 27.10.2010, 30.12.2010 and 19.01.2011.

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

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

Sr. No.	Name of Director	Category of Directorship	No. of Board Meetings attended	Attendance At last AGM	No. of Other directorships	No. of Other Committee Memberships
1.	Shri Vikram Somany	Chairman and Managing Director	6	YES	2	—
2.	Shri Vidush Somany	Executive Director	6	NO	—	—
3.	Shri Govindbhai P. Patel*	Non-Executive Director	5	YES	—	—
4.	Dr. K. N. Maiti	Non-Executive Director	7	YES	—	—
5.	Shri Ashok Chhajed	Non-Executive Director	5	NO	—	—
6.	Shri Sajjan Kumar Pasari	Non-Executive Director	1	NO	10	—
7.	Shri Shree Narayan Mohata	Non-Executive Director	1	NO	2	4
8.	Shri M. K. Bhandari	Director - Technical	7	YES	—	—

* appointed w.e.f. 16.07.2010.

Code of Conduct

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

CEO/CFO certification

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

Whistle Blower Policy

The Company has not implemented a whistle-Blower policy.

3) Audit Committee

The Audit Committee, consists of 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 19.04.2010, 16.07.2010 (two meetings), 27.10.2010 and 19.01.2011.

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, one meeting was held on 19.04.2010.

5) Remuneration Policy

Remuneration of employees largely consists of basic remuneration and perquisites.

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

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

Employees Stock Option Scheme (ESOS)

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

Annual Report 2010-2011

6) Details of remuneration for the year ended 31.03.2011

(i) Managing Director / Wholetime Director(s)

Name	Remuneration (Rs.)	Perquisites and Retirement benefits (Rs.)
Shri Vikram Somany Chairman and Managing Director	2,18,45,250/-	14,59,520/-
Shri Vidush Somany Executive Director	1,78,41,500/-	5,44,254/-
Shri M. K. Bhandari * Director - Technical	40,03,908/-	3,07,330/-

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 Director - Technical 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 2010-11 are as under:

Name	Commission (Rs.)
Shri Sajan 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

*appointed w.e.f. 16.07.2010

(iii) Shareholding of Non-Executive Directors

Name	No. of Shares held	% of total shareholding
Shri Sajan Kumar Pasari	2,45,140	1.94
Dr. K. N. Maiti	Nil	Nil
Shri Shree Narayan Mohata	500	0.00
Shri Ashok Chhajed	600	0.00
Shri Govindbhai P. Patel *	Nil	Nil

* appointed w.e.f. 16.07.2010.

7) Compensation Committee

Board of Directors has formed compensation committee for formulation and administration of Employees Stock Options Scheme. The Compensation Committee consists of four directors, Shri Shree Narayan Mohata - Chairman, Shri Sajan Kumar Pasari, Dr. K. N. Maiti and Shri M. K. Bhandari. During the year under review, one meeting was held on 23.08.2010.

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' / Investors' Grievance Committee for final settlement.

During the year 2010-11, the Company had received 197 complaints / queries from the Shareholders.

All the complaints received from the Shareholders were resolved. There is no complaint pending as of 31.03.2011, 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 31.03.2011 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 16.07.2010.



Cera Sanitaryware Limited

10) General Body Meetings

The last three Annual General Meetings were held as under:

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

11) Disclosures

- There were no transactions of material nature with the directors or the management or their subsidiaries or relatives etc. during the year, which could have potential conflict with the interests of the Company at large.
- There were no instances of non-compliance of any matter related to the capital market, during the last three years.
- As per amended clause 5A of the Listing Agreement executed with the Stock Exchanges, the Company has initiated process as regards unclaimed shares of the shareholders, pursuant to the Bonus Issue of the Company in September, 2010. The voting rights on these 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. Jai Hind/ Loksatta / Financial Express/ Economic Times. The annual results (Annual Reports) are posted to all the members of the Company.
- Management Discussion & Analysis forms part of this Annual Report, which is also being posted to all the members of the Company.
- The official news releases, if any, are given directly to the press.
- The Company sends its financial results, Shareholding pattern and other information to Bombay Stock Exchange Limited and National Stock exchange of India Limited. They upload these information on their website <http://www.bseindia.com> and <http://www.nseindia.com>. The said information is also available on our website www.cera-india.com.

13) General Shareholders' Information

- Annual General Meeting :**
Date and Time : 6th September, 2011 : 11.30 a.m.
Venue : 9, GIDC Industrial Estate,
Kadi - 382 715, Dist. Mehsana.
- Financial Calendar 2011-12 (tentative) :**
Annual General Meeting : 3rd / 4th week of September, 2012
Results for quarter ending : By 15th day of
June 30, 2011 : August, 2011
September 30, 2011 : November, 2011
December 31, 2011 : February, 2012
March 31, 2012 (Unaudited) : May, 2012
Or
March 31, 2012 (Audited) : By 30th May, 2012

- Book Closure date** : 16th August, 2011 to 27th August, 2011. (Both days inclusive)

4. Dividend Payment

- Dividend for the year ended 31.03.2011 will be paid to the members whose names will appear in the register of members of the Company, on 27.08.2011 after giving effect to all valid transfer of shares in physical form lodged with the Company on or before 15th August, 2011 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 15th August, 2011 or working day preceding 15-08-2011.
- Dividend will be paid within 30 days from the date of approval by the members at the Annual General Meeting. Dividend Warrants will be posted / dividend will be credited to the members' accounts within 30 days from the date of AGM.

5. Listing on Stock Exchanges

The Company's shares are listed at Bombay Stock exchange Limited and National Stock Exchange of India Limited. The company has paid listing fees for the year 2010-11 and 2011-12 to the the Stock Exchanges.

Stock Code:

Trading Symbol – Bombay Stock Exchange Limited: 532443 CERASANITDM.

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

6. Share price at BSE and NSE

Month	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April 2010	272.00	236.15	265.35	235.00
May 2010	263.00	236.00	264.00	233.50
June 2010	260.00	233.00	263.25	230.05
July 2010	287.00	253.05	285.90	250.00
August 2010	372.30	274.95	395.00	274.00
September 2010	348.95	163.10*	353.25	152.30*
October 2010	192.50	165.25	194.40	169.00
November 2010	187.90	127.50	187.00	126.00
December 2010	166.00	146.10	185.00	131.00
January 2011	174.00	150.00	172.00	149.90
February 2011	173.00	150.10	174.25	151.00
March 2011	168.60	150.00	168.95	152.20

* Ex-Bonus

7. 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.

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

Annual Report 2010-2011

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 31.03.2011

Shares	No. of Shareholders	Total No. of Shares
1 – 500	6826	1159711
501 – 1000	394	305546
1001 – 2000	200	310792
2001 – 3000	66	173476
3001 – 4000	56	209004
4001 – 5000	24	113140
5001 – 10,000	44	315404
10,001 – 50,000	36	964147
50,001 – 1,00,000	17	1319587
1,00,001 And above	14	7784067
Total	7677	12654874

16) Pattern of Shareholding as on 31.03.2011

Sr. No.	Category	No. of Shares	(%)
1.	NRI	105467	0.83
2.	FIIs	245645	1.94
3.	Financial Institutions/Banks	5450	0.04
4.	Mutual Funds	650	0.01
5.	Promoters	6960180	55.00
6.	Bodies Corporate	614233	4.85
7.	Indian Public	4723249	37.33
Total		12654874	100.00

17) Dematerialisation of Shares as on 31.03.2011

As on 31.03.2011, 83.86 % of the Company's total shares representing 1,06,13,057 Shares were held in dematerialized form and the balance 16.14 % representing 20,41,817 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 :
 - Village Patelka & Lamba, Taluka Kalyanpur, District Jamnagar, Gujarat
 - Village & Taluka Kalyanpur, District Jamnagar, Gujarat.
 - 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 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, 2011, 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.

Ahmedabad
21st July, 2011

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



Auditors' Report to the Members

We have audited the attached Balance Sheet of **CERA SANITARYWARE LIMITED**, as at 31st March, 2011 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, 2011 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, 2011, prima-facie disqualified from being appointed as Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- (6) In our opinion and to the best of our information and according to explanations given to us, the said accounts read with significant accounting policies and other notes thereon in Schedule 18, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in so far as it relates to the Balance Sheet, of the state of affairs of the Company as at March 31, 2011, 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
 21st July, 2011

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 Rs.165 lacs and at year end Rs. Nil
 - (ii) In our opinion and according to information and explanations given 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 Rs.123 lacs from the companies covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount during the year was Rs.123 lacs and the year end balance of loans taken from such companies was Rs. Nil.

Annual Report 2010-2011

- c. In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions on which the loans have been taken from companies listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with its size of the Company and the nature of business for the purchase of inventory, fixed assets and also for sale of goods and services. Further, on the basis of our examination, and according to the information and explanations given to us, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control systems.
5. In respect of transactions covered under Section 301 of the Companies Act, 1956:
- a. In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered into in the register maintained under that section.
- b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the Register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs. Five lacs in respect of each party have been made at prices which appear reasonable having regard to the prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and Companies (Acceptance of Deposit) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, in this regard, no order under the aforesaid sections has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company.
7. In our opinion, the internal audit system of the Company is commensurate with its size and the nature of its business.
8. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 in respect of goods manufactured by the Company.
9. In respect of statutory dues:
- a. According to the records of the Company, undisputed statutory dues including Provident Fund, Investors Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2011 for a period of more than six months from the date of becoming payable.
- b. According to the information and explanations given to us, following disputed statutory dues have not been deposited on account of disputed matters pending before

appropriate authorities are as under:

Sr. No.	Name of Statute	Nature of Dues	Amount Rs. (Lacs)	Period to which the amount relates	Forum where dispute is Pending
1	Income-tax Act, 1961	Income-tax / Penalty	29.35	2005-06 & 2007-08	Income-tax Appellate Tribunal
2	Income-tax Act, 1961	Income-tax	48.50	2008-09	Commissioner of Income-tax (Appeals) Income-tax Appellate Tribunal
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
 21st July, 2011

**Cera Sanitaryware Limited****Balance Sheet as at 31st March, 2011**

			31-3-2011		31-3-2010
	Schedule	Rs.	Rs.	Rs.	Rs.
I. Sources of Funds					
1. Shareholders' Funds					
(a) Share Capital	1	6,32,74,370		3,14,49,110	
(b) Reserves & Surplus	2	1,05,22,95,221		85,37,00,114	
			1,11,55,69,591		88,51,49,224
2. Loan Funds					
(a) Secured Loans	3	37,64,78,388		25,63,77,948	
(b) Unsecured Loans	4	24,46,541		1,57,51,774	
			37,89,24,929		27,21,29,722
3. Deferred Tax Liability (Net)			13,85,39,540		13,19,35,488
Total			1,63,30,34,060		1,28,92,14,434
II. Application of Funds					
1. Fixed Assets :	5				
(a) Gross Block		1,13,10,65,003		98,82,42,323	
(b) Less : Depreciation		34,77,49,866		30,22,39,705	
(c) Net Block		78,33,15,137		68,60,02,618	
(d) Capital Work-in-progress		6,11,71,400		2,15,72,672	
			84,44,86,537		70,75,75,290
2. Investments	6		7,77,24,361		13,250
3. Current Assets, Loans & Advances					
(a) Inventories	7	50,03,27,275		36,36,31,442	
(b) Sundry Debtors	8	38,78,88,596		33,14,44,127	
(c) Cash & Bank Balances	9	36,47,44,522		34,04,91,259	
(d) Other Current Assets :					
Interest accrued on deposits		69,07,985		1,09,29,902	
(e) Loans & Advances	10	20,47,19,953		15,68,55,462	
		1,46,45,88,331		1,20,33,52,192	
Less : Current Liabilities & Provisions					
(a) Liabilities	11	52,68,60,358		45,26,17,365	
(b) Provisions	12	22,73,07,561		16,97,36,985	
		75,41,67,919		62,23,54,350	
			71,04,20,412		58,09,97,842
4. Miscellaneous Expenditure			4,02,750		6,28,052
(To the extent not written off or adjusted)					
Total			1,63,30,34,060		1,28,92,14,434
Notes forming part of the Accounts	18				

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

21st July, 2011

Rajesh B. Shah

President & C.F.O.

Narendra N. Patel

V.P. & Company Secretary

Vikram Somany

Chairman and Managing Director

Vidush Somany

Executive Director

Sajan Kumar Pasari

Director

Shree Narayan Mohata

Director

Kolkata

21st July, 2011

Annual Report 2010-2011

Profit and Loss Account for the year ended 31st March, 2011

		2010-11		2009-10	
	Schedule	Rs.	Rs.	Rs.	Rs.
Income					
Sales		2,55,55,10,192		2,00,28,44,084	
Less : Excise Duty		12,59,97,877		8,91,98,941	
Net Sales		2,42,95,12,315		1,91,36,45,143	
Other Income	13	5,06,53,092		2,46,61,091	
		2,48,01,65,407		1,93,83,06,234	
Increase (Decrease) in Finished Goods and Work-in-process	14	10,42,18,912		7,67,69,280	
		2,58,43,84,319		2,01,50,75,514	
Expenditure					
Raw materials consumed	15	21,80,04,239		15,73,31,864	
Purchases		75,05,87,589		58,62,67,178	
Payments to and provision for Employees	16	32,29,60,754		25,46,99,055	
Other Expenses	17	78,51,27,961		63,15,00,016	
Interest :					
on Term Loans		1,26,23,167		1,68,85,060	
on Others		1,45,62,629		83,89,950	
		2,71,85,796		2,52,75,010	
Depreciation		6,53,03,054		6,10,30,530	
Total Expenditure		2,16,91,69,393		1,71,61,03,653	
Profit Before Taxation		41,52,14,926		29,89,71,861	
Provision for taxation					
- Current Tax		14,32,02,700		10,75,79,400	
- Deferred Tax		66,04,052		(47,18,291)	
Profit After Taxation		26,54,08,174		19,61,10,752	
Add : Surplus brought forward from previous year		9,00,00,000		8,00,00,000	
Profit Available for Appropriations		35,54,08,174		27,61,10,752	
Appropriations					
Proposed Dividend		3,16,37,185		1,57,24,555	
Tax on Proposed Dividend		51,32,342		26,72,388	
Transferred to General Reserve		20,86,38,647		16,77,13,809	
Balance Carried to Balance Sheet		11,00,00,000		9,00,00,000	
		35,54,08,174		27,61,10,752	
Notes forming part of the Accounts	18				
No. of Equity Shares (Face Value Rs. 5/- each) - Basic		1,26,25,194		1,24,53,312	
Basic earning per share (in Rs.)		21.02		15.75	
No. of Equity Shares (Face Value Rs. 5/- each) - Diluted		1,26,25,231		1,24,77,500	
Diluted earning per share (in Rs.)		21.02		15.72	

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

21st July, 2011

Rajesh B. Shah

President & C.F.O.

Narendra N. Patel

V.P. & Company Secretary

Vikram Somany

Chairman and Managing Director

Vidush Somany

Executive Director

Sajan Kumar Pasari

Director

Shree Narayan Mohata

Director

Kolkata

21st July, 2011

**Cera Sanitaryware Limited****Schedules 1 to 18 Annexed to And Forming Part of The Accounts As At 31st March, 2011**

	31-3-2011	31-3-2010
	Rs.	Rs.
1. Share Capital		
Authorised		
2,00,00,000 (2,00,00,000) Equity shares of Rs. 5/- each	10,00,00,000	10,00,00,000
Total	10,00,00,000	10,00,00,000
Issued, Subscribed & Paid Up		
1,26,54,874 (62,89,822) Equity shares of Rs. 5/- each fully paid up	6,32,74,370	3,14,49,110
Of the above		
53,75,000 Equity Shares allotted as fully paid pursuant to the scheme of arrangement.		
63,27,437 Equity Shares allotted as fully paid Bonus Shares by Capitalisation of Share Premium		
Total	6,32,74,370	3,14,49,110

NOTES :

- # Options in force as of March 31, 2011 under the Employees Stock Option Scheme 2007- 32 Shares (Previous Year - 44,074 Shares)
- # Vested Options Exercisable @ Rs.61/- per share till 09.07.2011 - Nos. of Shares 32 (Previous Year 29,614 Shares)
- # Options Exercised till March 31, 2011 - 1,42,423 Shares (Previous Year 1,04,808 shares)

2. Reserves and Surplus

General Reserve			
As per last Balance Sheet	62,83,41,914	46,06,28,105	
Add : Transferred from Profit and Loss Account	20,86,38,647	16,77,13,809	
	83,69,80,561		62,83,41,914
Share Premium Account			
As per last Balance Sheet	13,18,41,174	11,88,09,600	
Add : Received/Transferred during the year	51,08,117	1,30,31,574	
Less : Capitalised by issue of Bonus Shares	3,16,37,185	—	
	10,53,12,106		13,18,41,174
Employees Stock Options Outstanding			
As per last Balance Sheet	35,17,026	1,76,93,456	
Addition during the year	—	—	
Deletion during the year	(35,14,472)	(1,41,76,430)	
	2,554		35,17,026
Profit and Loss Account			
	11,00,00,000		9,00,00,000
Total	1,05,22,95,221		85,37,00,114

Annual Report 2010-2011

	31-3-2011		31-3-2010
	Rs.	Rs.	Rs.
3. Secured Loans			
From Banks			
- Cash / Packing Credit (see note 1)	21,35,92,823		9,22,62,159
- Term Loans (see note 2)	16,28,85,565		16,41,15,789
	37,64,78,388		25,63,77,948
Total	37,64,78,388		25,63,77,948

Notes :

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

4. Unsecured Loans			
Fixed Deposits	16,28,000		18,10,000
Interest Accrued and Due	83,007		59,213
	17,11,007		18,69,213
Inter Corporate Loans	-		1,23,00,000
Other Loans & Advances			
From Banks - Finance Lease - Vehicles (Secured by lien on vehicles acquired on finance lease)	7,35,534		15,82,561
Total	24,46,541		1,57,51,774

5. Fixed Assets

Sr. No.	Name of Assets	Gross Block			Depreciation			Net Block		
		As at 1-4-2010	Additions	Deductions/ Adjustments	As at 31-3-2011	As at 31-3-2010	For the year	Deductions/ Adjustments	As at 31-3-2011	As on 31-3-2011
1.	Land									
	- Lease Hold	15,25,774	-	59,870	14,65,904	-	-	-	14,65,904	15,25,774
	- Free Hold	36,33,677	9,31,450	-	45,65,127	-	-	-	45,65,127	36,33,677
2.	Buildings	17,84,28,390	4,72,76,359	3,24,302	22,53,80,447	5,82,02,968	1,21,27,467	1,08,517	7,02,21,918	15,51,58,529
3.	Plant & Machinery	71,99,65,098	9,96,80,385	2,85,30,049	79,11,15,434	20,69,99,175	3,84,10,027	1,33,68,242	23,20,40,960	55,90,74,474
4.	Electric Plant & Installation	1,07,59,686	48,62,018	-	1,56,21,704	24,88,431	6,49,086	-	31,37,517	1,24,84,187
5.	Furniture, Fixtures & Equipments	4,96,39,524	1,43,26,771	57,26,835	5,82,39,460	2,43,73,083	91,97,539	43,96,657	2,91,73,965	2,90,65,495
6.	Vehicles	2,42,90,174	1,34,38,038	30,51,285	3,46,76,927	1,01,76,048	49,18,935	19,19,477	1,31,75,506	2,15,01,421
	TOTAL	98,82,42,323	18,05,15,021	3,76,92,341	1,13,10,65,003	30,22,39,705	6,53,03,054	1,97,92,893	34,77,49,866	78,33,15,137
	PREVIOUS YEAR	98,77,86,508	2,40,89,391	2,36,33,576	98,82,42,323	24,46,42,292	6,10,30,530	34,33,117	30,22,39,705	68,60,02,618

**Cera Sanitaryware Limited**

	31-3-2011		31-3-2010
	Rs.	Rs.	Rs.
6. Investments (At Cost) (Unquoted)			
A. Government Securities :			
(Deposited with Government Departments)			
National Savings Certificates	13,000		13,000
B. Non-trade other investments			
(i) In fully paid Equity Shares of Rs. 50/- each			
10 (5) Shares of Shivalik Co.Op. Hsg. Soc. Ltd.	500		250
(ii) Investment in Mutual Funds			
# 2890670.9193 Units of SBI Magnum Insta			
Cash Fund-Growth Option	6,27,10,861		—
# 542603.9490 Units of Reliance Monthly Income			
Plan-Monthly Dividend Plan	60,00,000		—
# 310788.2370 Units of HDFC MF Monthly Income			
Plan-Long Term-Monthly Dividend	40,00,000		—
# 500000.0000 Units of UTI Fixed Term Income Fund			
Series VIII-VI (366 Days)-Dividend Payout	50,00,000		—
Total	7,77,24,361		13,250
Aggregate Book Value - Quoted	—		—
- Unquoted	7,77,24,361		13,250
Aggregate Market Value - Quoted	—		—
Investments purchased and sold during the year	No of Units		
# SBI Magnum Insta Cash Fund - Daily Dividend Option	24,15,619		—
# SBI Magnum Insta Cash Fund - Growth Option	12,67,959		—
# Templeton India Short Term Income Plan-Weekly Dividend Reinvestment	1,869		—
# LIC Nomura MF Liquid Fund - Dividend Plan	36,616		—
7. Inventories (Certified and valued by a Director)			
(At lower of cost or net realisable value)			
Stores, Chemicals & Coal etc.	5,66,42,085		4,39,74,091
Raw Materials	5,64,82,713		3,66,73,786
Finished Goods	37,13,36,021		27,71,91,371
Stock-in-process	1,58,66,456		57,92,194
Total	50,03,27,275		36,36,31,442
8. Sundry Debtors (Unsecured-Considered Good)			
A. Debts outstanding for a period exceeding 6 months	3,03,03,766		2,80,35,084
B. Others	35,75,84,830		30,34,09,043
Total	38,78,88,596		33,14,44,127
9. Cash and Bank Balances			
A. Cash on Hand	6,46,793		5,91,066
B. Balances with Scheduled Banks:			
On Current Accounts	7,80,01,269	5,40,15,701	
On Unclaimed Dividend Accounts	17,52,384	11,60,539	
On Fixed Deposit Accounts	28,43,44,076	28,47,23,953	
Total	36,40,97,729		33,99,00,193
	36,47,44,522		34,04,91,259
10. Loans and Advances			
(Unsecured-considered Good)			
Advances recoverable in cash or in kind or for value to be received	9,63,73,542		5,08,80,949
Inter Corporate Deposits	—		1,65,00,000
Advance payment of Income-tax	10,01,97,228		8,57,36,862
Balances with Excise Authorities	81,49,183		37,37,651
Total	20,47,19,953		15,68,55,462

Annual Report 2010-2011

	31-3-2011	31-3-2010
	Rs.	Rs.
11. Current Liabilities		
Sundry Creditors		
- Due to Micro, Small & Medium Enterprises (See Note 10 of Schedule 18)	7,69,03,835	6,18,99,233
- Due to Others	38,33,47,641	33,92,47,131
	46,02,51,476	40,11,46,364
Advance and Credits of Customers	2,73,32,191	1,59,13,310
Unclaimed Dividend *	17,52,384	11,60,539
Deposits by Dealers	3,72,96,372	3,42,03,614
Interest accrued but not due	2,27,935	1,93,538
Total	52,68,60,358	45,26,17,365

* These figures do not include any amount, due and outstanding, to be credited to Investors Education & Protection Fund.

12. Provisions

For Taxation	14,39,22,257	11,66,49,518
Proposed Dividend	3,16,37,185	1,57,24,555
Tax on Dividend	51,32,342	26,72,388
For Retirement/Post Retirement Benefits and other employee benefits	4,66,15,777	3,46,90,524
Total	22,73,07,561	16,97,36,985

13. Other Income

Interest (Non Trade Investments) (Gross)		
1. On Government Securities	4,506	246
2. From Others (including tax deducted at source Rs. 18,49,364/- previous year Rs. 15,51,359/-)	1,81,41,841	1,44,34,060
	1,81,46,347	1,44,34,306
Dividend (Gross)	9,99,043	32
Export Incentives	5,50,855	4,37,154
Profit on Sale of Investment	2,10,861	-
Claims Received	1,37,30,043	59,89,263
Miscellaneous Income	37,56,640	32,00,945
Items pertaining to previous years Unspent liabilities and provisions no longer required written back (net)	1,32,59,303	5,99,391
Total	5,06,53,092	2,46,61,091

14. Increase (Decrease) in Finished Goods and Work-in Process

Stock at Commencement				
Finished Goods	27,71,91,371		20,06,54,594	
Stock in Process	<u>57,92,194</u>		<u>55,59,691</u>	
		28,29,83,565		20,62,14,285
Stock at Close				
Finished Goods	37,13,36,021		27,71,91,371	
Stock in Process	<u>1,58,66,456</u>		<u>57,92,194</u>	
		38,72,02,477		28,29,83,565
Total		<u>10,42,18,912</u>		<u>7,67,69,280</u>



Cera Sanitaryware Limited

	2010-11		2009-10
	Rs.	Rs.	Rs.
15. Raw Materials Consumed			
Opening Stock	3,66,73,786		2,84,55,992
Add: Purchases (Net of transfers)	23,78,13,166		16,55,49,658
	<u>27,44,86,952</u>		<u>19,40,05,650</u>
Less: Closing Stock	5,64,82,713		3,66,73,786
Total	<u>21,80,04,239</u>		<u>15,73,31,864</u>
16. Payments to and Provision for Employees			
Salaries, Wages and Bonus	28,84,73,941		22,51,39,583
Contribution to Provident and other funds	2,36,34,096		1,87,41,900
Staff and Labour Welfare Expenses	1,08,52,717		1,08,17,572
Total	<u>32,29,60,754</u>		<u>25,46,99,055</u>
17. Other Expenses			
Stores, Spare Parts and Packing Materials	12,92,00,425		10,61,18,393
Excise Duty (Net of Opening Provision)	74,21,515		4,36,518
Rent (Net)	1,96,27,314		1,72,05,597
Power and Fuel	12,29,76,932		6,33,47,501
Repairs to:			
Buildings	19,76,805		39,83,646
Plant and Machinery	97,90,730		1,01,74,876
Others	<u>72,34,507</u>		<u>44,18,850</u>
	1,90,02,042		1,85,77,372
Insurance	47,56,026		34,77,662
Rates and Taxes	7,04,114		9,63,808
Freight and Forwarding Expenses (Net)	13,30,44,634		10,61,39,503
Brokerage, Commission and discounts on Sales	13,18,53,703		12,32,17,658
Publicity & Advertisement Expenses	9,78,22,336		9,64,76,559
Research & Development Expenses	51,73,363		39,77,594
Bad-debts / Amount written off	33,89,555		2,95,458
Miscellaneous Expenses	8,63,49,528		7,84,86,369
Loss on sale / discard of Fixed Assets (Net)	1,42,31,474		35,00,524
Donations	90,75,000		87,79,500
Directors' Commission	5,00,000		5,00,000
Total	<u>78,51,27,961</u>		<u>63,15,00,016</u>

18. Notes forming part of the Accounts for the year ended 31st March, 2011.

1. Significant Accounting Policies

*** Basis of Accounting**

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

*** Sales**

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

*** Employee Benefits**

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

*** Employees Stock Option Scheme**

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

*** Fixed Assets, Depreciation and Amortisation**

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

*** Inventories**

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

*** Investments**

Investments are stated at cost.

*** Foreign Currency Transactions**

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

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

Exchange differences arising in respect of fixed assets acquired from outside India were capitalised as part of fixed assets (see note 12 below).

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

*** Borrowing Cost**

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

*** Taxation**

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

*** Earning per Share**

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

*** 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.

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

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

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

3. Contingent liability in respect of :

	31.03.2011	31.03.2010
	Rs.	Rs.
a. Claims against the Company not acknowledged as debts (Net of Payments).	1,13,52,708	35,67,974
b. Estimated amount of contracts remaining to be executed on capital account not provided for (Net of advance)	38,51,330	11,47,109
c. Letters of Credit opened and guarantees given by the Bank in favour of Parties and Government Authorities.	2,63,10,744	1,60,62,009

4. Previous year's figures have been regrouped wherever necessary.**5. The Company has yet to obtain balance confirmations from various parties. Due adjustments will be made on receipt thereof, if necessary.****6. Employees Stock Option Scheme**

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

Consequently an amount of Rs. Nil (Rs.4.56) lacs has been amortised for the Current Year and the company has taken credit of Rs.5.13 (Rs. 40.28) lacs for 6427 (50471) options lapsed due to non exercise by employees during the exercise period (18 months) ended on 09.07.2010.

7. Miscellaneous expenses include payment to Auditors as under :

	Current year	Previous year
	Rs.	Rs.
Statutory Auditors		
- Audit Fees	1,80,000	1,80,000
- Taxation work	1,37,500	75,893
- Other Services	1,09,500	8,273
- Expenses	28,368	29,282
	4,55,368	2,93,448

8. Managerial Remuneration to Directors under Sections 198, 309 & 349 / Schedule XIII of the Companies Act, 1956.

(a) To Managing Director, Executive Director and Whole time Director	2010-11	2009-10
	Rs.	Rs.
i. Salary & Incentives	4,36,90,658	2,33,38,132
ii. Contribution to Provident and Other Funds	11,70,732	8,40,870
iii. Perquisites in cash or in kind	11,40,372	17,65,772
	4,60,01,762	2,59,44,774

Notes :

(1) Above Remuneration includes payment as Directors' and not for the period as an employee.

(2) As the liability for Gratuity and Leave Encashment is provided for on an Actuarial Basis for the Company as a whole, the amount pertaining to directors is not ascertainable and therefore not included.

Annual Report 2010-2011

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

	2010-11		2009-10	
	Rs.	Rs.	Rs.	Rs.
Profit before Taxation (as per books)		41,52,14,926		29,89,71,861
Add: 1. Managerial Remuneration	4,60,01,762		2,59,44,774	
2. Depreciation charged in the accounts	6,53,03,054		6,10,30,530	
3. Directors' Commission	5,00,000		5,00,000	
4. Loss on Discard/Sale of fixed assets	1,42,31,474		-	
		12,60,36,290		8,74,75,304
		54,12,51,216		38,64,47,165
Less: 1. Depreciation as per Section 350 of the Companies Act, 1956	6,53,03,054		6,10,30,530	
2. Profit on Sale of Investments	2,10,861		-	
		6,55,13,915		6,10,30,530
Profit as per Section 198 of the Companies Act, 1956		47,57,37,301		32,54,16,635
10% of the Profit as per section 198 of the Companies Act, 1956		4,75,73,730		3,25,41,664
Remuneration paid during the year		4,60,01,762		2,59,44,774
Directors' Commission @ 1%		47,57,373		32,54,166
Directors' Commission Restricted by Board of Directors		5,00,000		5,00,000

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

A. Capacity		Licensed	Installed (as certified by Management)
1. Vitreous China Sanitaryware (in M.T.)		24,000 (24,000)	24,000 (24,000)
2. Faucetware (in Nos.)			7,50,000 (0)
3. Non Conventional Energy (WTG) (in M.W.)			4.975 M.W. (4.975 M.W.)
B. Actual Production (in M.T.)			
1. Vitreous China Sanitaryware (in M.T.)			24,474 (21,095)
2. Faucetware (in Nos.)			86,830 (0)
3. Non Conventional Energy (WTG) (in units)			* 43,81,473 (56,76,843)

* Under Energy banking system, electricity produced is for use by Ceramic Division at Kadi.

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

	Opening Stock		Closing Stock		Sales	
	Quantity M.T.	Value Rs.	Quantity M.T.	Value Rs.	Quantity M.T.	Value Rs.
Vitreous China Sanitaryware, Faucetware, Fittings & Allied Products	2,600 (2,999)	26,14,83,437 (18,31,63,444)	2,383 (2,600)	36,91,21,491 (25,97,87,392)	24,691 (21,494)	2,55,10,92,260 (1,98,58,32,008)
Others		1,57,07,933 (1,74,91,150)		22,14,531 (1,74,03,978)		44,17,933 (1,70,12,077)
Total						2,55,55,10,192 (2,00,28,44,084)

C. (b) Purchases

	Value Rs.
Goods	
Outsourced :	
- Sanitaryware, Fittings & Allied Products	75,05,87,589 (57,33,59,975)
- Others (in Nos.)	0 (1,29,07,203)
Total	75,05,87,589 (58,62,67,178)

Note :

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



Cera Sanitaryware Limited

D. Itemwise Break-up of Raw Materials consumed

	2010-11		2009-10	
	QTY. M.T.	Value Rs.	QTY. M.T.	Value Rs.
Sand, Sandstone, Clays & Chemicals	43,538	16,47,48,670	42,405	14,74,41,108
Accessories & Fittings (in Pcs)	3,76,490	1,57,42,235	3,31,265	98,90,756
Brass ingots & parts and Others		3,75,13,334		-
Total		21,80,04,239		15,73,31,864

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

	2010-11 Rs.	2009-10 Rs.
1. Raw Materials and Chemicals	47,51,395	67,87,027
2. Stores and Spare Parts & Fittings	32,09,420	65,85,610
3. Capital Goods	80,65,299	-
4. Outsourced	25,32,06,696	19,45,32,155
Total	26,92,32,810	20,79,04,792

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

	Raw Materials		Stores & Spare Parts	
	Rs.	%	Rs.	%
1. Imported	4,29,77,307 (93,79,753)	19.71% (5.96%)	22,32,995 (52,89,689)	5.58% (13.10%)
2. Indigenous	17,50,26,932 (14,79,52,110)	80.29% (94.04%)	3,77,71,252 (3,50,76,397)	94.42% (86.90%)

G. Expenditure in Foreign Currencies on Account of

	2010-11 (Rs.)
1. Travelling	34,00,446 (32,34,578)
2. Export Commission	8,35,330 (9,36,261)
3. Interest / Bank Charges	15,10,212 (53,59,536)
4. Technical know-how & Professional fees	15,22,629 (13,67,798)
5. Others	1,31,592 (62,158)

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

	2010-11	2009-10
Final Dividend		
- Number of Shareholders	-	-
- Number of Equity Shares held	-	-
- Amount remitted (Rs.)	-	-
- Year to which the dividend pertains	-	-

I. Earnings in Foreign Exchange

	2010-11 (Rs.)
Exports of Goods on F.O.B. Basis	2,95,62,914 (3,66,40,641)

10. Disclosures required under the Micro, Small and Medium enterprises Development Act, 2006 for year ended March 31, 2011

Particulars	As on 31-03-2011	As on 31-03-2010
	Principal Amt.(Rs.)	Principal Amt.(Rs.)
Unpaid Principal and Interest thereon as at March 31, 2011	7,69,03,835	6,18,99,233
Delayed payments due as at March 31, 2011	Nil	Nil
Interest paid on delayed payment under the MSMED Act	Nil	Nil
Interest due on principal amounts paid beyond the due date during the year	Nil	Nil
Interest accrued but not due	Nil	Nil
Total Interest due but not paid	Nil	Nil

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

Annual Report 2010-2011

11. Basic & Diluted EPS		2010-11	2009-10
Basic Earning per share			
Profit attributable to the shareholders	A	26,54,08,174	19,61,10,752
Weighted average number of Equity shares outstanding during the year	B	1,26,25,194	1,24,53,312
Nominal Value of Equity Share		Rs. 5	Rs. 5
Basic Earning per Share (F.V. Rs. 5 per share)	A/B	Rs. 21.02	Rs. 15.75
Diluted Earning per share			
Profit attributable to the shareholders	A	26,54,08,174	19,61,10,752
Weighted average number of Equity shares outstanding during the year	B	1,26,25,231	1,24,77,500
Nominal Value of Equity Share		Rs. 5	Rs. 5
Diluted Earning per Share (F.V. Rs. 5 per share)	A/B	Rs. 21.02	Rs. 15.72
Number of shares for Basic & Dilutive EPS			
Weighted average number of equity shares outstanding during the year for Basic EPS		1,26,25,194	1,24,53,312
Add : Dilutive potential Equity Shares		37	24,188
Weighted average number of equity shares outstanding during the year for Dilutive EPS		1,26,25,231	1,24,77,500

12. Pursuant to notification dt.31st March, 2009 (Further amended by notification dt.11th May, 2011) issued by the Ministry of Corporate Affairs, the company had exercised the option available under the newly inserted Paragraph 46 to the AS-11. The effect of changes in foreign exchange rates is to add/deduct the foreign exchange fluctuation to capital cost of the asset. Accordingly the net foreign exchange fluctuation gain amounting to Rs.0.09 Cr. ((PY. Gain amounting to Rs.1.50 Cr. and Loss amounting to Rs.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.

13. 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 other related disclosures in respect of Provident Fund have not been made.

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

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

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

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

	Rs. in Lacs 2010-11	Rs. in Lacs 2009-10
Provident fund	75.49	60.58
Employees' Pension Scheme	66.66	54.04
ESIC	51.43	37.93
	193.58	152.55


3) Disclosures for defined benefit plans based on actuarial reports as on 31st March, 2011

Particulars	2010-11		2009-10	
	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	43075839	13098490	37914912	14100933
Current service cost	3955155	6942251	3481544	1916860
Interest cost	3622678	1101583	3033193	1128075
Actuarial loss / (gain)	(17066)	(2376100)	(44646)	(2929756)
Benefits paid	(2717083)	(796029)	(1309164)	(1117622)
Closing defined benefits obligation	47919523	17970195	43075839	13098490
Change in Fair value of Assets				
Opening fair value of plan assets	43293485		38125748	
Expected return on plan assets	3767189		3358543	
Actuarial gain / (loss)	(252211)		(23378)	
Contributions by employer	3940918		3141736	
Benefits paid	(2717083)		(1309164)	
Closing fair value of plan assets	48032298		43293485	
Movement in net liability recognized in Balance Sheet				
Net opening liability	(217646)	13098490	(210836)	14100933
P & L Charge	4045789	5667734	3134926	115179
Contribution Paid	(3940918)	(796029)	(3141736)	(1117622)
Closing Net (asset) / liability	(112775)	17970195	(217646)	13098490
Expenses recognized in the Profit and Loss Account				
Current Service cost	3955155	6942251	3481544	1916860
Interest on defined benefit obligation	3622678	1101583	3033193	1128075
Expected return on plan assets	(3767189)	-	(3358543)	-
Net actuarial loss / (gain) recognized in the current year	235145	(2376100)	(21268)	(2929756)
Total Expenses	4045789	5667734	3134926	115179
Assets Information				
Government of India Securities	41%		35%	
Corporate Bonds	52%		56%	
Special Deposits Scheme	-		-	
Others	7%		9%	
Principal actuarial assumption				
Discount Rate (p.a)	8.41%	8.41%	8%	8%
Expected rate of return on plan assets (p.a)	8.25%	-	8.25%	-
Annual Increase in Salary costs	5.50%	5.50%	6%	6%
Effect on the aggregate Service Cost & interest cost				
Effect on defined benefit obligation				

- (4) The Company has provided upto 31.03.2011 Rs. 179.70 Lacs (Rs. 130.98 Lacs) being increment of discounted value of liability for unavailed leave of the employees determined as per Acturial Valuation.

Annual Report 2010-2011

14. Related party disclosures

Type of Transaction	Associates (Rs.)	Key Management Personnel (Rs.)	Relatives of Key Management Personnel (Rs.)	Total (Rs.)
Purchases - Goods & Materials	60,185 (22,61,116)			60,185 (22,61,116)
Sales - Goods & Materials	2,081 (3,806)			2,081 (3,806)
Expenses - Remuneration	0 (0)	4,60,01,762 (2,59,44,774)	8,07,870 (4,42,073)	4,68,09,632 (2,63,86,847)
Lease Rent / Rent	70,49,250 (45,14,857)			70,49,250 (45,14,857)
Other Services	13,94,002 (11,93,412)	15,92,822 (10,07,478)		29,86,824 (22,00,890)
Interest paid	4,70,384 (15,09,886)			4,70,384 (15,09,886)
Donation / Other Exps.	3,10,000 (2,10,000)			3,10,000 (2,10,000)
Income - Interest Received	5,53,600 (15,75,563)			5,53,600 (15,75,563)
Finance - Loans & Advances given	2,00,000 (1,65,00,000)			2,00,000 (1,65,00,000)
Fixed Deposit / ICD Recd- Repaid	1,67,00,000 (0)			1,67,00,000 (0)
Fixed Deposit / IC Loan Recd-Repaid	1,23,00,000 (20,90,000)			1,23,00,000 (20,90,000)
Rent Deposit paid	2,94,500 (14,09,500)			2,94,500 (14,09,500)
Balance at the end of the year				
Loans & Advances	0 (1,65,00,000)			0 (1,65,00,000)
Loans / Deposits	9,00,000 (1,32,00,000)			9,00,000 (1,32,00,000)

Notes :

Names of related parties and description of relationship :

- | | | |
|------------------------------------------|----------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|
| 1. Fellow Subsidiaries | --- | |
| 2. Associates | 1. Madhusudan Industries Ltd.
2. Madhusudan Fiscal Ltd.
3. Cera Foundation | 4. Vikram Investment Co. Ltd.
5. Madhusudan Holdings Ltd.
6. 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 | |

15. Note on deferred tax liability

The Deferred tax liabilities as at 31st March, 2011 comprise of the following
Deferred Tax Liabilities on account of:

	2010-11 Amount (Rs.)	2009-10 Amount (Rs.)
Depreciation	13,96,92,695	13,35,73,317
Deferred Expenses	-10,68,819	-11,69,153
	13,86,23,876	13,24,04,164
Less: Deferred Tax Assets on account of:		
- Others	84,336	4,68,676
Total	13,85,39,540	13,19,35,488

(Figures in brackets relate to previous year)

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

21st July, 2011

Rajesh B. Shah

President & C.F.O.

Narendra N. Patel

V.P. & Company Secretary

Vikram Somany

Chairman and Managing Director

Vidush Somany

Executive Director

Sajan Kumar Pasari

Director

Shree Narayan Mohata

Director

Kolkata

21st July, 2011

**Cera Sanitaryware Limited****Cash Flow Statement for the year ended 31st March, 2011**

	Year ended March 31, 2011 Rs.	Year ended March 31, 2010 Rs.
A. Cash flow from operating activities		
Net profit before tax & Extra-ordinary items	41,17,90,956	28,55,12,877
Adjusted for		
- Depreciation	6,53,03,054	6,10,30,530
- Foreign Exchange	(19,42,871)	(9,87,020)
- Investment Income	—	—
- Interest Charged	2,71,85,796	2,52,75,010
	<u>9,05,45,979</u>	<u>8,53,18,520</u>
Operating profit before working capital changes	50,23,36,935	37,08,31,397
Adjusted for		
- Trade and other receivables	(8,98,48,594)	(5,24,97,442)
- Inventories	(13,66,95,833)	(9,51,04,815)
- Trade Payable	8,61,68,246	12,69,66,880
	<u>(14,03,76,181)</u>	<u>(2,06,35,377)</u>
Cash generated from operation	36,19,60,754	35,01,96,020
Interest paid	(2,71,85,796)	(2,52,75,010)
Direct taxes paid	(13,03,90,327)	(9,03,37,053)
Cash flow before extra-ordinary items	20,43,84,631	23,45,83,957
Extra-ordinary items	42,47,219	(48,12,072)
Net Cash From Operating Activities Total (A)	<u>20,86,31,850</u>	<u>22,97,71,885</u>
B. Cash flow from Investing activities		
Purchase of fixed assets	(22,01,13,749)	(4,35,49,471)
Sale of fixed assets	36,08,104	1,66,40,065
Purchase of investments	(7,77,11,111)	-
Sale of investments (net of loss)	-	-
Interest received	1,81,46,347	1,44,34,306
Dividend received	9,99,043	32
Net Cash Used in Investing Activities Total (B)	<u>(27,50,71,366)</u>	<u>(1,24,75,068)</u>
C. Cash flow from financing activities		
Proceeds from issue of share capital	22,94,515	48,16,438
Proceeds from borrowings / Repayment of Loan	10,67,95,207	(8,34,53,008)
Dividend paid	(1,83,96,943)	(1,45,32,801)
Net Cash Used in Financing Activities Total (C)	<u>9,06,92,779</u>	<u>(9,31,69,371)</u>
Net Changes in Cash & Cash Equivalents (A+B+C)	2,42,53,263	12,41,27,445
Cash & Cash equivalent - Opening Balance	34,04,91,259	21,63,63,814
Cash & Cash equivalent - Closing Balance	36,47,44,522	34,04,91,259

Rajesh B. Shah - President & C. F. O.
Narendra N. Patel - V.P. & Company Secretary
 Kolkata
 21st July, 2011

Vikram Somany Chairman and Managing Director
Vidush Somany Executive Director
Sajan Kumar Pasari Director
Shree Narayan Mohata Director

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, 2011 and March 31, 2010 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
 21st July, 2011

Balance Sheet Abstract and Company's General Business Profile**I. Registration Details**

Registration No.	:	34,400
State Code	:	04
Balance Sheet Date	:	31-03-2011

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue	:	-
Right Issue	:	-
Bonus Issue	:	31,637
Private / Preferential Placement	:	-

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	:	16,33,034
Total Assets	:	16,33,034

Sources of Funds

Paid-up Capital	:	63,274
Reserves & Surplus	:	11,90,834
Secured Loans	:	3,76,479
Unsecured Loans	:	2,447

Application of Funds

Net Fixed Assets	:	8,44,487
Investments	:	77,725
Net Current Assets	:	7,10,420
Misc. Expenditure	:	402
Accumulated Losses	:	-

IV. Performance of Company (Amount in Rs. Thousands)

Turnover	:	24,80,165
Total Expenditure	:	20,64,950
Profit before tax (PBT)	:	4,15,215
Profit after tax (PAT)	:	2,65,408
Earning Per Share (Rs.) (PAT/No. of Shares) - Basic	:	21.02
Earning Per Share (Rs.) (PAT/No. of Shares) - Diluted	:	21.02
Dividend Rate	:	50%

V. Generic Names of Three Principal products/ Services of Company

i. Item Code No. (ITC CODE)	:	691010 00
Product description	:	Ceramic Sinks, Wash basins, Wash basin pedestals, baths, bidets, Water closet, pans, flushing cisterns, Urinals, similar Sanitary fixtures
ii. Item Code No. (ITC CODE)	:	848190 90
Product description	:	Faucetware Products

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

Kolkata
21st July, 2011

Vikram Somany Chairman and Managing Director
Vidush Somany Executive Director
Sajan Kumar Pasari Director
Shree Narayan Mohata Director

**Cera Sanitaryware Limited**

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

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 Tuesday, the 6th September, 2011 at 11.30 a.m. or at any adjournment thereof.

Signed this _____ day of _____, 2011.

Signature(s) of the Shareholder(s) _____



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 Sanitaryware Limited**

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

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

ATTENDANCE SLIP

Annual General Meeting - 2011
at Regd. Office : 9, GIDC Industrial Estate, Kadi - 382 715, Dist. Mehsana.

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 6th September, 2011.

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.

Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliance by the Companies and has issued circulars stating that service of notice / documents including Annual Report can be sent by E-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their E-mail addresses, so far, are requested to register their E-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register their E-mail ID and other details viz. Folio Number, number of shares held, name(s) of holders of shares and sign the same as per signature registered with the company and send the same to the Registrar and Share Transfer Agent, **MCS Limited, 101, Shatdal Complex, 1st Floor, Opp. Bata Show Room, Ashram Road, Ahmedabad - 380 009.**

The Company proposes to pay dividend for the year 2010-11 through National Electronic Clearing Service (NECS) to the credit of member's Bank Account. The members are requested to intimate their Bank details viz. Bank Account Number, name of the Bank Branch and address of Bank etc., to the Registrar and Share Transfer Agent of Company, **MCS Limited, 101, Shatdal Complex, 1st Floor, Opp. Bata Show Room, Ashram Road, Ahmedabad - 380 009**, or to the Company, latest by 25.08.2011. Bank Account details submitted to the Depository Participants by the shareholders will be used by the Company to credit the dividend amount.

The members are also requested to up-date their E-mail ID, Bank details etc., from time to time with their Depository Participants and to the Company for better services.

Cera's state-of-the-art faucets facility

At Cera, we are dedicated to optimum utilization of our resources and produce quality products. We have a state-of-the-art manufacturing facility which is fully integrated. Right from the selection of raw materials, quality is assured by our stringent tests and checks at every stage of manufacturing. The Cera faucet plant enables us to provide a spectrum of faucets that reflect your style.

All the designs are latest, unique, durable, user friendly and easy to maintain. The range comprises of single levers, quarter turns and half turns with accessories.

The Cera faucet plant is equipped with the latest equipments like fully automatic core shooter, instant induction furnace, channel type furnace with gravity die-casting machine and high-tech equipments for endurance testing, high pressure testing, plating thickness testing there by delivering impeccable quality.



Gravity Die Casting



Automatic Core Shooter



Testing Equipment

BOOK-POST

To :



Cera Sanitaryware Limited

Madhusudan House, Opp. Navrangpura Telephone Exchange, Ahmedabad 380006
Phone: (079) 26449781, 26449789 Fax: (079) 26569259 Email: marketing@cera-india.com Web: www.cera-india.com

CERA Bath Studio

Company Display Centre

Ahmedabad: 1st Floor, Shivalik Arcade, Anand Nagar Cross Roads, 100 Ft. Road, Ahmedabad 380015
Phone: (079) 26931140, 32205237 Email: bathstudio_ahd@cera-india.com
Bangalore: 596/601-47, 1st Floor, Dr. Rajkumar Road, Prakash Nagar, Opp. Andhra Bank, Bangalore 560021
Phone: (080) 32917343 Telefax: (080) 23325622 Email: bangalore@cera-india.com
Chandigarh: SCO 3A, 1st Floor, Sector 7-C, Chandigarh 160019
Phone: (0172) 3208093 Telefax: (0172) 2795641 Email: chandigarh@cera-india.com
Cochin: 1st Floor, Jacob's, 33-326B, Geetanjali Junction, Chalikkavattam Palarivattam-Vyttila NH By-pass 47, Ernakulam, Cochin 682019
Phone: (0484) 3232043, 3231446 Telefax: (0484) 2805440 Email: cochin@cera-india.com
Hyderabad: Plot No. 1103, 2nd Floor, Food World Building, Jubilee Hills, Road No. 36, Hyderabad 500033
Phone: (040) 32006845 Telefax: (040) 23546918 Email: hyderabad@cera-india.com
Kolkata: Unit No. E 406, City Centre, DC Block, Sector-1, Salt Lake City, Bidhannagar, Kolkata 700064
Phone: (033) 32996221 Email: calcutta@cera-india.com
Mumbai: 'Mahavir Arcade', Shop No. 1, Ground Floor, Plot No. 286, Sector-28, Vashi, Navi Mumbai 400703
Phone: (022) 32508669, 27801942 Fax: (022) 27802003 Email: mumbai@cera-india.com

CERA Bath Gallery

Exclusive Cera Retail Centre

Chandigarh/Haryana/Punjab: Chandigarh: SCO-341-342, Sector 35 B, Chandigarh 160017 Phone: (0172) 2602244
Panchkula: Plot No. 37, Industrial Area, Phase-1, Panchkula 134204 Phone: (0172) 5011117/2582037
Gujarat: Ahmedabad: Opp. Khodiyar Temple, Gota Gam, Nr. S.G. Highway, Ahmedabad 382481 Phone: (079) 65422561
Jammu & Kashmir: Srinagar: Tanki Pora, Srinagar 190009 Phone: (0194) 2103838
Karnataka: Bangalore: No. 16, 100 ft Inner Ring Road, Koramangala, Ejipura, Bangalore Phone: (080) 25704040
Kerala: Calicut: Soubagya Shopping Complex, Arayadathupalam, Mavoor Road, Calicut 673004 Phone: (0495) 3048100
Kannur: KPK Rialto, Thana, Kannur 670012 Phone: (0497) 2701865
Kollam: N. K. Tower, Karamcodu P. O., Kalluvathukkal, Kollam 691579 Phone: (0474) 2591052
Kottayam: Near Collectorate, Kottayam 686002 Phone: (0481) 3296281, 3246281
Nadapuram: City Center, Thallassery Road, Nadapuram, Calicut 673504 Phone: (0496) 3020205
Nooranad: J K Plaza, Nooranad, Alappuzha District 690504 Phone: (0479) 2386234, 2387138 Telefax: (0479) 2386848
Punalur: Chowka Road, Punalur, Kollam District 691305 Phone: (0475) 2220848, 3203618
Thiruvananthapuram: Kolpurathu Building, Poojappura-Karamana Road, Poojappura, Thiruvananthapuram 695012 Phone: (0471) 2340921
Thrissur: M.G. Road, Thrissur 680004 Phone: (0487) 2386039, 2385837
Uzhavoor: Koonthamattathil Building, Uzhavoor P.O. Kottayam District 686634 Phone: (0482) 2240258
Maharashtra: Pune: S/No. 66/19, Katraj Kondhwa Road, Opp. Shatrunjay Temple, Kondhwa(BK), Pune 411 046 Phone: (020) 26932616
New Delhi: 1st Floor, 67/ 5356, Reghar Pura, Karol Bagh, New Delhi 110005 Phone: (011) 28723040, 45052755 Telefax: (011) 28722178
Tamil Nadu: Chennai: 2/5, Sri Sakthi Nagar, 191, 100 Ft. Road, Arumbakkam, Chennai 600106 Phone: (044) 24759909
Chennai: 107, GST Road, Chromepet, Chennai 600044 Phone: (044) 43162282, 42076761
Chennai: W - 124, 3rd Main Road, Annanagar, Chennai 600040 Phone: (044) 26191305
Chennai: #79, Tana Street, Purasawalkam, Chennai 600007 Phone: (044) 25325415
Coimbatore: 321, Mettupalayam Road, Opp. Murugan Mill, Coimbatore Phone: (0422) 4033660-64
Uttar Pradesh: Lucknow: 49-C Singar Nagar, Alambagh, Lucknow 226005 Phone: (0522) 4016330, 2454118
Noida: E-100, Sector 9, Noida 201301 Phone: (0120) 4322735

Regd. Office & Works

9, GIDC Industrial Estate, Kadi 382715, District Mehsana, North Gujarat
Phone: (02764) 242329, 262619, 262638, 263874, 321949 Telefax: (02764) 242465 Email: kadi@cera-india.com

Toll Free: 1800 200 1801 | ceracare@cera-india.com