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CML 9829610



28th August, 2017

SOMANY

**The Corporate Relationship Department
BSE Limited
Phiroze Jeejeebhoy Towers,
25th Floor, Dalal Street,
Mumbai – 400 001**

**The Secretary
National Stock Exchange of India Ltd
Exchange Plaza,
Bandra Kurla Complex, Bandra (East),
Mumbai - 400 051**

Sub: Submission of Annual Report – 2016-17 of the Company, pursuant to Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In compliance with requirements under Regulation 34 (1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the Annual Report of the Company for the year 2016-17, duly approved and adopted in the 49th Annual General Meeting held on Friday, 25th August, 2017 at Lakshmi Pat Singhania Auditorium, PHD Chamber of Commerce and Industry, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi – 110 016 at 10.30 a.m. as per the provisions of the Companies Act, 2013.

This is for your information and record.

Thanking you,

Yours faithfully,

For Somany Ceramics Limited

**Amrish Julka
DGM (Legal) & Company Secretary
M. No.: 4484**

Encl: as above

SOMANY CERAMICS LIMITED

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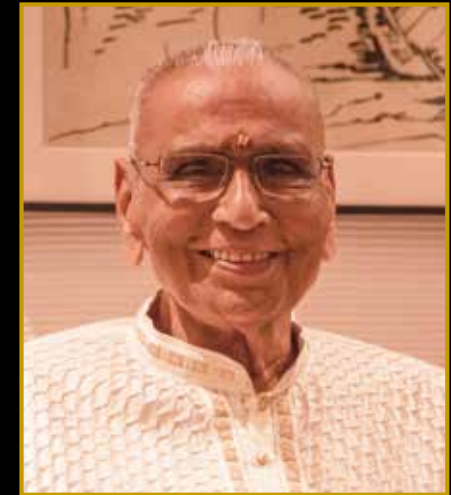
Corporate Office : F-36, Sector-6, Noida - 201 301, Telefax. : +91-120-4627900 to 4627999, 4628000 to 4628099.

Registered Office : 82/19, Bhakerwara Road, Mundka, New Delhi-110 041, India. Tel : +91-11-28341085.

Corporate Identity Number (CIN) : L40200DL1968PLC005169

SOMANY

version 2.0



Shri Hiralal Somany, founder of Somany Ceramics Limited, passed away on November 14, 2016 at the age of 96. He was a visionary and in true sense the doyen of the Indian ceramic industry having pioneered businesses in tiles, sanitaryware and faucets.

He was, in fact, one of the earliest industrialists in independent India and a great believer in indigenous manufacturing.

He was way ahead of his times. His ethos, vision and values shall remain our guiding principles while taking the Company to greater heights. We at Somany Ceramics, shall always remain indebted to him.



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Forward-looking Statement

Statements in this report that describe the Company's objectives, projections, estimates, expectations or predictions of the future may be 'forward-looking statements' within the meaning of the applicable securities laws and regulations. The Company cautions that such statements involve risks/uncertainty and that actual results could differ materially from those expressed or implied. Important factors that could cause differences include input costs and/or its availability, cyclical demand and pricing in the Company's principal markets, changes in government regulations, economic developments within the countries in which the Company conducts business, and other factors relating to the Company's operations, such as litigation, labor negotiations and fiscal regimes.

UNTHINKABLE.

AT SOMANY CERAMICS LIMITED, THE
UNTHINKABLE HAPPENED IN 2016-17.

PROFITABLE GROWTH.

THE COMPANY'S SALES GREW 6.7 PER CENT.

THE COMPANY'S SALES VOLUME INCREASED
7.3 PER CENT.

THE COMPANY'S PROFIT AFTER TAX
STRENGTHENED 41 PER CENT.

COUNTERING WEAK REALTY MARKETS,
DEMONETISATION AND INCREASING
COMPETITION.

SOMANY
version 2.0



SOMANY BECOMES **YOUNGER!**

A few years ago, Somany addressed a curious challenge.

The company was getting chronologically older in a world driven increasingly by the youthful (by age and temperament).

The company enjoyed a strong legacy of 45 years of leadership in design and innovation.

What seemed imperative was to use this legacy as a competitive advantage rather than it becoming a handicap.

Somany addressed this challenge in an unusual way.

The company reinvented itself.





Nowhere has Somany's reinvention manifested more visibly than in fresh recruitment.

Somany recruited younger. Somany recruited non-tile professionals.

The average age of organisation is 35 years; however the average age of new joinees is lower at 31 years.

We are pleased to state that the trickle-down of this evolving chemistry is evident.

Conventions are being questioned.

'Can we explore a better way?' is being heard more in Somany brainstormings.

There is a greater priority in doing it 'now'. Standing in is passé; standing out is the new desire.



TRANSFORMATION.
MANIFESTING IN
A REALITY WITH
REMARKABLE
POSSIBILITIES.

Display on Wheels

When Somany announced its intention to provide the best of its products deep across rural and semi-India, the first response was one of surprise.

How would the company be able to afford the resources required? How would the company create stores where muted demand existed?

The reinvented Somany addressed this challenge in an unusual way.

If the consumer couldn't always come to the Somany store; the store could also always go to the consumer.

The result was that in 2016, Somany launched the pioneering Display on Wheels. A luxury bus service converted into a travelling store.

This customised bus has an unusual route; instead of making short runs within an urban location, it extends from one town to another. Travelling across 7 States.

What makes this bus store different is that it showcases products like they would be in a store. The attending executives explain product portfolio, attributes and superiority. They address local architects and designers. They engage prospective consumers.

This initiative has enhanced brand awareness, respect, offtake and dealer morale.

"The bus increased my month's offtake 30 per cent" said one dealer; "The company cares" said another.

Somany is about a phrase that is being increasingly used – Proximity to masses.

Digital marketing

In line with ongoing realities, Somany began to shift its marketing from the analog to the digital.

Somany increased its social media presence, reaching 2,693 followers on Twitter, 4,196 followers on LinkedIn and securing 243,940 likes on Facebook.

The Company also strengthened its search engine optimisation, generating a top listing across relevant searches. Somany's mobile app served as a one-stop engagement that generated relevant information related to tiles, sanitaryware and bath fittings. The result is that, over the last few years Somany has shrunk its proximity to only an arm's length away.

Luxury stores

The Company launched exclusive state-of-the-art display showrooms across the country to address the needs of a high-end clientele and interior designers to see and touch products before purchase.

These showrooms stocked the widest product collection and were manned by competent executives possessing a deep understanding of customer needs and the Company's products. The result is that these luxury stores have strengthened Somany's visibility and brand strengthening offtake.

6 WAYS IN WHICH WE REINVENTED THE COMPANY

1 Asset lightness

Somany made increasing investments in tile manufacturing joint venture companies; each of these JVs was greenfield, were commissioned faster with shorter gestations, invested in high technologies and addressed specific product lines; the company's seven joint ventures are one of the highest in India's tile manufacturing sector.

The result: enhanced asset lightness and investment efficiency.

6

Category extension

Until 2008, Somany was a focused tile-driven company. Thereafter, the company responded to the growing convenience needs of consumers. It began to offer bathroom solutions through the outsourcing of complementary products (sanitaryware and faucets); once these markets had been seeded, the company extended to high-margin sanitaryware manufacturing and marketing.

The result: The Company is trebling the manufacturing of sanitaryware products, effective from 2017-18.



5 Debt repayment

Until 2008, Somany's investments in manufacturing facilities and capacities were largely debt-driven. The company made a conscious decision: to invest in distribution, branding, technologies and joint ventures, make superior value-added products, report stronger cash flows, and repay debt and moderate interest.

The result: The Company graduated from a focus on profits to cash flows; gearing declined, interest cover strengthened and this strategy was robustly validated by increased market capitalisation.

2 Distribution investments

Until 2008, Somany was largely a manufacturing-driven company. Thereafter, the company made disproportionately higher investments in business intangibles (principally distribution). The company increased Tier 2 and Tier 3 city dealers and distributors, engaged actively with trade channels and accelerated product launches.

The result: enhanced trade retention, loyalty and throughput.

3

Brand investments

Until 2008, Somany was the fourth largest brand in India's tile sector. The Somany brand was recalled around the following words: 'good' and 'usual' and 'enduring'. The company set about transforming this recall: through contemporary product introductions, accelerated launches, superior product styling and finishes, younger communication and larger brand investments.

The result: superior unaided brand recall, better trade visibility, distinctive consumer pull, enhanced product realisations, stronger distributor accretion and higher corporate profitability.



4 Relationships

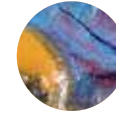
Until 2010, Somany was largely driven by the momentum generated out of tangible investments in infrastructure and equipment. The operative line within the company was 'How much have we produced today?' The company embarked on a strategic re-alignment thereafter, increasing its investments in intangibles (relationships with trade channels, joint venture partners, employees and shareholders).

The result: higher degree of passion and motivation; a stronger conviction that relationships make the difference.



Initiatives, 2016-17

- Somany Ceramics responded to market challenges through various initiatives.



Products

- Enhanced glazed vitrified offerings marked by superior designs and technologies
- Accelerated product launches every two months, enhancing trade excitement; the company introduced a new 40x80-inch glazed vitrified tile for wall applications and B and C Indian cities
- Improved designs across sizes which proved to be an effective counter-response to Chinese imports
- Introduced a differently-styled French Collection addressing the luxury sanitary ware market



Customers

- Engaged customers directly; the Individual Household Builder initiative showcased products and variants for high-end customers, contractors and architects, reaching more than 7500 prospective customers
- Created a team to aggregate and address sales leads
- Addressed a wider customer range (masons, architects, individual home builders and new home builders)

CHALLENGES | 2016/17

The company addressed weak demand from a sluggish real estate sector. There was a decline in ceramic and polished vitrified realisations. There was a need to enhance mindshare and mind space for top of the mind recall. There was a priority to establish increased Kassara throughput in the marketplace. The company needed to continue its focus on retail sales (~65 per cent of offtake) to protect from price erosion.



Stores

- Enhanced the buyer's experience through refurbished exclusive display showrooms (Studio, Exclusive, Grande and Coco)
- Commissioned the high-end Worli store to address the needs of South Mumbai corporate, interior designers and high net worth individuals; the Experience Centre showcased glazed vitrified tiles
- Trained the sales personnel of channel partners – distributors, sub-dealers and retailers – to showcase Somany products better



Digital

- Enhanced the brand's visibility across Facebook, Twitter, Instagram, mobile applications and Tile visualiser
- Targeted a customer group aged between 25 and 45



Achievements, 2016-17

- Sales by value increased 6.6 per cent
- The company graduated from number three in the tiles industry to number two
- The proportion of glazed vitrified tiles increased from 16.8 per cent to 19.9 per cent of revenues
- The company's share of multi-brand outlets increased
- There was an attractive traction among prospective channel partners to engage with the company
- Strengthened distribution network by adding 223 dealers (net)
- Enhanced shelf space by adding 44 new showrooms/ display centres, taking the total to 225



Outlook, 2017-18

The business intends to strengthen its marketing initiatives to sustain profitable growth. The company intends to increase more and more showrooms/ display centres, while enhancing advertising and promotion; it intends to enhance its pan-India coverage to be present in all Indian towns with a population in excess of 150,000; it intends to enhance mindshare and mind space.

Our digital marketing suite



Content: Lifestyle, home décor blogs, aspirational homes
Impact: Reported 200,000+ likes



Content: Lifestyle, product highlights, updates and featurettes
Impact: Over 2700 followers



Content: Lifestyle, Home décor, aspirational homes
Impact: Over 1200 followers, average 40 likes per post.



Mobile app
Content: Product catalogue, enquiry, sharing product details via social media and store locator.
Impact: Rated 4.8* out of 5* on Google play store.

Tile visualiser

Content: Virtual reality software; provided 1000+ props help mix and match
Impact: Industry-pioneering; consumers empowered to design their own space

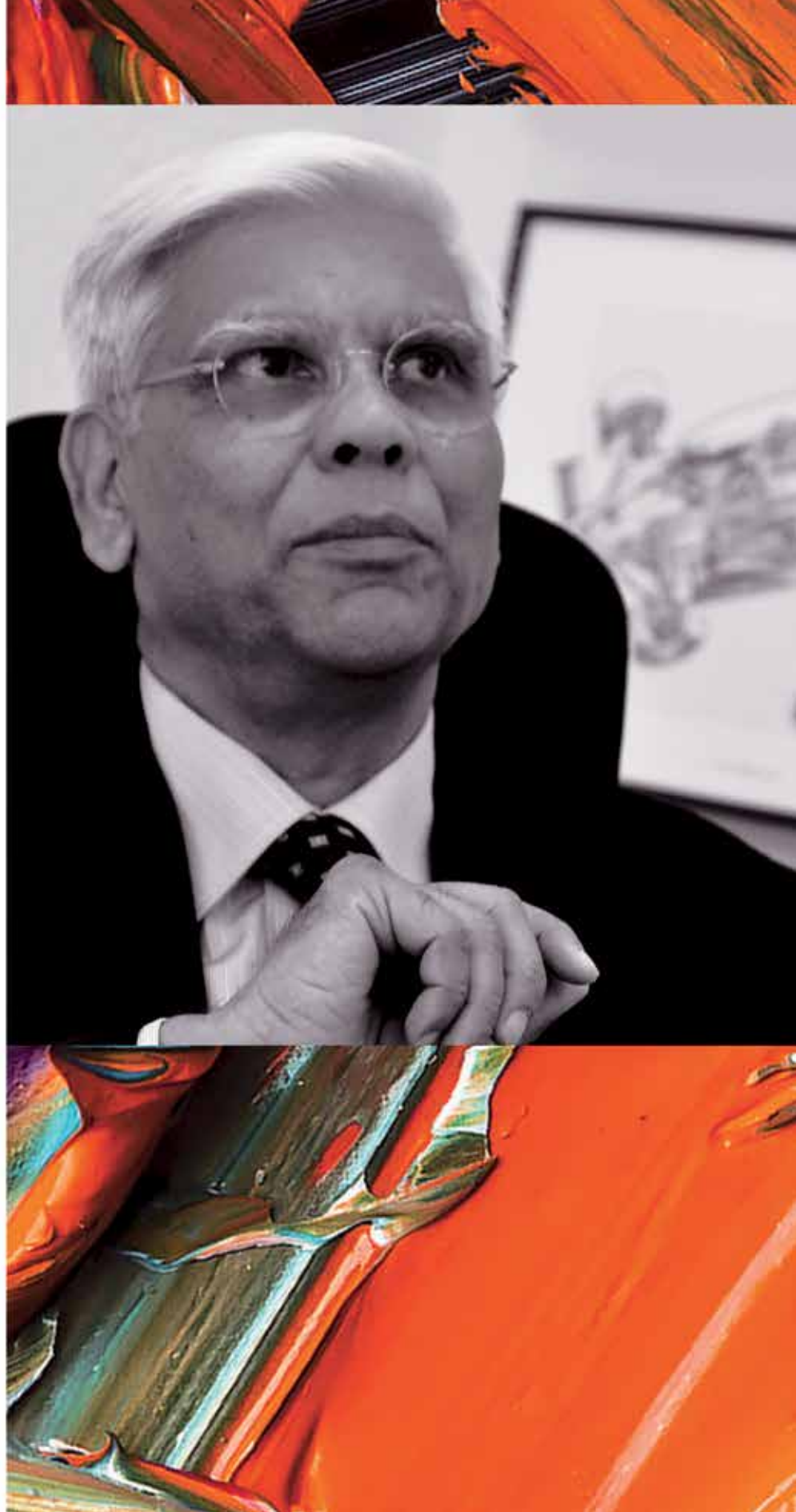
SOMANY SHOWROOMS/DISPLAY CENTRES




CHAIRMAN'S OVERVIEW

SOMANY CERAMICS
COULD HAVE MADE
INCREMENTAL
MODIFICATIONS IN ITS
BUSINESS MODEL. IT
DID SOMETHING MORE
SIGNIFICANT.

**IT TRANSFORMED
ITSELF INSTEAD.**





The inspiration of a reinvented Somany Ceramics' can be condensed into just three words.

The words are 'Millennials' and 'Demographic dividend'.

Take Millennials instance, referring essentially to those born from the mid-1990s onwards to early 2000s. This represents the latest consuming generation, having just entered the workplace. Even as their economic influence is yet to be felt, their lifestyle influence has extended across the world through the willing embrace of technology and cutting-edge digital practices.

Millennials are also associated with increased narcissism, compared to the preceding generations when they were in their teens and twenties. This is not mere assumption; a digital Narcissistic Personality Inventory survey in the US found millennials exhibited 16% more narcissism than older adults, the males scoring higher on average than females.

Another survey by University of Michigan and UCLA indicated an increase in the proportion of students who considered wealth ownership to be important. What was 45% among Baby Boomers (surveyed between 1967 and 1985) increased to 70% for Gen Xers, and 75% for Millennials. Interestingly, the concept of 'developing a meaningful philosophy of life declined the most across generations: from 73% for Boomers to 45% for Millennials.

At Somany Ceramics, we believe that these numbers visibly indicate the need to acquire and display.

There is another trend sweeping across India with extensive implications. Even as many

Asian countries are aging (Japan primarily), nearly half of India's 1.2 billion people is still under 26. By 2020, India is forecast to emerge as the youngest country in the world with a median age of 26 (China 37). Besides, 250 million people are set to join India's workforce by 2030, which is the equivalent to the aggregated population of a number of countries.

At Somany Ceramics, we are convinced that the fusing of the Millennial impact at one end and the demographic dividend at the other makes India one of the most exciting countries in the world.

Somany Ceramics could have made incremental modifications in its business model; it transformed itself instead.

The result is that the consumer of today is everywhere; Somany Ceramics proactively widened and deepened its distribution to the point where 75 per cent of its revenues are derived from Tier 2,3 and 4 cities in India today.

The consumer of today is increasingly brand-driven; Somany Ceramics invested in its brand personalities and visibility to drive offtake higher than the sectoral average.

The busy consumer of today is convenience-driven; Somany Ceramics enhanced its physical and virtual access to facilitate decision making and purchase.

The consumer of today is impatient; Somany Ceramics has strengthened its supply chain to remain consistently stocked.

The consumer of today is globally exposed; Somany Ceramics launched world-class products and designs.

The consumer of today is choice-

influenced; Somany Ceramics widened its product portfolio and variants.

I am pleased to report that even as most of our initiatives in a reinvented Somany Ceramics have been more than three to four years old, the results have been dramatic.

Somany Ceramics reported aggregate cash profits of ₹303.98 crores in the last three years and market capitalisation increased to ₹2915.70 crores as on 31st March, 2017 from ₹636.08 crores three years back on 31st March, 2014.

So what is the big message that I have for shareholders?

The big message is that in an ever-transforming world where it would be difficult to estimate where one will be even five years hence, the only reasonable certainty and assurance that one can indeed provide is about something completely within our control.

And that is our passion.

Whatever the markets, whatever the pressures, whatever the challenges, whatever the geographies...Somany Ceramics will bring a youthful vigour to its business and when we do so, I am confident that all the growth that we generate thereafter would be a profitable by-product.

Shreekant Somany,
Chairman & Managing Director

MR. ABHISHEK SOMANY MANAGING DIRECTOR,
REVIEWS SOMANY'S PERFORMANCE DURING FY2016-17



"The fact that the Company reported profitable growth during a year marked by demonetisation indicates its inherent competitiveness and responsiveness."

Q&A

Q: Were you pleased with the performance of the Company during FY2016-17?

A: I was – and for some good reasons. On the one hand, the Company reported revenue and volume growth of 6.7% and 7.3%, respectively. On the other, the Company reported a 41% increase in profit after tax and a 35.6% increase in EBITDA. This profitable growth, despite challenging circumstances, reflected the Company's ability to juice its systems effectively and generate profits from within as opposed to the conventional response of passing cost increases to customers. The fact that the Company reported profitable growth during a year marked by demonetisation indicates its inherent competitiveness and responsiveness. Better still, the numbers we reported outperformed the average sectoral growth for FY2016-17.

Q: How did Somany make it happen?

A: The answer to that lies in the kind of competitiveness that we have built into our system over the past few decades. For instance, a nominal 10 paise increase in our realisations per square feet can potentially translate into a pre-tax profit of about ₹5 crore. So, even during the years when we cannot pass on cost increases and have to rely on cost optimisation, the resultant benefits are as attractive as ever. This is precisely what we did during the year under review: we managed our finances better to enhance our margins and profits.

Q: How was the Company affected by the demonetisation initiative?

A: The Company was affected in the sense that consumer sentiment suffered in the aftermath of the demonetisation. The Company responded to this reality by

addressing client concerns and loosening its purse strings selectively and prudently.

Q: What were the major initiatives undertaken by Somany during FY2016-17?

A: During FY2016-17, the management embarked on a number of initiatives which will allow Somany to enhance efficiencies at a fraction of the prevailing costs by using its existing infrastructure. The rationale behind this strategy is that this will let Somany reach markets faster at lower costs – reinforcing sustainable growth. Here's proof: **one**, the Company trebled its sanitaryware capacity only after having seeded the market. This meant that Somany will be better placed to market its additional throughput without compromising brand identity or realisations. **Two**, the Company is upgrading and modernising certain production lines at its manufacturing facilities. This would not only enhance the ratio of value-added variants in its portfolio but also increase the operational capacity by ~7%. **Three**, the Company increased its stake in Vintage, an associate company, to 50%. This was done keeping in mind that Vintage had just scaled its value-added tiles capacity to 4.80 million square metres per annum. **Four**, the Company expects to derive the full annualised benefit following the expansion of its glazed vitrified tile plant, which concluded during FY2016-17. But for short-term aberrations due to SAP

implementation and the proposed enactment of the GST (from 1st July, 2017), the aforementioned factors should serve Somany well from the second half of the current financial year.

Q: What were some of the other initiatives that enhanced margins and profits?

A: Whatever Somany did during the year under review was marked by a sense of passion. For instance, when it came to manufacturing, the Company incorporated the Kaizen concept of continuous improvement that helped us reduce operational costs. When it came to selling, the Company fine-tuned its product mix in favour of value-added varieties. When it came to engaging with prospective customers, the Company unveiled more proprietary renovated showrooms, strengthened dealer engagement and enhanced its social media visibility.

Q: What was the major challenge that Somany faced during the year?

A: For a company like Somany, which enjoys strong brand equity among its customers, one major challenge is coming up with innovative products on a regular basis. Customers have high expectations from Somany in terms of product quality and new designs. Hence, the manufacturing team conducts detailed market surveys to understand the evolving needs of customers. They travel the world extensively to study different markets and observe

design trends. The Company also has one of the best design teams in the country comprising ~20 people with an average eight years of industry experience. Thanks to their untiring efforts, Somany ensured that it is able to bring something new to the table every now and then.

Q: What do you think are the key strengths of your business?

A: Somany is extremely customer-oriented and believes in the philosophy of 'customer first'. I believe this is precisely what sets the Company apart. Customers have consistently appreciated Somany's commitment towards them in terms of service and delivery. The second thing is our quality. At Somany, quality is something that is never compromised on. Thirdly, our distinctively designed tiles and sanitaryware are a matter of immense pride. Lastly, any business owes its success primarily to its human capital. The management takes good care of its employees and ensures a safe and friendly environment for them.

Q: What is the Company's outlook from a product portfolio perspective?

A: Somany Ceramics widened its portfolio from tiles to bathroom solutions comprising sanitaryware and faucets. The management believes these are relevant products keeping in mind the growing demand for value-added products. The Company follows a market-seeding approach

followed by capacity creation as soon as sales achieve critical mass. Having trebled the sanitaryware capacity in a subsidiary, Somany is now considering putting up a faucet manufacturing plant. The sanitaryware and bath fittings business generated ₹137.32 crore revenues in FY2016-17, a growth of 22.5%. An even better growth momentum is expected going forward.


Q: What is the outlook of the Company over the foreseeable future?

A: The proposed introduction of the GST should make tax compliance norms stricter for unorganised players, thereby bridging price gap between organised players and them. Similarly, various other initiatives undertaken by the Government of India in the realms of housing, sanitation and infrastructure creation would benefit the Company over the medium to long-term.

Q: What is the big message that you wish to send out to your shareholders?

A: The Company is engaged in scaling the established end of its business (tiles), enhancing the visibility of the emerging end of its business (sanitaryware and faucets) and building the manufacturing capacity of the nascent end of its business (greenfield) over the medium-term. The management believes that this approach will allow Somany to grow sustainably over the years to come.

At Somany
Ceramics Limited,
our performance
ambition is to
create India's most
exciting interior
solutions brand.

 OVERALL GOAL	<ul style="list-style-type: none"> • The company is driven by the goal of achieving ₹3000 crore in revenues by 2020 accompanied by margin expansion
 PROBABLE GOAL CONTRIBUTORS	<ul style="list-style-type: none"> • Title: Grow revenues from ₹1750 crore in FY17 to ₹2500 crore by 2020; generate a larger proportion of revenues from value-added tiles • Complementaries: Generate 15 per cent of corporate revenues from complementary bathroom products (sanitaryware and faucets)
 FOCUSED INVESTMENTS	<ul style="list-style-type: none"> • Greenfield facility: Proposed commissioning of a tiles plant in Andhra Pradesh under a joint venture starting 2019 • Distribution: Increase active dealers from 1500 to 2000 by 2020 • Brand: Increase investments (annualised brand spending) from ₹48 crore in 2016-17 to ₹80 crore or more by 2020
 PERFORMANCE MEASURES	<p>PROFITABLE GROWTH</p> <ul style="list-style-type: none"> • Total income (Sales): Grew 6.6 per cent in 2016-17 • Profit after tax grew 43.8 per cent in 2016-17 • EBIDTA margin: Grew 260 bps to 11.5 per cent in 2016-17 <p>CONSISTENT VALUE CREATION</p> <ul style="list-style-type: none"> • Return on average invested capital: Grew 150 bps to 21.3 per cent in 2016-17 • Market capitalisation: Grew from ₹1549.13 crore as on 31 March 2015 to ₹2915.70 crore as on 31 March 2017 <p>BUSINESS HEALTH</p> <ul style="list-style-type: none"> • Average cost of debt: declined 100 bps to around 8 per cent in 2016-17 • Debt-equity ratio: Strengthened from 0.62x as 31 March 2016 to 0.57x as on 31 March 2017 • Interest cover: Strengthened from 5.50x in 2015-16 to 7.35x in 2016-17



VISION

Most sought after tile and allied product in India and be the best employer in the tile industry.

MISSION

Achieving customer delight through business innovation and cost effectiveness while pursuing latest fashion trends in ceramics & allied products for creating stakeholders values

CORPORATE INFORMATION

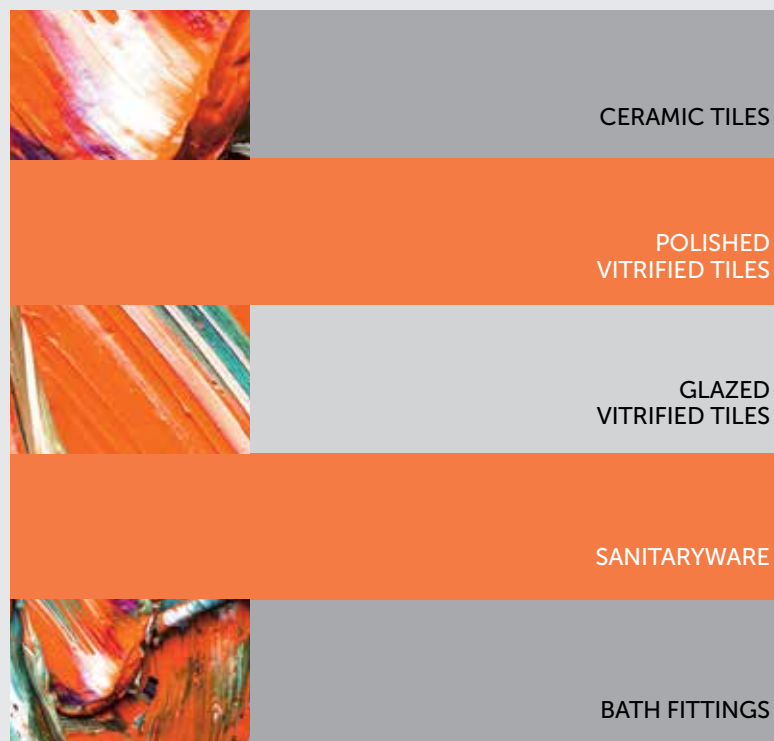
We are Somany Ceramics.

Headquartered in Noida, we are India's second largest manufacturer of tiles and export to more than 55 countries. Our total access to tile manufacturing capacity was 60 million square meters as on 31 March 2017. This was derived from two units at Kadi and Kassar, six ancillary units of associates/subsidiaries and units of other manufacturers.

Somany has been engaged in setting trends in interior design through the launch of innovative products that cater to the growing needs of evolving Indian customers.

Somany uses best-in-class technology and innovation in designs, ensuring that the Company stays at the forefront of home décor solutions. The recent addition of sanitaryware and bath fittings divisions will graduate Somany into a one-stop shop for interior needs.

PRODUCT RANGE



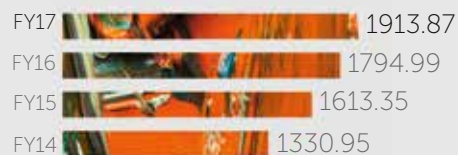
MARKET PRESENCE

The company has a market presence pan-India, with a market share of about 7.5%. The company has about 10,000 touch points including a network of 1528 active dealers and 225 showrooms/ display centres, out of which 207 showrooms are franchisee-managed. The retail segment contributes ~65% to our sales. The Company generates, approximately 39% revenue from the North, 29% from the South, 17% from the East and 11% from the West. Besides this, Somany also exports to a number of countries in Europe, Middle East, Asia and Africa, generating 4% of its revenue from exports.

OUR MANUFACTURING CAPACITIES

Tiles	Company	Stake	Unit	Annual capacity
		100%	Kassar, Haryana	17.13 msm
		100%	Kadi, Gujarat	8.42 msm
	Subsidiary/ associates	51%	Amora Tiles Pvt. Ltd.	4.58 msm
		51%	Somany Fine Vitrified Pvt. Ltd.	4.29 msm
		50%	Vintage Tiles Pvt. Ltd.	2.99 msm
		26%	Acer Granito Pvt. Ltd.	5.10 msm
		26%	Commander Vitrified Pvt. Ltd.	4.76 msm
		26%	Vicon Ceramic Pvt. Ltd.	3.98 msm
	Outsourced capacity (zero equity stake)			9.00 msm
Sanitaryware	Subsidiary	51%	Somany Sanitary Ware Pvt. Ltd.	303,000 pcs

HIGHER REVENUES +6.62%



Sales (₹ in crores)

Definition

Sales growth without deducting excise duties.

Why we measure

This measure reflects the result of our ability to understand market trends and service customers with corresponding products, superior technologies and competent supply chain management.

Performance

Our aggregate sales increased 6.6 per cent to ₹1913.87 crore in FY17, which was above the industry average.

GROWING PAT +43.9%



Net Profit (₹ in crores)

Definition

Profit earned during the year after deducting all expenses and provisions.

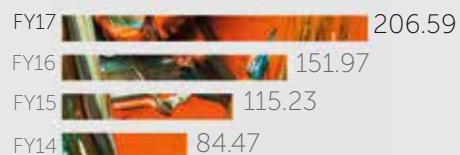
Why we measure

It highlights the strength in the business model in generating value for its shareholders.

Performance

The company's net profit grew every single year through the last 4 years. The company reported a 43.9 per cent increase in its Net Profit in FY17 – reflecting the robustness and resilience of the business model in growing shareholder value despite external vagaries.

GROWING EBIDTA +35.9%



EBIDTA (₹ in crores)

Definition

Earning before the deduction of fixed expenses (interest, depreciation, extraordinary items and tax).

Why we measure

It is an index that showcases the company's ability to optimise business operating costs despite inflationary pressures, which can be easily compared with the retrospective average and sectoral peers.

Performance

The company's EBIDTA grew every single year through the last 4 years. The company reported a 35.9 per cent increase in its EBIDTA in FY17 – an outcome of the painstaking efforts of its team in improving operational efficiency.

IMPROVING GEARING -0.05X



Debt-equity ratio (x)

Definition

This is derived through the ratio of total debt to net worth (less revaluation reserves).

Why we measure

This is one of the defining measures of a company's financial health, indicating the ability of the company to remunerate shareholders over debt providers (the lower the gearing the better). In turn, it indicates the ability of the company to sustain growth in profits, margins and shareholder value.

Performance

The company's gearing moderated from 1.44 in FY12 to 0.57 in FY17. We recommend that this ratio be read in conjunction with debt service coverage ratio, which has been improving over the years.

HOW
EMERGED

SOMANY
STRONGER

GROWING EBIDTA MARGIN +260 BPS



EBIDTA margin (%)

Definition

EBIDTA margin is a profitability ratio used to measure a company's pricing strategy and operating efficiency. Higher the operating margin, better for the company.

Why we measure

The EBIDTA margin gives an idea of how much a company earns (before accounting for interest and taxes) on each rupee of sales.

Performance

The company reported a 260 bps increase in EBIDTA margin in FY17. This was the result of enriching its product basket with superior products and higher improved operating efficiency across the business.

RISING ROCE +150 BPS



ROCE (%)

Definition

It is a financial ratio that measures a company's profitability and the efficiency with which its capital is employed in the business.

Why we measure

ROCE is a useful metric for comparing profitability across companies based on the amount of capital they use - especially in capital-intensive sectors.

Performance

The company reported a 150 bps increase in ROCE in FY17 - a showcase of prudently investing every rupee in profitable spaces that generate higher returns for shareholders.

REDUCING DEBT COST -110 BPS



Average debt cost (%)

Definition

This is derived through the calculation of the average cost of the consolidated debt on the company's books.

Why we measure

This indicates our ability in convincing bankers and other debt providers of the robustness of our business model, translating into a progressively lower debt cost (potentially leading to higher margins).

Performance

The company's debt cost has progressively declined over the years. We recommend that this ratio be read in conjunction with our rising interest cover (rising, indicating higher liquidity).

INTEREST COVER +1.85x



Interest cover (x)

Definition

This is derived through the division of EBIT by interest outflow.

Why we measure

Interest cover indicates the company's comfort in servicing interest, the highest the better.

Performance

The company strengthened its interest cover from 2.75 in FY12 to 7.35 in FY17.


FINANCIAL HIGHLIGHTS

KEY FIGURES (CONSOLIDATED)

₹ IN LAKHS

PARTICULARS	FY13	FY14	FY15	FY16	FY17
Gross Sales	111275	133095	161335	179499	191387
Net Sales	104993	126061	153516	170398	179975
EBIDTA	8830	8447	11523	15197	20659
Finance costs	1998	1852	2054	2247	2334
EBDT	6832	6595	9469	12950	18325
Depreciation	2050	2243	2659	2828	3497
PBT [^]	4782	4352	6810	9679	14421
PAT	3201	2887	4639	6470	9307
Share Capital	690	777	777	848	848
Reserves & Surplus	14615	21569	25024	41969	50428
Deferred Tax Liability	2619	2838	2874	3287	3729
Loan funds [*]	17662	18854	21044	26366	29087
Gross Block (including CWIP)	41478	45227	49515	62938	69040
Net Block (including CWIP)	20924	24348	26460	38687	41138
Investments	867	1765	1947	1981	3383
Current assets	39904	47006	47960	61601	74281
Current Liabilities ^{##}	26275	29920	27860	29521	32543
Net Current Assets	13629	17086	20100	32080	41738
Net worth	15305	22346	25801	42817	51276
Capital Employed	35586	44482	50250	74471	86806
EPS (₹)*	9.28	8.25	11.94	16.25	21.96
Book value (₹)*	44.37	57.53	66.42	101.03	120.99
Dividend (₹)*	1.20	1.50	2.00	2.30	2.70
RONW (%)	22.95	15.34	19.27	18.86	19.78
ROCE (%)	19.71	15.50	18.71	19.83	21.28
Debt-equity ratio (times)	1.15	0.84	0.82	0.62	0.57

[^] after exceptional item, [#] including current maturities of loans, ^{##} excluding current maturities of loans, * Face Value of ₹2/- per share



'Nahi Phislenge!': What is good for society is good for Somany

Somany Ceramics launched its 'Nahi Phislenge!' campaign to promote Somany Slip Shield, India's first anti-skid tiles.

The promotion gave 'not slipping' an entirely new meaning.

Somany Ceramics partnered Radio Mirchi to urge listeners to take a #NahiPhislenge resolution around the New Year – for themselves, society and the world.

The campaign highlighted relevant issues – elderly care, car pooling, civic cleanliness, gender equality and organ donation. The promotion also highlighted how slipping in bathrooms could be countered with the company's anti-skid tiles.

The campaign, trending on Facebook, Twitter and YouTube, generated a positive response. Besides, the brand received a positive response in Delhi, Mumbai and Bengaluru and will be marketed in Pune, Indore, Kolkata, Patna, Ahmedabad and Lucknow.

How Somany enhanced shareholder value

Somany Ceramics reported a 358.4 per cent increase in market capitalisation in the space of just three years, possibly the largest percentage valuation growth in India's tile industry. This outperformance was the result of a focused value-creation blueprint and execution

<p>Market capitalisation</p> 	<p>At Somany Ceramics, we believe that we are in business to enhance value for all those who own shares in our company. This is best (and unambiguously) measured through market capitalisation. Our focus has been on strengthening business strategy translating into superior financial metrics on the one hand and enhancing our strategic clarity among investors on the other. The combination translated into the sharpest market capitalisation growth in the company's existence, outperforming the broad percentage appreciation reported by the BSE Sensitive Index and India's tile sector. As on 31 March 2017, Somany was the second-highest company in India's tile sector by value.</p>	<p>Somany's revenue CAGR %, 2011-17: 15.6%</p> <hr/> <p>Somany's market cap CAGR %, 2011-17: 86.5%</p>
<p>Profitable growth</p> 	<p>At Somany Ceramics, we are convinced that sustained market capitalisation appreciation needs to be built around a credible financial foundation. In our opinion, the most credible foundation of a value-enhancing company is profitable growth. At our company, profitable growth is expressed as the company's bottomline percentage growth being higher than the revenue percentage growth. We believe that this is usually derived from a superior business strategy with a definitive bias towards profitable brands, products and strategy over mere revenue accretion.</p>	<p>Revenue growth in %, 2016-17: 6.6%</p> <hr/> <p>PAT growth in %, 2016-17: 43.9%</p>
<p>Free cash flows</p> 	<p>At Somany Ceramics, we believe that profitable growth needs to eventually reflect in free cash flows. At our company, a progression towards free cash flowness can be derived through the increased incidence of joint ventures (and hence asset lightness), relatively low (quantum and gestation) investments and margin-accretive products. The company expects to generate free cash flows going forward, when some of the company's expansion initiatives will translate into enhanced revenues as well as profits on the one hand coupled with lower business investments on the other.</p>	<p>Capital expenditure (₹, crore), 2016-17: 80.41</p> <hr/> <p>Cash profit (₹, crore), 2016-17: 132.47</p>

In our opinion, the most credible foundation of a value-enhancing company is profitable growth. At our company, profitable growth is expressed as the company's bottomline percentage growth being higher than the revenue percentage growth.



At Somany Ceramics, we believe that the origin of profitable growth is prudent capital allocation. We believe that more capital needs to be allocated to high margin cum high growth businesses, brands and products. Since 2011-12, the company invested ₹559.87 crore in its business including ₹157.34 crores in brand and distribution, which is the key differentiator.

The capex and investment in joint ventures are directed towards ramping capacities, optimising the product mix and improving plant efficiencies.

At Somany Ceramics, we believe that capex efficiency lies at the heart

of our manufacturing investments. By capex efficiency, we mean: the ability to buy cutting-edge manufacturing assets cheap, the ability to fund asset purchase at the lowest financial cost (debt or net worth), the ability to make prudent additional basic infrastructure investments at the outset so that subsequent expansions can be conducted at the lowest time and cost; the ability to commission and stabilise these assets quicker than the industry average (enhancing return on time employed).

Investment in intangibles (A&P), 2011-2017:

28.1%

Investment in tangibles, 2011-2017:

71.9%



At Somany Ceramics, we believe that the ability to achieve larger profits with progressively smaller capital resources lies at the heart of its enhanced viability. Over the decade, the company's capital management became increasingly profitable:

lower dependence on external funds, decline in the cost of external funds and stronger credit rating (promising a progressively lower cost of funds). The result has been a relatively smaller Balance Sheet without compromising overall profitability.

Return on capital employed (%), 2011-12:

17.3%

Return on capital employed (%), 2016-17:

21.3%



Value-addition

At Somany Ceramics, we believe that growing profitability is derived from a combination of product value-addition and quicker product offtake. Over the decade, the company virtually transformed its product mix: from a time when ceramic tiles accounted for the majority of revenues to less than

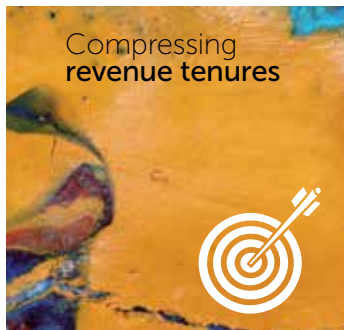
half on a considerably larger revenue profile today; correspondingly, the company extended into the growing segments of vitrified tiles (polished and glazed), sanitaryware and faucets, enhancing corporate profitability.

Non-ceramic tile revenues by %, 2011-12:

38.3

Non-ceramic tile revenues by %, 2016-17:

59.0



Compressing revenue tenures

At Somany Ceramics, we believe that aggressive volume and revenue growth make it possible for the company to efficiently amortise fixed costs and enhance profitability. Over the years, the company focused on generating growth higher than two averages: its retrospective and

the sectoral. The result is that the company achieved positive revenue compression: whatever tenure the company took to generate growth across a few years was compressed in the next equivalent time slab, the very basis of value-creation.

Time (in years) taken to achieve first ₹1000 crore in revenues

40

Time (in years) taken to achieve the next ₹900 crore in revenues

5

How we have increased **shareholder value**



THE SOMANY BRAND RECALL



Superior market capitalisation



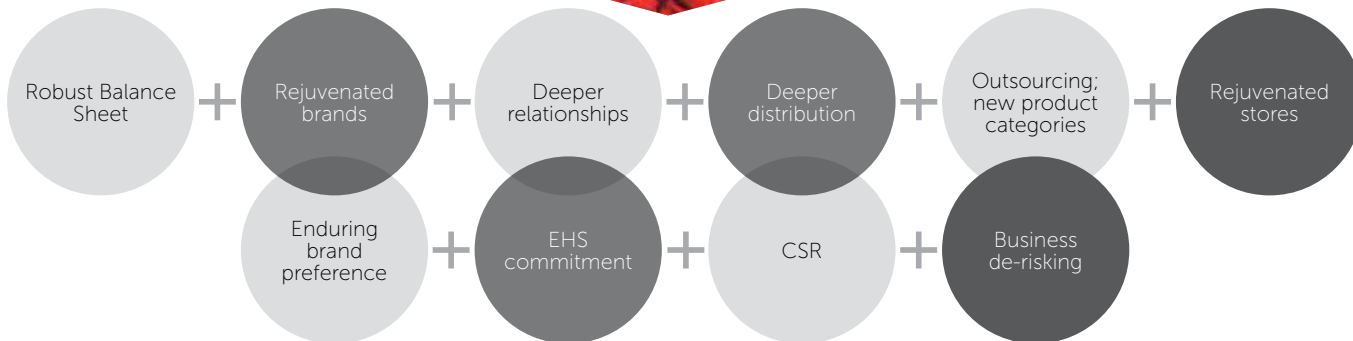
THE VIBRANT INDIA STORY



HOW INDIA'S CONSUMPTION IS EVOLVING



THE VALUE THAT SOMANY CERAMICS BRINGS TO THE MARKET



THE OUTCOME OF SOMANY'S DIFFERENTIATED BUSINESS MODEL



ENHANCED SHAREHOLDER VALUE

Market capitalisation

Increased 86.5 per cent (CAGR) in the six years ending FY17 to ₹2915.70 crore



**BEST AS A
PRIORITY**

The company consciously decided that it would select to be the best and not necessarily the biggest in its chosen spaces of presence. In doing so, the company avoided resource-intensive investments, reducing debt on the one hand and enhancing cash flows on the other. Interestingly, the company grew faster as a result.



**SHUNNED
EXPENSIVE
ASSETS**

The Company resisted the temptation to buy large production showpieces. These assets would have strained our distribution channels, compelled us to dump products, destroyed our brand and affected realisations. On the contrary, the company invested in mid-sized units sized as per its aspiration cum management bandwidth, making business growth organic and sustainable.



**BEYOND
BOTTOM-UP**

The Company resisted the temptation to service the lowest and largest segment of the country's consumption pyramid. We believe that the product requirements of this segment would have been incompatible with the Somany brand; we focused on the aspiring middle and apex consumption segments, marked by value-added products.



**RESIST
CHEAP
TECHNOLOGIES**

The Company resisted the temptation to buy into cheap technologies, trading what could have been a temporary cost arbitrage for enhanced equipment uptime and lower variable costs. The result is that the company's manufacturing facilities (owned and joint ventures) provide high manufacturing efficiencies.




**DISTRIBUTION
PRIORITY**

The company resisted the temptation to be asset-driven; it proactively focused on distribution as the game-changer. It focused on retail sales (~65 per cent of offtake), widened trade footprint, focused on Tier 2, 3 and 4 Indian cities and engaged actively with channel partners.

5 STRATEGIC MISTAKES WE AVOIDED

At Somany Ceramics, we have selected to grow our business by consciously resisting the temptation to make certain value-destroying investments.



Until
2007-08

- Low margins
- Completely tile-driven
- Manufacturing focus
- Gearing of 2.67x
- Mismatch of debt and cash flows
- Number four industry ranking
- Five-year revenue CAGR 11.9%

Between
**2008 &
2011**

- Focus on business intangibles
- Commenced tile outsourcing
- Invested liberated resources into brand and trade channels
- Worked with primary customers and influencers
- Gearing declined to 1.87x
- Number three industry ranking
- Five-year revenue CAGR 25.0%

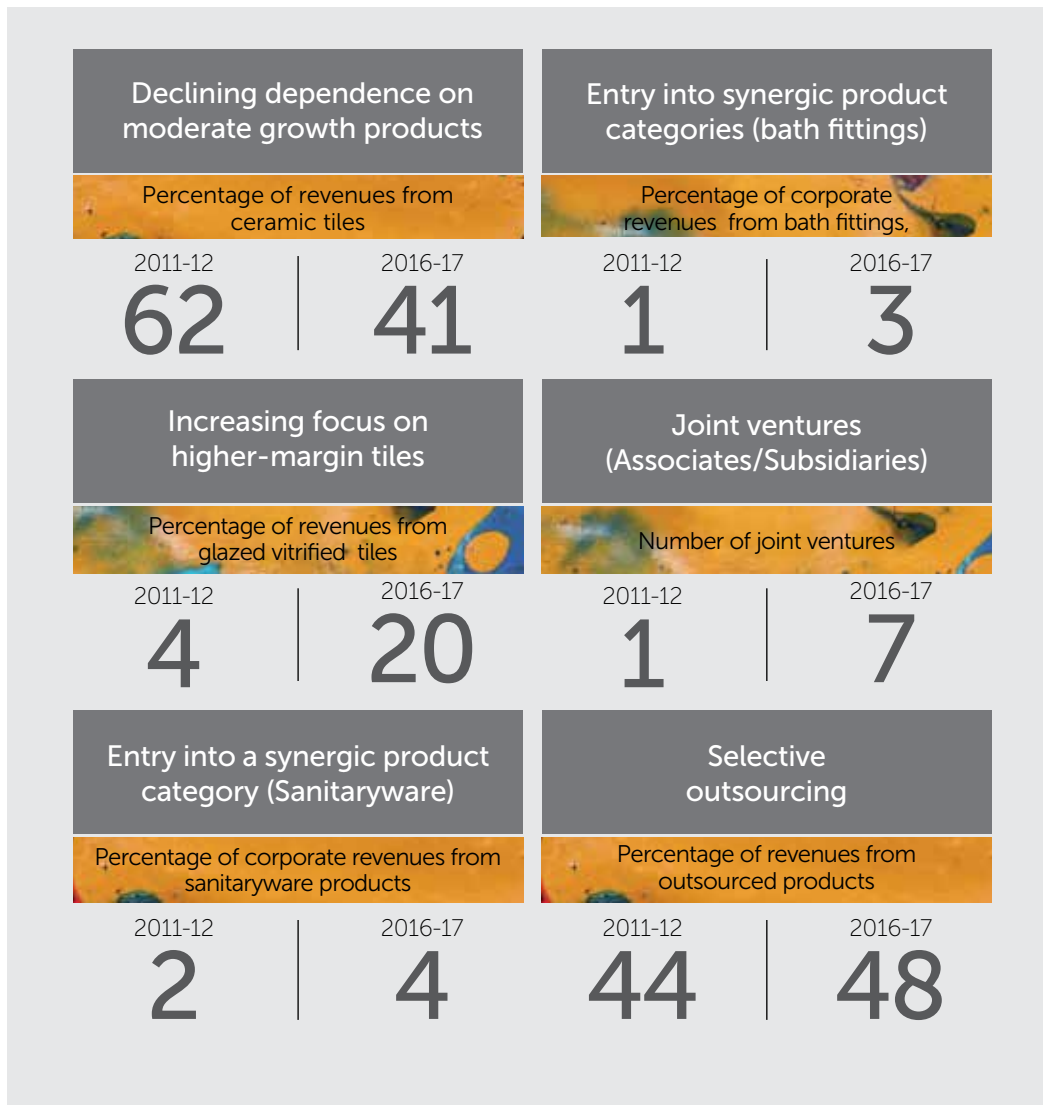
Between
**2011 &
2014**

- Entered into five product outsourcing JVs
- Enhanced multi-category value-addition
- Created sanitaryware and faucet verticals
- Enhanced distribution throughput/incomes
- Gearing declined to 0.77x
- Number three industry ranking
- Five-year revenue CAGR 23.2%

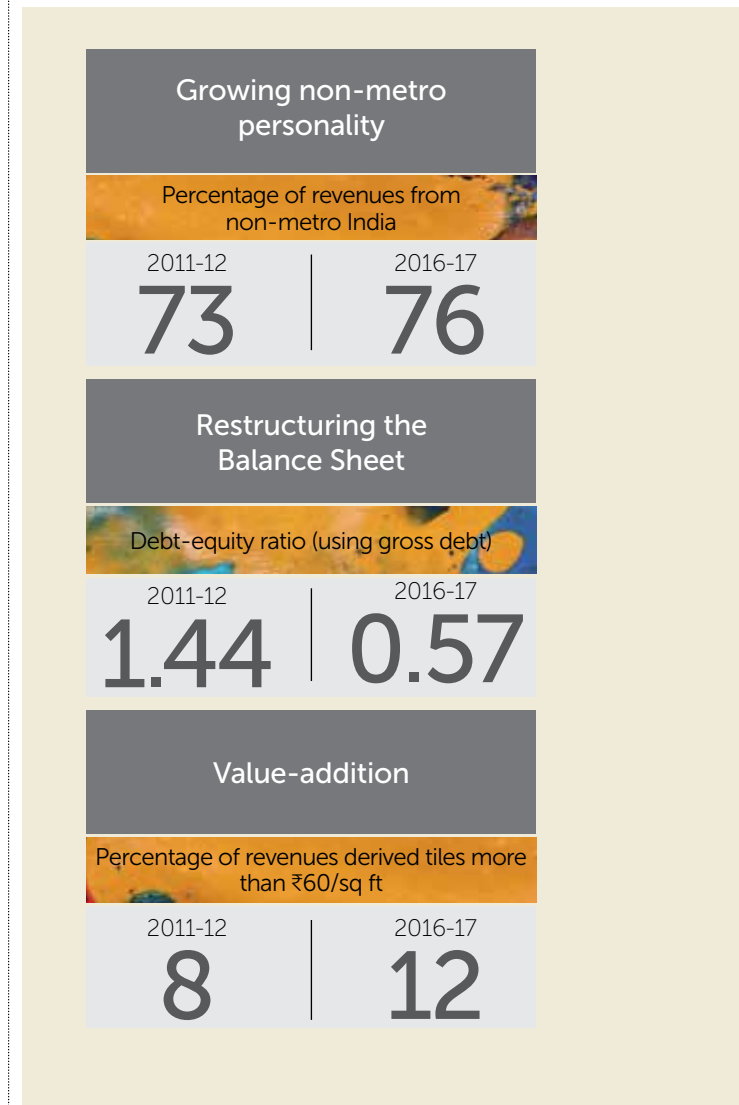
HOW WE TRANSFORMED OVER THE YEARS

HOW WE TRANSFORMED OUR

MAKING A STRATEGIC SHIFT



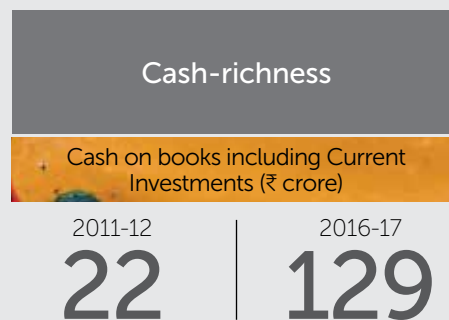
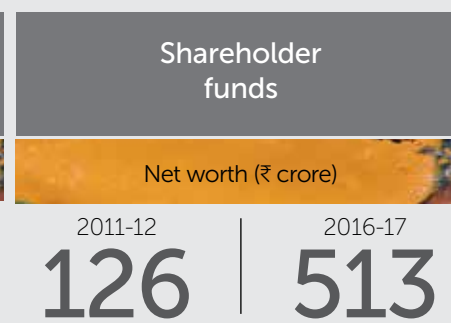
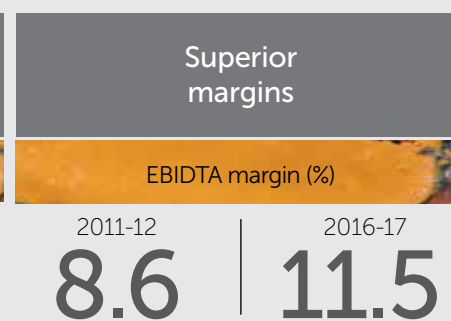
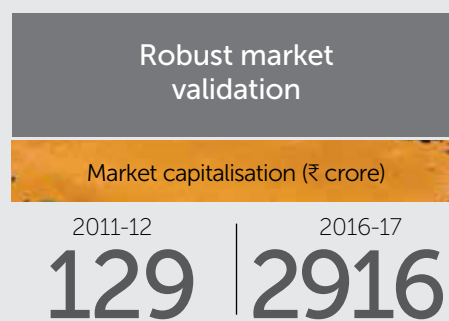
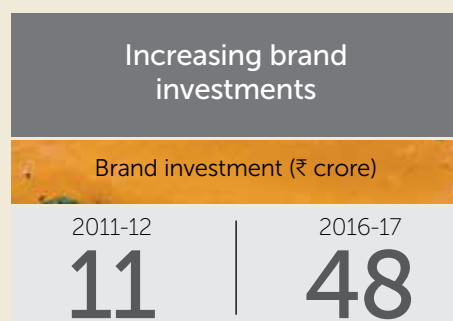
EXTENDING OUR STRATEGY TO FINANCIALS



BUSINESS TO ENHANCE VALUE

and emerge as one of the fastest-growing tile companies in India

THE TRICKLE-DOWN IMPACT



(Consolidated figures used on these pages)

Strategic priority

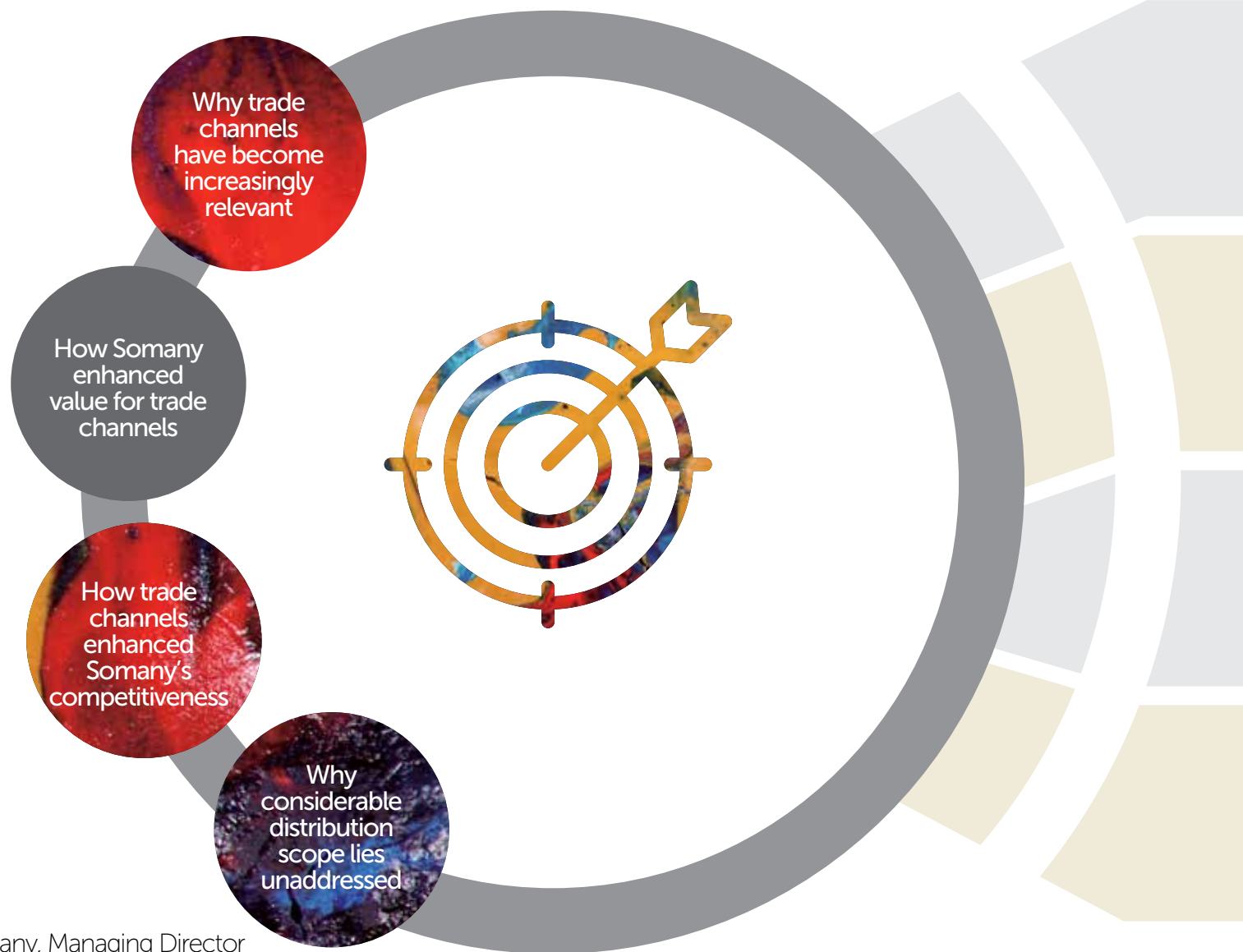
How a differentiated Distribution Capital approach accelerated Somany's transformation

Somany Ceramics' transformation from a manufacturing-driven outfit into a customer-driven brand was catalysed by its distribution priority.

As disposable incomes increased and extended across India, consumers bought larger quantities of a wider product range.

At Somany, we were faced with two choices: see the opportunity pass by or respond.

We responded – with a difference.



By Abhishek Somany, Managing Director

Conventionally, Somany Ceramics would have invested in Manufacturing Capital.

This approach would have been limiting; the manufacturing facilities would have taken considerable time to address market demand; the strategy would have consumed large resources.

The reinvented Somany Ceramics invested in Distribution Capital instead.

This empowered Somany to seed trade

channels with increased product manufacture cum outsourcing.

This enhanced Somany's flexibility; when consumer preferences evolved, so did Somany's product mix.

The result: Somany extended from tiles to sanitaryware and faucets, capturing demand across a wider product and value spectrum.

In doing so, Somany evolved from a conventional make-and-sell approach to a

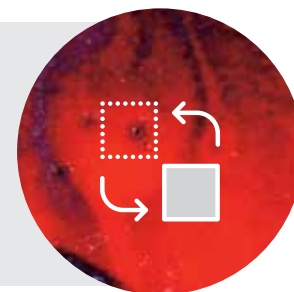
relatively de-risked seed-to-sell strategy.

This approach generated sales in the short-term and an adequate basis for the company to commission corresponding manufacturing assets thereafter.

This distribution-driven approach helped grow revenues on the one hand and de-risk asset creation on the other, enhancing business sustainability.

- Pan-India increase in disposable incomes
- Demand creation beyond metro cities
- Demand creation wide and deep across landmass
- Spurt in non-replacement product demand
- Increased need to enhance display, offtake and network

- Conventional distributors evolving into Distribution Ambassadors
- Need for specialised selling of value-added products
- Tile companies extending to non-tile products



- Direct senior management presence in the marketplace
- Established trade channel profitability
- Increased product throughput (core and complementary)
- Matched widening product catalogue with stock availability (SKUs)

- Stable, transparent and equitable pricing policy; no selective discounts
- Increased brand investments; created consumer pull
- Direct trade access to Somany top management
- Established quality, design and delivery consistency
- Invested in retailer showroom décor
- Somany display showrooms created demand



- Marketed larger proportion of value-added tiles
- Sold larger proportion of non-tile products
- Communicated shifts in consumer preference

- Expanded existing stores to display wider/deeper
- Invested in stores in new locations
- Negligible trade bad debts



- India's per capita tile consumption fraction of global average
- Skew between large national appetite and few brands
- Nearly 80 per cent of network under-addressed
- New emerging pan-India consumption centres

- Consumer vanity responding positively to income growth
- Dealer revenues still largely derived from only one product (tiles)
- Growing need for dealer proximity and purchase convenience



WHAT ARE OUR TRADE PARTNERS SAYING ABOUT US?

When we entered business, we worked with about seven dealers; Somany accounted for 10% of total supplies. We have reduced dealers to four but increased the supply of Somany products to 55% of the overall.

MR. VAKARUDEEN BALAKKAD,
KPK, North Kerala

OUR KERALA TRANSFORMATION STORY

Somany grew its Kerala presence from scratch to scale...

Kerala's urbanisation is among India's highest

Somany eked out only 9.8 per cent revenues from Kerala until 2011-12

Somany focused on enhancing market coverage

Somany increased trade partners from 132 to 215

We have been Somany distributors for 15 years. Somany always makes distributors feel like they are working with Somany rather than working for them. We work exclusively with Somany; our total showroom area has jumped from 400 sq. ft. to 4000 sq. ft! When we started business with Somany, our revenues were approximately ₹3 crore which has increased to about 40 crores a year today.

MR. RAJESH GOYAL
Nirmaanghar, Panchkula

I have been associated with Somany for 18 years. We started with one Somany store in 1999; we now have nine Somany stores across Tamil Nadu. I opened with a showroom area of 350 square feet, 5% of which stocked Somany's products. Now our collective showroom area is 6500 square feet, 30% of which stocks Somany products. Result: customer footfalls have doubled in five years. Our revenues from selling Somany tiles has grown 17% y-o-y. Till date, I have never had a single delayed shipment from Somany!

MR. MUTHURAMAN,
Laxmi Ceramics, Coimbatore

Our Somany relationship is over 30 years old! We had one store covering 500 sq. ft. when we began our association with them. This has now grown to six stores across 10,000 sq. ft! One reason for this is that Somany has created successful traction: improved designs offering something new for everyone, creating a consumer pull.

MR. SUSHIL JAIN,
Sanico Enterprises, Kolkata

Our association with Somany is as old as itself: 48 years. Our journey began with a 100 sq. ft. display area and four types of tiles on display. Today the display area has increased to 2000 sq. ft. and Somany's products contribute almost 65% of our total tile revenue. In the past 5 years, there has been almost a 20% increase in customer footfall because of Somany's brand equity. Over the years, we have never had any issues with the Company. Dealers are given absolute freedom to execute business without interference and the Company keeps in touch to solve issues.

MR. ANUP BHOBO
DucloBhobe Sales Corpn., Goa

Our Somany association goes back 33 years. Our showroom space has grown from 200 sq. ft. to 2000 sq. ft.; 50% of our total revenues come from Somany tiles! One thing becomes clear when you work with them: ethics and transparency. The people at Somany are professional, and there has never been an instance of discrepancy. I feel as a brand, they are number one in Gujarat, and their understanding of market sentiment makes it possible for Somany to stay a step ahead.

MR. SANJEEV HURKAT
Ahmedabad, Suruchi

We have been doing business with Somany for more than 18 years. We have progressed from one 4500 sq. ft. showroom area to 8500 sq. ft. Earlier, a majority of our revenue came from other companies, but now about 40%-45% of our revenues are from selling Somany. We have grown revenues by an average 20% growth y-o-y. Somany's business model and processes are streamlined, which leads to hassle free deliveries and transparency.

MR. SATHISH KUMAR
Saastha, Chennai

Somany invested in brand building, product availability and periodic launches

Somany enhanced trade viability through quicker product replenishment

Somany derives 10.8 per cent of revenues from Kerala today

Somany is the number 2 brand in Kerala today

HOW WE MARKET PRODUCTS AT SOMANY

TILES

Revenues (2016-17) as % of overall: 92%

Somany is one of the most-respected tile brands in India marked by new product introductions. New designs. Wider and deeper market penetration. A larger proportion of throughput from value-added tiles. Enhancing its recall for premiumness and contemporariness.





CERAMIC TILES



Revenues (2016-17) as % of overall:

38.7

Accessible capacity:

8.49 msm per annum

Outsourced:

33.5 per cent

Number of joint ventures:

2

Manufacturing facilities:

2

POLISHED VITRIFIED TILES



Revenues (2016-17) as % of overall:

33.4

Accessible capacity:

21.44 msm per annum

Outsourced:

100 per cent

Number of joint ventures:

5

Manufacturing facilities:

0

GLAZED VITRIFIED TILES



Revenues (2016-17) as % of overall:

19.9

Accessible capacity:

8.49 msm per annum

Outsourced:

34.9 per cent

Number of joint ventures:

1

Manufacturing facilities:

1

HOW WE MARKET PRODUCTS AT SOMANY SANITARYWARE

Revenues (2016-17) as % of overall: 4.2%

Challenges, 2016-17

This division grew by 26.8 per cent in 2016-17 compared to 42.7 per cent in the previous year. The main reason for lower growth was the demonetisation impact, marked by cash shortages and reduced customer spending. This was addressed by ramping distribution and branding initiatives.

Initiatives, 2016-17

Somany Ceramics responded to market challenges through various initiatives.

Products

- Launched a high end collection, the "French Collection" as a part of the premium segment of our sanitary ware products. This new collection is expected to compete with foreign brands and also contribute to exports heavily.
- We added a number of new styles and designs of products to our existing sanitary ware range.

Customers

- On-boarded a few high-end customers such as Tata Housing and engaged in quality projects with them.
- Existing dealers initiated a number of below the line activities at their dealerships such as conferences and events to increase consumer connect.

Stores

- Increased our display area of sanitary ware in showrooms during the year.
- Enhanced our reach to more towns and cities during the year under review

Digital

- Enhanced the brand's visibility across Facebook, Twitter, Instagram, mobile applications and Tile visualiser

Achievements, 2016-17

- Tripled our production capacity, reducing our dependence on third party outsourcing.
- Sales by value increased 26.8 per cent.
- Increased visibility of sanitary ware products across 100+ showrooms in FY17.

Outlook, 2017-18

The Company is optimistic of this business segment and intends to market and brand products more aggressively to enhance product visibility. This division is targeting higher growth going forward.

Our retail showrooms

Studio: Less the 1500 sq ft; franchise-owned

Exclusive: 1500-2500 sq ft; franchise-owned

Grande: 2500 sq ft-plus; franchise-owned

Coco: 3000-3500 sq ft; company-owned



HOW WE MARKET PRODUCTS AT SOMANY

BATH FITTINGS

Revenues (2016-17) as % of overall: 3.0%

Challenges, 2016-17

- To compete with well-established national and international branded players to and expand market share while addressing threats from the unorganised sector
 - Despite Somany being one of the leading players in the tile industry, the general consumer perception and awareness is limited to tiles only
 - This segment also faced the impact of demonetisation and therefore grew at a relatively lower pace of 17.0% in 2016-17 compared to 40.0% in the previous year
- The main challenge that this segment faced was cash shortage in the second half of the year. The demand of our products was slow due to a sluggish consumer sentiment. This is expected to be a temporary set-back and was addressed through increased marketing.

Initiatives, 2016-17

Somany undertook various marketing initiatives for this segment.

- Identified niche markets
- Enhanced focus on tier 2 and 3 towns,
- Created an extensive secondary sales network fed through super stockists / distributors

Products:

- Wide range of products comparable to the product range of the industry leader

- Launched three high-end single-lever range
- Added more products in the medium-end range to cater to projects and Tier 3 town demand

Customers:

- Expanding dealer network by adding more than 200 touch points during the year, taking the total to 1200-plus

Stores

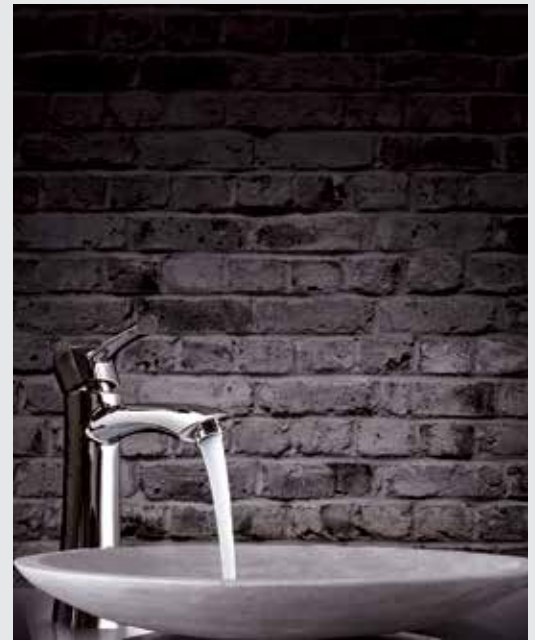
- Enhanced focus on shelf-space in company-owned showrooms and franchisee-managed showrooms
- Inaugurated 10 'Bath Studio' during the year, across the country

Achievements

- The bath fittings division grew by 17% to ₹5763 lakhs during the year under review.
- The bath fittings division contributed 3% to the total revenues.

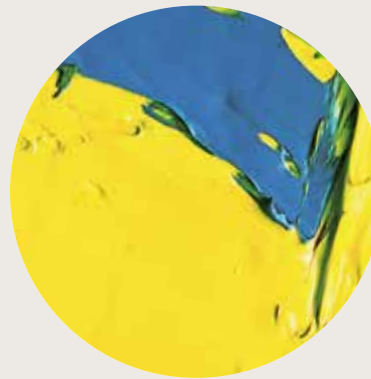
Outlook for 2017-18

The Company believes that this division has still not reached its potential in terms of market penetration. In the coming fiscal, Somany will concentrate on widening its reach in the market. The Company is considering the setting up of a manufacturing facility to enhance production in FY18.



TILE MASTER

When Somany announced its decision to work even closer with a constituency that most had overlooked for long, the assumptions were usual.



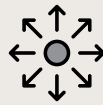
The company selected to work with an unusual trade partner. Masons.



The surprise was everywhere. 'What value will masons add to the company's prospects?' asked some. 'Somany is wasting its time' indicated others.



Somany introduced a pioneering certified Tilemaster course to graduate mason skills.



Then widened coverage; 2000 masons are being trained pan-India each year; 6000 have been trained until now.

The results have been as surprising as they have been diverse: tiling competence has improved, mason incomes have strengthened, worker productivity has risen and wastage has declined.

Best of all, Somany has helped enrich that one aspect of a mason's personality that had been largely overlooked for decades.

Respect.

Because the humble mason is now referred to by a new description.

Tilemaster.

TESTIMONIALS



The Tilemaster program has been instrumental in reaching me at where I am today. I was taught masonry skills, how to present myself, how to converse and how to engage customers. My lifestyle has completely changed now! I am popular in the market for unique skills and the type of tools I use. This has allowed me to network and grow.

'Tilemaster ne toh zindagi badal di!'

-Satish Kumar

Dahima, District- Hissar, Haryana

I take pride in my work. The Tilemaster program taught me how to work efficiently and with speed. I have become so renowned that other masons come to watch my 'majdoori!' The quality and efficiency of my work has increased because of the training imparted in the Tilemaster program. I have enough work for the next three months. People are also willing to pay more money now! **'Shukar hain Somany aur Tilemaster ki!'**

-Ratan Kumar

Dahima, District- Hissar, Haryana

OUR FOCUS AREAS

Customer and service excellence

Delivering sustainable organisation growth

Continuously managing organisation transition

Building the company's culture

OUR 5 CORE HUMAN RESOURCE MANAGEMENT PRINCIPLES

Disciplined operations

Competent talent acquisition

Transparency and accountability

Overarching ethical culture

Innovation in HR practices

WIDER EMPLOYEE BASE

Employees, 31 March 2012

977

Employees, 31 March 2017

1239

COMPANY STAYING YOUNG

Average age (years), 31 March 2012

34.5

Average age (years), 31 March 2017

35.8

STRONGER TRAINING INVESTMENTS

Aggregate person-days of training, 2011-12

8381

Aggregate person-days of training, 2016-17

9898

GENDER DIVERSITY

Women as % of senior management, 2011-12

Nil

Women as % of senior management, 2016-17

4.5

PEOPLE PRODUCTIVITY

Revenue per employee (₹ in lakhs), 2011-12

94

Revenue per employee (₹ in lakhs), 2016-17

154

→ Stay Interview

Challenge: Last moment feedback unable to retain an employee already in exit mode. Need for proactive ways of connecting with employees.

Initiative: The Stay Interview was initiated in 2015 to comprehend factors that enhanced motivation and employee retention.

Impact: The Stay Interview intervention moderated attrition among the interviewee sample across 12 States.

→ Performance Management

Challenge: A high cost and time consumed in hiring and training.

Initiative: The company extended from talent acquisition to holistic talent management; the P-Clinix initiative enhanced employee guidance and coaching, helping employees realise career aspirations.

Impact: Shorter learning curve; enhanced productivity.

→ Somany Learning University

Challenge: Dearth of technical resources competent in ceramic technologies.

Initiative: Pioneering launch of Somany Learning University to train unemployed fresh graduates in ceramic operations, offering free certified six-month vocational courses.

Impact: The company trained a respectable number of individuals in 2016-17.

→ Somany E-campus

Challenge: Educating employees without interrupting work schedules.

Initiative: Launch of SLU E-Campus to enhance skills and knowledge. The e-learning platform offers online courses, training and assessments, enhancing ease and speed of learning.

Impact: 139 employees were trained in 2016-17.

→ Infobites

Challenge: Anxiety and loss of interest among new hires.

Initiative: A pre-joining self-learning initiative called Infobites which orients new joiners with pre joining orientation. Shows new hires what it means to work in Somany, enhancing job excitement.

Impact: Enhanced excitement among new hires; reduced attrition.

→ Suraksha

Challenge: Unexpected crises can strain employees financially.

Initiative: Suraksha Employee Fund provides limited financial assistance to employees experiencing economic hardships.

Impact: Enhanced employee morale.

→ Leave Donation Scheme

Challenge: Family emergencies often warrant employees to consume more leaves than allotted.

Initiative: Somany's Leave Donation Scheme allows employees to donate leaves to colleagues whose leaves may have exhausted.

Impact: Enhanced organisational bonding.

→ PACE Dashboard

Challenge: Greater organisational speed in response to business demands.

Initiative: PACE encourages employees to accelerate responsiveness to internal and external customers; the publication of monthly Pace Dashboards highlights delayed responses warranting behavioral correction.

Impact: Enhanced promptness and productivity.

Management Discussion & Analysis



Global economic overview

The global economy witnessed another challenging year, owing to stagnant global trade, subdued investments and prevailing uncertainties in policies among advanced and some emerging economies. Global economic growth is being estimated at 2.3% for 2016, slowing from 2.7% in 2015. Growth in advanced economies weakened to 1.6% on account of moderate investments, low inflation and sluggish productivity growth. Uncertainty regarding policy directions in the US and Euro area also contributed to the slowdown. Trade remained weak during the year, only marginally balanced out by a stabilisation in commodity prices. Emerging and developing economies grew approximately by 3.4% in 2016, aided by a moderate growth in commodity exporters. Growth for commodity exporting nations is estimated to pick up in 2017, accelerating the growth for emerging and developing economies to 4.2%. Overall, growth estimates in the long run are optimistic as a rebalancing in global activity

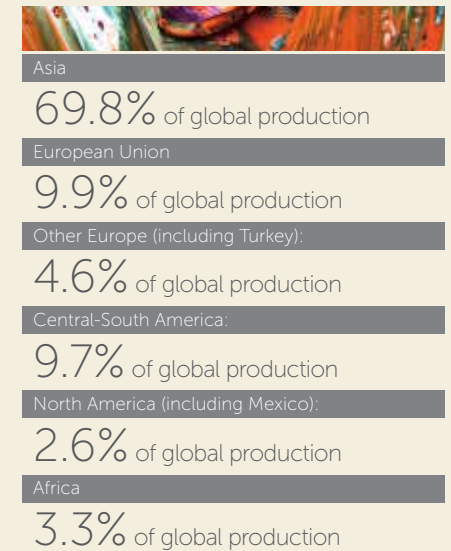
encourages growth. Global economic growth is 2.7% for 2017, and 2.9% in 2018.

Indian economic overview

India retained its position as the fastest growing major economy, after reporting a 7% GDP growth in the third quarter, ahead of China's growth of 6.8% in the same period. The economic growth for FY17 is being pegged at 7%, as compared to 7.9% in the previous year, owing to the challenges post the demonetisation drive. Independent sectors mostly witnessed moderate growth with only the industrial sector growing at 5.2% as compared to 7.4% last year. Agriculture and allied sectors grew at a 4.1% rate and the services sector witnessed an 8.8% growth. The corporate sector grew at a 1.9% in Q2 of FY17 as compared to near-stagnant growth of 0.1% in the same period of FY16. The government is positive that the GST rollout and other structural reforms will counter the effects of demonetisation, leading the economy to grow at around 7.6% in FY18.

Tiles production

Continent-wise



Country-wise



India was once again the world's third largest tile producer and consumer country in 2015. National production rose from 825 to 850 million sq. m. (+10%).

Global tiles industry

The global ceramic tile production stood at 12,355 MSM, falling by a marginal 0.1% y-o-y. Production remained stable in most regions except in Asia where production dropped approximately by 0.9%. While production grew in India and Vietnam, it was negated by a decline in Iran, Indonesia and China. Elsewhere, the European Union produced 1218 MSM (2.2% growth), while the non-EU Europe remained stable at 572 MSM (+0.4%). Central and South America's production moderated to 1193 MSM (-0.1%), and North America witnessed a boost in production to 327MSM (+6.2%) aided by a recovery in Mexico. Africa's production also increased marginally to 413 MSM.

In terms of consumption, the global consumption increased to 12,175 MSM. Asia remains the largest producer and consumer accounting for 8166 MSM or 67.1% of global consumption. The EU witnessed a modest recovery in demand to 910 MSM (+5%) while non EU European demand fell to 532 MSM (-2%). Central and South America retained stable demand at 1279 MSM, with a decline in Brazil & Venezuela being cancelled out by rising demand in Argentina, Chile and Colombia. North America gained from increasing demand in the US and Mexico at 505 MSM (+9.3%).

On the exports front, global exports increased marginally from 2,695 to 2,735 MSM with the European Union reporting the biggest growth of 856 MSM (up 4.5% y-o-y) with Spanish exports contributing the maximum growth. In all, the EU's share of global exports grew to 31.3%. Asia also reported a modest rise in exports to 1,514 MSM, with its share of global exports at 55.4%. Central and South America reported a marginal increase of 126 MSM, while non-EU Europe and Africa reported a decline in exports to 139 MSM (-7.3%) and 35 MSM (-22.2%) respectively. North

America remained stable throughout the year, maintaining exports at 65 MSM.

Indian tiles industry

India was once again the world's third largest tile producer and consumer country in 2015. National production rose from 825 to 850 million sq. m. (+10%). Domestic consumption also increased by just 7 million sq. m. to 763 million sq m. (+0.9%). Exports from the country witnessed a growth from 92 to 122 million sq. m. (+32.6%), corresponding to fourfold growth in just 3 years, positioning India fourth in the rankings of top world exporters. Going forward, the anti-dumping duty imposed in March 2016 is helping provide a level playing field for domestic players, creating sustained demand. The implementation of GST is expected to positively impact the organised sector.

Growth drivers

Consistent interest rate: Despite repo rates not remaining constant at 6.25%, adequate liquidity in the banking system and a withdrawal of the Cash Reserve Ratio (CRR) is expected to keep lending rates low, encouraging home loans and brightening the prospects of the ceramic industry.

Low per capita consumption: Despite being the third largest consumer in the world, per capita consumption of ceramic tiles in India is only 0.59 Sq. m. India lags behind Brazil, China and Vietnam which have per capita consumption of 4.12, 3.33 and 2.80 Sq. m, respectively, indicating potential for enormous growth.

Implementation of Goods and Service Tax: GST will create a seamless national market resulting in removal of interstate barriers and an improvement in supply chain. It may also result into higher tax compliance by the unorganised sector, increasing the competitiveness of the organised sector.

Growing urbanisation: It estimated that by 2025, India will have 18 megacities and 38% of the country's population will be urban, as compared to 32.8% in 2017. As an estimate for demand, predictions indicate Mumbai's GDP rising from \$80 billion currently to \$380 billion by 2025. The growth in demand will be propelled by the increase in urban households from 150 million presently to 350 million.

Rising middle-class: Consumer spending hatched a massive jump from \$0.22 trillion in the year 2000 to \$1.3 trillion in 2015. Growth trends expect it to increase seven-fold to \$7.3 trillion till 2030. It is estimated that by 2025, 70% of households in India will be classified as middle-income, as compared to 54% presently.

Favourable demographic profile: The median age in India is 26.9 years and approximately 70% of the population is under 45 years. By 2027, India will have the lowest average population age among the BRICS countries. This presents a huge opportunity in terms of increased consumption aided by higher disposable income over the years to come.

Outlook

Global

The global outlook for the tile industry is positive, with a global growth of 9.8% CAGR from 2016-2024. New products such as shock resistant and thermal resistant tiles offering much better durability over hardwood or other flooring materials will propel the industry growth. Meanwhile, the wall tiles market is expected to grow by 9.5% over the same period. Major growth is likely to come from the Asia Pacific, with estimates suggesting a 10% growth coming from the region. Countries such as South Korea, India, China and Japan are expected to drive consumption owing to significant rise in construction activity in the countries. Europe is likely to account for the second-highest consumption as residential construction in the

region increases. Other countries such as Turkey, Brazil and GCC countries are also expected to witness higher demand as increasing urbanisation, higher disposable income lead people to become aesthetics conscious and promote growth. Overall, the size of the ceramic tile market is estimated at approximately \$178.16 billion by 2024.

Indian

The demand for tiles is expected to grow in India in the coming years. Factors such as rising real estate demands, increasing disposable incomes and rising middle class will drive growth. Government initiatives such "Housing for All 2022" will also drive the growth of tiles in the years to come.

Financial Review: Standalone Financial Performance

Profit & Loss Account Analysis

- **Total Income:** The gross sales stood at ₹190980 lakhs FY17, an increase of 6.7% as compared to ₹179007 lakhs in FY16. The increase in sales has been due to high sales volume and increased share of high value product sales.
- **Expenditure:** Total expenditure stood at ₹171830 lakhs in FY17, an increase by 4.5% compared to ₹164461 lakhs in FY16 mainly in line with increase in scale of operation during the year.
- **EBITDA:** The EBITDA for the year grew by 35.6% to ₹17923 lakhs as against ₹13221 lakhs in FY16. The EBITDA margin for the year improved to 9.8% as against 7.7% in FY16.
- **Depreciation:** Depreciation cost for year increased by 23.1% to ₹2532 lakhs as compared to ₹2057 lakhs in FY16 mainly of account of commissioning of new plant at Haryana in March, 2016.
- **Financial Cost:** The finance cost for the year stood at ₹1652 lakhs as compared to

₹1633 lakhs in FY16. Despite increase in scale of operation finance cost remained almost stagnant on account of reduction in interest rates and placement of commercial paper etc.

- **Profit before Exceptional Item:** Profit before exceptional item for the year was higher by 44.2% to ₹13739 lakhs as against ₹9531 lakhs in FY16.
- **Exceptional Item:** Exceptional item of ₹4.06 crores primarily pertains to impairment of certain plant and machineries.
- **Profit before tax:** Profit before tax grew by 46.7% to ₹13333 lakhs as compared to ₹9088 lakhs in FY16. PBT margin improved to 7.3% in FY17 as compared to 5.3% in FY16.
- **Net profit:** Net Profit was grew by 41.0% to ₹8609 lakhs in FY17 as compared to ₹6106 lakhs in FY16.

Balance sheet Analysis

- **Net worth:** Net worth has increased by 20.5% and stood at ₹50584 lakhs in FY17 as against ₹41975 lakhs in FY16.
- **Total Debt:** Net increase in total debt by ₹2503 lakhs to ₹23433 lakhs in FY17 from ₹20930 lakhs in FY16 is mainly attributable to increase in working capital utilisation.
- **Net Block:** Net block (including capital work-in-progress) stood at ₹31902 lakhs in FY17 as against ₹31220 lakhs in FY16.
- **Long-term Investments:** Long-term investment increased to ₹5106 lakhs in FY17 from ₹3611 lakhs in FY16 on account of new investments in subsidiaries and associates during the year.
- **Net Current Assets:** Net current assets increased to ₹38552 lakhs in FY17 as compared to ₹29199 lakhs in FY16 mainly on account of increase in receivable.

Risk management

Economic Risk

Risk: Unfavourable economic conditions like a slowdown or fluctuating interest rate could impact the company's operations.

Mitigation: Following an asset light model, the Company has a balanced mix of institutional and retail customers to ensure greater resilience from macroeconomic conditions.

Operational Risk

Risk: Increase cost of raw materials or operations can adversely impact the profitability of the Company.

Mitigation: The Company's asset light model helps optimise cost and prudent use of alternate fuels helps moderate energy costs. A well balanced product basket also helps mitigate risk and ensure profitability.

Forex Risk

Risk: Currency volatility could affect the company's profitability and margins.

Mitigation: Daily forex fluctuation monitoring allows prompt action in case of volatility. Owing to imports and exports, the company is also partially hedged which yields additional protection.

Competition risk

Risk: The Company faces competition from the unorganised and organised players.

Mitigation: Consistent focus on innovation has helped develop the brand, enabling the Company to move higher up in the value chain into premium products. The GST regime will enhance the tax compliance by the unorganised sector resulting into increase in competitiveness of organised sector.

Internal control systems & their adequacy

Internal controls are put in place to counter operational failures. The Company has implemented a set of checks and balances to monitor processes such as financial reporting, operations review and compliance to statutory requirements. The audit committee is tasked with monitoring risk as well as creating policies for its mitigation. Consistent supervision ensures the system functions error-free. This robust system ensures efficient operations.

Human resources

People are the greatest resource to any organisation, and as such the Company values its people as they are vital for growth. At Somany, the human resource policy has established a comfortable work environment for its people and ample opportunities are available to learn and grow.

The 'Samwad' programme is aimed to prevent hierarchy from becoming a barrier and allow a channel of conversation between juniors and seniors in the organisation. Various training programs offer an opportunity for employees to learn and improve their skills. Employees are kept motivated through various initiatives

and rewards while gaps in performance are analysed, and adequate training is undertaken to ensure progress.

The company's 'Performance Clinic' initiative is aimed at improving the performance of employees when they feel, they are unable to perform at their potential. Without the fear of objectivity, issues can be spoken about and dealt with more efficiently. 'Stay Interviews' is another initiative which shed light on what made employees stay, and what would be the reasons they would feel like leaving. This gives the organisation grassroots-level insight, which leads to quicker resolution of issues.

DIRECTORS' REPORT

Dear Members,

Yours Directors have pleasure in presenting the 49th Annual Report together with the Annual Audited Financial Statements of the Company for the year ended 31st March 2017.

FINANCIAL RESULTS

(Based on Standalone Financial Statements)

Particulars	₹ in Lakhs)	
	2016-17	2015-16
Gross Revenues from Operations	192,276	179,938
Net Revenues from Operations	184,057	173,070
Other income	1,512	921
Profit before Interest, depreciation and tax (EBIDTA)	17,923	13,221
Interest and finance charges	1,652	1,633
Profit Before Depreciation	16,271	11,588
Less: Depreciation	2,532	2,057
Profit before Exceptional Item	13,739	9,531
Exceptional Item	406	443
Profit before tax (PBT)	13,333	9,088
Less: Provision for tax (net)	4,724	2,982
Profit after tax (PAT)	8,609	6,106
Add: Balance brought forward	19,658	15,325
Surplus available for appropriation	28,267	21,431
Appropriations:	-	-
Proposed dividend on equity shares	-	975
Tax on proposed dividend	-	198
Transferred to general reserve	-	600
Balance Carried to balance sheet	-	19,658
Total	28,267	21,431

FINANCIAL REVIEW

Your Company continued to perform well in the financial year under review, even when it faced multiple odds such as demonetisation,

continuing slowdown in the real estate sector etc. adversely affecting building material industry including tiles.

Your Company has always performed better than the industry and the same was reflected this year where the Company's growth rate of sales was 6.7%, achieving a 5 years' CAGR of 15.7%.

The net revenues strengthened to 184,056.78 Lakhs in the year under review, which is a growth of 6.3% over the preceeding year. The Earnings before Interest, Depreciation and Tax (EBIDTA), Profit before Tax (PBT) and Profit after Tax (PAT) have also grown substantially during the year under review by 35.6%, 46.7% and 41.0% respectively.

CORPORATE HIGHLIGHTS

Access to Capacity

During the year under review, your Company had access to 60.25 million square meters (msm) of tiles through own plants (25.55 msm), Subsidiaries/ Associates (25.70 msm) and other outsource partners (9 msm).

Capital Expenditure

Your Company continued to invest significantly in expanding and upgrading its plant and machinery and infrastructure. During the year under review, the gross block increased by ₹3,280.82 Lakhs (previous year ₹9,642.11 Lakhs) towards meeting routine capital expenditure requirements of own manufacturing plants.

Branding and Distribution

The main objectives to be achieved from brand and distribution were:

- To increase top of mind brand recall and connect
- To be in the top 2 consideration list of consumer/influencer
- Constant brand engagement

Your company followed a focussed communication strategy to reach out to its target group not only through the conventional medium of TV commercial, print, cinema, exhibitions, etc. but also through innovative activities like the studio bus lounge , showroom activations , smart kiosks at Airports and many more . It focussed on making state of the art retail showrooms across the country to enhance customer

experience complemented with an upgraded visual merchandising at the stores. The TV commercial was aired in Kerala market owing to the focus we wanted to put in that market and helped create a new persona of our products.

During the year your company also participated in prestigious international and national exhibitions namely CERSAI at Bologna (Italy), Revestir at Sao Paulo (Brazil) and ACETECH at Delhi and Mumbai.

Your company also released new consumer ads for product categories like Duragres, Vitro, Glosstra and French Collection sanitaryware range; considering the latest trends in market and to further strengthen our brand persona as a young, trendy and vibrant brand. The media plan had an equal inclination towards trade and lifestyle magazines.

Many new product launches were done to keep abreast of the latest trends in the dynamic industry e.g. new GVT series, 40x80 Ceramic launch and the biggest launch of the year – The French Collection, a premium sanitaryware range that went on to become a rage and still expanding. The launch led to setting standards within the Indian Sanitary ware Industry which was very well appreciated by internal & external audiences.

The Business Lounge

To reach out to Target Groups (TGs) like Architects, Contractors & Builders we created an experiential lounge in a 40 Feet bus & took it to the doorstep of the TGs. The experiential lounge is stationed at a central hub wherein the targeted audience is invited for engagement and interactions. Also small events are created around the lounge.

Your company also organised the fourth edition of 'Architecture & Design Summit 2016' to applaud the creativity in architecture and design which took place in conjunction with Economic Times.

Enhanced brand exposure through a Visualization Software & Mobile App and updated presence on social media platforms is also helping gain a lot of mileage. Also, various online yearly engagement contests like #Har Kahani Mein Somany amplified the brand reach pan India.

INDUSTRY SCENARIO AND OUTLOOK

India was once again the world's third largest tile producer and consumer country in 2015. National production rose from 825 to 850 million sq. m. (+10%). Domestic consumption also increased by just 7 million sq. m. to 763 million sq. m. (+0.9%). Exports from the country witnessed a growth from 92 to 122 million sq. m. (+32.6%), corresponding to

fourfold growth in just 3 years, positioning India 4th in the rankings of top world exporters. Going forward, the anti-dumping duty proposed on certain categories of tiles imported from China will provide a level playing field for domestic players creating sustained demand. The proposed Goods and Services Tax (GST) will create a seamless national market for the organised players, resulting in removal of inter-state barriers and improvement in supply chain, besides reducing the price differential between the organised and unorganised players.

DIVIDEND

Your Directors are pleased to recommend a dividend of 135% i.e ₹2.70 per equity share for the year under review as against 115% at ₹2.30 per share in the previous year. This represents a payout ratio of 16%.

TRANSFER TO RESERVES

No amount was transferred to the General Reserve of the Company for the financial year ended 31st March, 2017.

UTILISATION OF PROCEEDS ON ISSUE OF SHARES

Out of ₹11,999.97 lakhs raised through qualified institutions placement of equity shares in December, 2015, the Company has so far utilized ₹1,849.97 lakhs (including issue expenses of ₹307.34 lakhs) for the purpose the funds were so raised and balance ₹10,150.00 lakhs has been temporarily invested mainly in the debt instruments/funds.

PUBLIC DEPOSITS

Your Company has not accepted any fixed deposits within the meaning of Section 73 of the Companies Act, 2013.

SUBSIDIARY / ASSOCIATE / JOINT VENTURE COMPANIES

During the year your company invested in 50% equity of M/s. Sudha Somany Ceramics Private Limited.

During the year under review, your company increased equity stake in associate company, M/s Vintage Tiles Private Limited from 26% to 50%.

There was no business activity in M/s SKPL Ceramics Private Limited (Formerly known as Somany Keraben Private Limited), a 50:50 joint venture between your Company and M/s Keraben Grupo S.A. (Formerly known as M/s Keraben S.A.). The Board decided to terminate the Joint Venture Agreement executed between the Company and M/s. Keraben Grupo S.A.

During the year the Board of Directors reviewed the affairs of the subsidiaries. In accordance with Section 129(3) of the Companies Act, 2013, we have prepared consolidated financial statements of the Company and all its subsidiaries, which forms part of this Annual Report.

In accordance with Section 136 of the Companies Act, 2013, the audited financial statements, including the consolidated financial statements and related information of the Company and audited accounts of each of its subsidiaries, are available on Company's website <http://www.somanyceramics.com>. These documents will also be available for inspection at our registered office in New Delhi, India, between 3:00 p.m. and 5:00 p.m. in working days till the date of ensuing AGM.

The statement required under Section 134 of the Companies Act, 2013 in respect of the subsidiary companies, associates and joint venture is provided at Annexure 1 to this report, which comprises performance and financial position of each of subsidiaries, associates and joint venture.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

All transactions entered with Related Parties during the financial year were on arm's length basis and were in the ordinary course of business. Further, there are no materially significant related party transactions during the year under review made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have potential conflict with the interest of the Company at large. Accordingly, the disclosure of related party transactions as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC-2, is not required. Your directors draw attention of the shareholders to the financial statements which set out related party disclosures.

Related Party Transactions Policy as approved by the Board has been uploaded on the Company's website www.somanyceramics.com at the web link: https://www.somanyceramics.com/wp-content/uploads/2017/06/Related-Party-Policy_Revised_24.01.2017.pdf

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 forms part of the notes to the financial statements provided in this Annual Report.

RISK MANAGEMENT

The Company has initiated measures to develop and implement Risk Management Systems in accordance to Section 134(3)(n) of the Companies Act, 2013 post it identified the factors, which in the opinion of the Board could threaten the Company's existence. The Risk Management process that is followed to identify, assess and prioritise risks that need to be minimised, monitored and mitigated is quite elaborate. These measures help in reducing and controlling the impact of adverse events and maximise the realisation of opportunities. This procedure of Risk Management that has been developed is audited by the Audit Committee post stringent review from time to time, which ensures that the executive management controls risks through means of a properly defined framework. Major risks are identified systematically and mitigated on a continuous basis. A few of the identified risks pertain to competitive intensity and cost volatility.

INVESTOR EDUCATION & PROTECTION FUND (IEPF)

The Company is required to transfer dividends which remained unpaid/ unclaimed for a period of seven years to the IEPF established by the Central Government. The unpaid/ unclaimed dividend for the year ended 31st March, 2010 is due for transfer to IEPF on or after 27th August, 2017.

AUDITORS' REPORT

All the items on which the Auditors' have commented in their report are self-explanatory and suitably explained in the Notes to the Accounts. The Auditors' Report to the Shareholders for the year under review does not contain any qualifications.

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of the knowledge and belief of the Directors of the Company and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 134(3) (c) of the Companies Act, 2013.

- (a) In the preparation of the annual accounts for the year ended 31st March, 2017, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;

- (b) The Directors' have selected such accounting policies, applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2017 and of the profit of the Company for the year ended on that date.
- (c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (d) The Directors have prepared the annual accounts on a going concern basis.
- (e) The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- (f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

CONSOLIDATED FINANCIAL RESULTS

As required by Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the consolidated financial statements have been prepared in accordance with applicable Accounting Standards. The audited consolidated financial statements together with Auditors' Report forms part of this Annual Report.

The consolidated net profit of your Company was ₹9307 Lakhs in the year under review compared to ₹6470 Lakhs in the corresponding previous year.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. Abhishek Somany retires by rotation at the ensuing Annual General Meeting and being eligible has offered himself for re-appointment.

In view of the sale of shares by M/s. Latinia Limited held in the Company, M/s Latinia Limited withdrawn the nomination of Mr. Narayan Anand from the Board of Directors of the Company with effect from 12 April, 2017. Consequently, he resigned from the Board on the said date. The Board place on record the valuable contribution made by him during his tenure as director of the Company.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under the Act and Regulation 16(1) (b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

BOARD EVALUATION

Regulation 4(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 mandates that the Board shall monitor and review the Board evaluation framework. Clause (p) of sub-clause 3 of Section 134 of the Companies Act, 2013, states that a formal annual evaluation needs to be made by the Board of its own performance and that of its committees and the Directors individually. Schedule IV to the Companies Act, 2013, states that the performance evaluation of Independent Directors shall be done by the entire Board excluding the Directors being evaluated. Performance evaluation was made by the Board on the various parameters and criteria governing performance of the Board and that of its committees and Directors and the same was taken on record.

NOMINATION AND REMUNERATION POLICY

The Company's Policy on Directors appointment and remuneration as required by Section 134(3)(e) of the Companies Act, 2013 and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) read with Part D of Schedule II of the said Listing Regulations has been uploaded on the website of the Company at www.somanyceramics.com at the weblink: <https://www.somanyceramics.com/wp-content/uploads/2016/06/SCL-Nomination-Remuneration-Policy.pdf>

MEETINGS OF THE BOARD

Four meetings of the Board of Directors were held during the year the details of which are given in the Corporate Governance Report forming part of this Annual Report.

AUDIT COMMITTEE

The Audit Committee comprises Independent Directors namely Mr. R.K. Daga (Chairman), Dr. Y.K. Alagh, Mr. Salil Singhal, Mr. Siddharath Bindra and a non-independent director Mr. G.L. Sultania. All the recommendations made by the Audit Committee were accepted by the Board.

AUDITORS

M/s. Lodha & Co., Chartered Accountants, Statutory Auditors of the Company, having Firm Registration No. 301051E, were appointed as Statutory Auditors for a period of 3 (three) consecutive years at the 46th Annual General Meeting (AGM) held on 4th September, 2014, to hold office till the conclusion of the 49th AGM of the Company, subject to ratification of their appointment at every AGM, in terms of the first proviso to Section 139 of the Companies Act, 2013, read with Rule 3(7) of Companies (Audit and Auditors) Rules, 2014.

M/s. Lodha & Co., Chartered Accountants, cease to be the Statutory Auditors of the Company at conclusion of the ensuing AGM of the Company. The Company has received a letter from M/s Singhi & Co., Chartered Accountants, conforming that they are eligible for appointment as Statutory Auditors of the Company under Section 139 of the Companies Act, 2013 and meet the criteria for appointment specified in Section 141 of the said Act.

Based on the recommendations of the Audit Committee, the Board of Directors of the Company have recommended the appointment of M/s Singhi & Co., Chartered Accountants, having Firm Registration No. 302049E as Statutory Auditors of the Company for a term of 5 (five) consecutive years from the conclusion of the 49th AGM of the Company, subject to the approval of Shareholders.

CORPORATE GOVERNANCE

Your Company has been following the principles and practices of good Corporate Governance. A separate report on Corporate Governance and a certificate from the Statutory Auditors confirming compliance with the Corporate Governance requirements forms part of this Annual Report.

SECRETARIAL AUDITOR AND THEIR REPORT

The Board had appointed M/s Pinchaa and Company, Company Secretaries having firm registration number P2016RJ051800 to conduct Secretarial Audit under the provisions of Section 204 of the Companies Act, 2013 for the financial year 2016-17. The Secretarial Audit Report for the financial year ended 31st March, 2017 is annexed and marked as Annexure 2 to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

EXTRACT OF ANNUAL RETURN

In accordance with Section 134(3)(a) of the Companies Act, 2013, an extract of the annual return in the prescribed format is appended as Annexure 3 to this report.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Corporate Social Responsibility Committee (CSR Committee) of the Company has formulated a Corporate Social Responsibility Policy in terms of provisions of Section 135 of the Companies Act, 2013 read with Corporate Social Responsibility Policy Rules 2014. CSR Committee undertakes CSR activities in accordance with its Corporate Social Responsibility Policy (CSR Policy) uploaded on the Company's website at www.somanyceramics.com at the weblink: <https://www.somanyceramics.com/wp-content/uploads/pdfs/policies/scl-corporate-social-responsibility-policy.pdf>

The CSR initiatives of the Company are implemented directly and through various trusts/societies/NGO's. The Company also carried out the CSR activities through a Section 8 Company under the Companies Act, 2013 incorporated under the name M/s H. L. Somany Foundation. The Company would also undertake other need based initiatives in compliance with Schedule VII to the Companies Act, 2013.

The 2% of the average net profit of the Company, made during the three immediately preceding financial years comes out to be ₹ 135.92 Lakhs. A report on CSR activities is provided at Annexure 4 to this report.

INTERNAL CONTROL SYSTEMS

The Company has in place adequate internal financial controls with reference to financial statements. During the year, no reportable material weakness in the design or operation was observed.

HUMAN RESOURCE (HR)

In Last few years, we have put consistent efforts to establish standardized processes for each HR deliverable. This has eliminated many redundant and unproductive work flows and enabled us to achieve higher benchmarks in HR operations. Technology combined with process, has supported employee transactions with more speed, ease and transparency. Leveraging on this increased operational effectiveness, we aim to strengthen our focus on strategic talent management, which is a long term talent planning and development practice to foster business

competitiveness in future. To realize this aim, we see performance engagement and reinforcement as the key differentiator to business success. Our performance management model has clearly integrated individual performance and potential to the business vision. The Model has founded effective framework to facilitate, assess, distinguish & recognize people's performance and to engage their capabilities and aspirations with business requirements. The meaningful insights driven from these performance analytics, guide our talent management and performance strategies.

WHISTLE BLOWER POLICY/ VIGIL MECHANISM

The Company has in place a Whistle Blower Policy, in terms of Section 177(9) of the Companies Act, 2013 and Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which works as Vigil Mechanism for all the directors and employees to report genuine concerns to the appropriate authority. Protected disclosures can be made by a whistle blower through an e-mail, or a letter to a task force referred in the said Policy.

The Whistle Blower Policy may be accessed on the Company's website www.somanyceramics.com at the weblink: <https://www.somanyceramics.com/wp-content/uploads/pdfs/policies/whistle-blower-policy.pdf>

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report forms integral part of this Annual Report.

CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, R&D, technology absorption, foreign exchange earnings and outgo as required under Section 134 of

the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 is annexed as Annexure 5 forming part of this Report.

PARTICULARS OF EMPLOYEES

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided at Annexure-6.

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names of employees and other particulars of the top ten employees and employees drawing remuneration in excess of the limits as provided in the said rules are set out in the Board's Report as an addendum thereto. However, in terms of provisions of the first proviso to Section 136(1) of the Companies Act, 2013, the Annual Report is being sent to the members of the Company excluding the aforesaid information. The said information is available for inspection at the Registered Office of the Company during working hours and any member interested in obtaining such information may write to the Company Secretary and the same will be furnished on request.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has a Policy on Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace and matters connected therewith or incidental thereto covering all the aspects as contained under "The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013".

During the period under review, the Company has not received any complaint under this Policy.

BUSINESS RESPONSIBILITY REPORT

The Board of Directors presents the Business Responsibility Report (BR) of the Company for the financial year ended on 31st March, 2017, pursuant to Regulation 34 (2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	Corporate Identity Number (CIN) of the Company	L40200DL1968PLC005169			
2.	Name of the Company	Somany Ceramics Limited			
3.	Registered address	82/19, Bhakerwara Road, Mundka, New Delhi – 110041			
4.	Website	www.somanyceramics.com			
5.	E-mail id	sclinvestors@somanytiles.co.in			
6.	Financial Year reported	1 st April, 2016 to 31 st March, 2017			
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Code as per NIC – 23929 - Ceramic/Vitrified Wall & Floor Tiles, Sanitaryware and Bath Fittings.			
8.	List three key products/services that the Company manufactures/ provides (as in balance sheet)	Ceramic/Vitrified Wall & Floor Tiles, Sanitaryware & Bath Fittings.			
9.	Total number of locations where business activity is undertaken by the Company	A	Number of International Locations	Nil	
		B	Number of National Locations		
		i	Tile manufacturing locations		
			Own	2	
			Subsidiaries/Associates/JVs	7	
		ii	Sales Depot	19	
			Display Centers	18	
		iv	Registered & Corporate offices	2	
10.	Markets served by the Company	Local	State	National	International
		✓	✓	✓	✓

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1.	Paid up Capital	₹847.59 Lakhs
2.	Total Turnover	₹190,980.22 Lakhs
3.	Total profit after taxes	₹8,608.81 Lakhs
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	₹128.80 Lakhs. 1.90% of the average net profit after taxes in the previous three financial years.
5.	List of activities in which expenditure in 4 above has been incurred:-	<ul style="list-style-type: none"> Youth Empowerment through Skill Development Healthcare and Sanitation Programmes Vocational Training Women Empowerment Promotion of Sports Support to Charities/ NGOs

SECTION C: OTHER DETAILS

Does the Company have any Subsidiary Company/ Companies?	Yes
Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).	No direct participation. However the Company encourages its subsidiaries to adopt its policies and practices.
Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	No

SECTION D: OTHER DETAILS

1. Details of Director/Directors responsible for BR

a) Details of Director responsible for implementation of the BR policy/policies

- DIN : 00021423
- Name : Shri Shreekant Somany
- Designation : Chairman and Managing Director

b) Details of the BR Head

No.	Particulars	:	Details
1.	DIN (if Applicable)	:	NA
2.	Name	:	Shri R.K.Lakhotia
3.	Designation	:	Vice President-Finance
4.	Telephone number	:	01276-223300
5.	E-mail id	:	fin@somanytiles.co.in

2. Principle-wise (as per National Voluntary Guidelines) BR Policy/policies

a) Details of compliance (Reply in Y/N)

Principle 1 (P1)	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability
Principle 2 (P2)	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
Principle 3 (P3)	Businesses should promote the well-being of all employees.
Principle 4 (P4)	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
Principle 5 (P5)	Businesses should respect and promote human rights
Principle 6 (P6)	Businesses should respect, protect, and make efforts to restore the environment.
Principle 7 (P7)	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
Principle 8 (P8)	Businesses should support inclusive growth and equitable development.
Principle 9 (P9)	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

S. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/ policies for	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Company has adopted various national and international standards viz: 1. ISO 9001: 2008 for Quality Management System 2. ISO 14001: 2004 for Environment Management System 3. BS OHSAS 18001: 2007 Occupational Health and Safety Management System. 4. ISO 22000: 2005 for Food Safety Management System 5. 5 'S' Practices: for Shop Floor Management System								
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online?	http://www.somanyceramics.com/policies/								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	The policies have been posted on the Company's website for information of all stakeholders.								
8.	Does the company have in-house structure to implement the policy/policies.	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

(a) If answer to the question at serial number no. 1 against any principle is 'No', explain why: (Tick up to 2 options) : N/A

S. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The company has not understood the Principles	NA	NA	NA	NA	NA	NA	NA	NA	NA
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	NA	NA	NA	NA	NA	NA	NA	NA	NA
3	The company does not have financial or manpower resources available for the task	NA	NA	NA	NA	NA	NA	NA	NA	NA
4	It is planned to be done with in next 6 months	NA	NA	NA	NA	NA	NA	NA	NA	NA
5	It is planned to be done within the next 1 year	NA	NA	NA	NA	NA	NA	NA	NA	NA
6	Any other reason(please specify)	NA	NA	NA	NA	NA	NA	NA	NA	NA

3. Governance related to BR

- (a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.

This is the first time Company is publishing the Business Responsibility Report. Therefore, there is no defined frequency. However, assessment is an ongoing activity and is an integral part of corporate functions.

- (b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?
No.

SECTION E: PRINCIPLE- WISE PERFORMANCE

Principle 1 - Business should conduct and govern themselves with Ethics, Transparency and Accountability.

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?

Yes, The Company's policy relating to ethics, bribery and corruption serves as the guiding philosophy for all employees of the company as well as subsidiary companies.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

During the year 8 complaints were received from the investors. All these investor's complaints were properly attended and necessary actions were taken. In addition, the company received customer complaints which were addressed suitably from time to time.

Principle 2 - Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

- (a) Anti-Slip Floor Tiles with Slip Resistant Coating
- (b) Process Waste Recycle
- (c) Energy efficient processes
- (d) Training of masons on tile laying (Known as Tile Master Programme)

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

(a) Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?

(b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Energy efficient process:

- a. (1) Installations of Solar Plant of 0.5 Megawatt at Kadi Plant of the Company (2) Installation of LED Lights (3) Installation of variable frequency drives, (4) Installation of temperature sensor and Energy efficient motors.
- b. Use of thermal waste energy in different process like pre heating of combustion air and using pre-dryers for pre-drying the tiles.
- c. Use of smoke waste by using the equipment's heat pipe technology require the energy from the stack

Further, the data regarding reduction during usage by consumers (energy, water) is not available with the company.

3. Does the company have procedures in place for sustainable sourcing (including transportation)?

(a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

The sourcing practices of the Company are devised to achieve environmental sustainability, cost reduction and social interest. The Company endeavor that the criteria used for vendor selection including transportation are cost effective with high quality standard and are eco-friendly. The selection of the vendors is done on the principles of sustainability, it is always ensured that the vendors adopt best human resource practices and take care of global warming.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Company accords priority to local suppliers of goods and services. Company takes steps for capacity building of local and small vendors. Company's contractors who supply labour and transportation services for plant operations employ workmen from

nearby communities. The training is provided to workforce for occupational health and safety.

5. Does the company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

The Company's product are Ceramics/Vitrified wall & floor tiles and the Company has taken steps to reuse or recycle the waste. For treatment of water effluents, the company has installed STP Plant and 100% recycled water is used in the processes. Solid waste is used as a raw material in the process.

Principle 3 - Businesses should promote the wellbeing of all employees.

- i. Please indicate the Total number of employees.
The total number of permanent employees are 2277 as on 31st March, 2017.
- ii. Please indicate the Total number of employees hired on temporary/contractual/casual basis.
Total temporary/contractual/casual employees are 1058 as on 31st March, 2017.
- iii. Please indicate the Number of permanent women employees.
There were 50 Permanent women employees as on 31st March, 2017.
- iv. Please indicate the Number of permanent employees with disabilities.
There were 2 permanent employees with disabilities as on 31st March, 2017.
- v. Do you have an employee association that is recognized by management?
No, there is no employee association which is recognized by Management.
- vi. What percentage of your permanent employees is members of this recognized employee association?
N.A
- vii. Please indicate the Number of complaints relating to child labour, forced labour, in voluntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

No.	Category	No. of complaints filed during the financial year	No. of complaints Pending as on end of the financial year
1	Child labour/forced labour/involuntary	NIL	NIL
2	Sexual harassment	NIL	NIL
3	Discriminatory employment	NIL	NIL

- viii. What percentage of your under mentioned employees were given safety & skill up- gradation training in the last year?

I	Permanent Employees	57.8%
II	Permanent Women Employees	42.8%
III	Causal/Temporary/Contractual Employees	81.7%
IV	Employees with Disabilities	0%

Principle 4 - Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized

1. Has the company mapped its internal and external stakeholders?
Yes/No
Yes.
2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?
Yes.
3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders?
If so, provide details thereof, in about 50 words or so.

Our CSR approach focuses on the development of communities around the vicinity of our plants. We have also developed innovative programmes that leverage our capabilities as a tile manufacturer.

Our "Tile Master" initiative has cumulatively trained more than 5000 mason workers on tile laying techniques and improved their productivity and livelihood.

Principle 5 - Business should respect and promote human rights.

1. Does the policy of the company on human rights cover only

the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

The Policy on Human Rights covers the Company only. Company encourages parties associated with its value chain like vendors, suppliers, contractors, etc. to follow the principles stated in the policy.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

The Company has not received any complaint from any stakeholder except the investor complaints during the period under review.

Principle 6 - Business should respect, protect, and make efforts to restore the environment.

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others?

The Policy on environment covers the Company only.

2. Does the company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.

Yes. The Company has Environmental Policy which guides the organization to continually mitigate the impact on climate change and global warming as a result of our operations. The company works continuously to reduce the waste and is focused on creating green infrastructure which are designed for better energy efficiency and efficient operations.

3. Does the company identify and assess potential environmental risks? Y/N

Yes.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

The locations of the Company are certified for requirements under ISO 14001 (Environmental System) and OHSAS 18001 (Occupational Health and Safety System). Audit by Independent Auditors are carried out to check the level of compliance.

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes,

please give hyperlink for web page etc.

The initiative taken by the Company are covered under the Directors' Report, which forms part of the Annual Report.

6. Are the Emissions / Waste generated by the company within the permissible limits given by CPCB / SPCB for the financial year being reported?

Emissions and Waste generated by the company are within the permissible limits.

7. Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

None.

Principle 7 - Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

Yes, the Company is member of following trade associations which make efforts towards sustainable business development -

- (a) Indian Council of Ceramic Tiles and Sanitary ware (ICCTAS)
- (b) Confederation of Indian Industry (CII)
- (c) PHD Chamber of Commerce
- (d) MCC Chamber of Commerce and Industry

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

The Company has represented through above associations from time to time for various economic and corporate governance issues in the interest of the Industry in general and Ceramic Industry in particular.

Principle 8 - Businesses should support inclusive growth and equitable development.

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

The Company has taken a holistic approach towards the

development of the deprived groups of the society. The Company work in the areas of education, vocational skills training and empowerment of women, development of children. To oversee implementation of various initiatives, Company has formed a Board Level Committee called Corporate Social Responsibility (CSR) Committee.

2. Are the programmes/projects undertaken through in-house team/ own foundation/external NGO/government structures/any other organization?

The projects are undertaken by in-house team/ CSR Foundation of the Company and in co-ordination with external agencies like NGOs and trusts.

3. Have you done any impact assessment of your initiative?

The CSR programme and their impacts/outcomes are monitored and reviewed by the Committee.

4. What is your company's direct contribution to community development Projects-Amount in INR and the details of the projects undertaken?

The company has spent an amount of ₹298.34 Lakhs in various CSR activities during the year 2016-17 which includes ₹128.80 Lakhs being the amount required to be spent by the Company in terms of CSR Regulations in the financial year 2016-17. The details of the amount incurred on areas covered are given in Annexure to the report on Corporate Social Responsibility forming part of this Report.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

Company has a process of engaging with local community to understand their concerns. The CSR interventions are carried out on a need based approach which is developed after consultations with the local community to ensure that the activities are adopted by them.

Principle 9 - Businesses should engage with and provide value to their customers and consumers in a responsible manner.

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year?

The Company has an effective system for addressing customer complaints. The customer cases filed against the Company for defects in tiles or relating to sales are not significant in number compared with annual sales volume.

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/ No/N.A./Remarks (additional information)

The Company displays all information as mandated by the regulations to ensure full compliance with relevant laws.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.

No, there is no case filed by any stakeholder during last five year regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior.

4. Did your company carry out any consumer survey/consumer satisfaction trends?

The Company has received various awards for its contribution to the Industry, which represents customer satisfaction.

OTHER DISCLOSURES

- I. There were no significant material orders passed by the Regulators / Courts during the financial year 2016-17 which would impact the going concern status of the Company and its future operations.
- II. The Board has approved shifting of Registered Office of the Company from National Capital Territory (NCT) of Delhi to the state of West Bengal, subject to approval of Shareholders through Postal Ballot.
- III. There were no significant material changes and commitments in terms of Section 134(3) (l) of the Companies Act, 2013, affecting the financial position of the Company.

ACKNOWLEDGEMENT

Your Directors acknowledge with sincere gratitude, the cooperation and help extended by all the stakeholders of your Company including its esteemed shareholders, government departments and agencies, financial institutions and banks, customers, vendors and employees.

For and on behalf of the Board

**Place: New Delhi
Dated: 24th May, 2017**

**SHREEKANT SOMANY
Chairman and Managing Director**

ANNEXURE - 1

Statement pursuant to Section 134 of the Companies Act, 2013

Form AOC-1

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of the Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of Subsidiaries/ Associate Companies/ Joint ventures

Part- A: Subsidiaries

(₹ in Lakhs)

Name of the Subsidiary companies	SR Continental Ltd.	Somany Global Ltd.	Somany Excel Vitrified Pvt. Ltd.	Amora Tiles Pvt. Ltd.	Somany Fine Vitrified Pvt. Ltd.	Somany Sanitary Ware Pvt. Ltd.
Reporting period	2016-17	2016-17	2016-17	2016-17	2016-17	2016-17
Share Capital	18.50	50.00	151.00	1,040.00	2,200.00	990.00
Reserves & surplus / (Accumulated Losses)	122.20	21.16	-16.76	723.93	479.57	105.57
Total assets	149.14	90.49	137.71	4,241.46	7,209.11	4,029.14
Total liabilities (Excluding Share Capital & Reserves)	8.44	19.33	3.47	2,477.53	4,529.54	2,933.57
Investments	105.96	50.34	Nil	Nil	Nil	Nil
Turnover including other income	58.87	2.90	Nil	9,901.49	10,686.04	1,744.89
Profit / (Loss) before taxation	45.42	0.64	-2.79	429.25	495.53	116.80
Provisions for taxation	1.88	0.07	Nil	118.00	167.08	8.76
Profit / (Loss) after taxation	43.54	0.57	-2.79	311.25	328.45	108.04
Proposed Dividend	Nil	Nil	Nil	Nil	Nil	Nil
% of shareholding	100%	100%	100%	51%	51%	51%

A Section 8 Company under the Companies Act, 2013 was incorporated on 2nd March, 2015 under the name and style M/s H.L. Somany Foundation to carry out the Corporate Social Responsibility activities of the Company. The Company would also undertake other need based initiatives in compliance with Schedule VII to the Act.

Part B: Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of the associates/ joint ventures	Acer Granito Pvt. Ltd.	Commander Vitrified Pvt. Ltd.	Vicon Ceramic Pvt. Ltd.	Vintage Tiles Pvt. Ltd.	SKPL Ceramics Pvt. Ltd. (Formerly Somany Keraben Pvt. Ltd.)	Sudha Somany Ceramics Private Limited (Formerly Sudha Ceramics Pvt. Ltd.)
Latest audited balance sheet date	31st March, 2017	31st March, 2017	31st March, 2017	31st March, 2017	31st March, 2017	31st March, 2017
Shares of associate/ joint ventures held by the Company at the year end	1,460,000	3,250,000	1,885,000	4,500,000	893,000	2,509,000
Amount of investment in associates/ joint venture (₹ in Lakhs)	511.00	325.00	188.50	1,399.50	89.30	250.90
Extend of Holding %	26.00%	26.00%	26.00%	50.00%	50.00%	50.00%
Description of how there is significant influence	Section 2(6)	Section 2(6)	Section 2(6)	Section 2(6)	Section 2(6)	Section 2(6)
Reason why the associates/ joint venture is not consolidated	NIL	NIL	NIL	NIL	NIL	Nil
Net worth attributable to Shareholding as per latest audited Balance Sheet (₹ in Lakhs)	537.66	608.99	217.61	1,025.19	0.13	243.61
Profit/ Loss for the year (₹ in Lakhs)						
a) Considered in Consolidation	62.31	24.04	30.65	161.99	(0.98)	(7.19)
b) Not considered in consolidation	177.33	68.41	87.24	161.99	(0.98)	(7.19)

Place: New Delhi
Date: 24th May, 2017

Shreekant Somany
Chairman &
Managing Director

Abhishek Somany
Managing Director

T.R. Maheshwari
Dy. Chief Executive Officer
& Chief Financial Officer

Amrish Julka
DGM (Legal) &
Company Secretary

ANNEXURE - 2

Form No. MR-3 Secretarial Audit Report

For the Financial Year ended on 31st March, 2017

{Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014}

To
The Members,
Somany Ceramics Limited
82/19, Bhakerwara Road,
Mundka, New Delhi – 110 041

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Somany Ceramics Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of Somany Ceramics Limited's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (Not applicable to the Company during the reporting period under audit)
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not applicable to the Company during the reporting period under audit)
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (Not applicable to the Company during the reporting period under audit)
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during the reporting period under audit)
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the reporting period under audit)&
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;(Not applicable to the Company during the reporting period under audit)
- (vi) As confirmed and certified by the management, there is no sectoral law specifically applicable to the Company based on their Sector/ Business.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards on Board and General Meetings (SS-1 & SS-2) issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

During the period under review the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. as mentioned above.

We further report that, during the year under review:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notices were given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda are sent at least seven days in advance, a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All the decisions at Board Meetings and Board Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of Board of Directors of the Company or committee of the Board, as the case may be.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws,

rules, regulations and guidelines.

We further report that during the audit period:

- (a) the Company has obtained approval of Members, Under Section 180(1)(a) of the Companies Act, 2013, for creation of mortgages/ charges/hypothecation and/or other encumbrances on its immovable and movable properties up to ₹1,000.00 Crores (Rupees One Thousand Crore only).
- (b) the Company has obtained approval of Members, Under Section 180(1)(c) of the Companies Act, 2013, for borrowing in excess of its paid up capital and free reserves up to ₹1,000.00 Crores (Rupees One Thousand Crore only).
- (c) the Company has obtained approval of Members, Under Section 186 of the Companies Act, 2013, to make/give loan(s) and give guarantee(s), provide security(ies) or make investment(s) in excess of the prescribed limit up to ₹1,000.00 Crores (Rupees One Thousand Crore only).
- (d) The Company has obtained approval of Members, under Section 188 of the Companies Act, 2013, the Companies (Meeting of Board and its Power), 2014 and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirement) Regulations 2015 to give authorization to the Board of Directors to enter into contracts or arrangement with related parties including material related party.
- (e) the Company has obtained approval of Members, to offer, issue and allot, in one or more tranches, Secured or Unsecured Redeemable Non-Convertible Debentures on private placement basis for an amount not exceeding ₹100 Crore (Rupees One Hundred Crore only).

For Pinchaa & Co.

Company Secretaries
Firms U.C.N. - P2016RJ051800

Pradeep Pincha

Partner

M. No. FCS 5369

C. P. No.:4426

Dated: 6th May, 2017

Place: Jaipur

(This report is to be read with our letter of even date which is annexed as Annexure-A which forms an integral part of this report.)

To
The Members,
Somany Ceramics Limited
82/19, Bhakerwara Road,
Mundka, New Delhi – 110 041

Our report of even date is to be read along with this letter:

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Where ever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For Pinchaa & Co.
Company Secretaries
Firms U.C.N. - P2016RJ051800

Pradeep Pincha
Partner
M. No. FCS 5369
C. P. No.:4426

Dated: 6th May, 2017
Place: Jaipur

ANNEXURE - 3

Form No. MGT-9 Extract of Annual Return

as on the financial year ended on 31st March, 2017

[Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12 (1) of the Companies (Management and Administration) Rules, 2014]

Sl. No.	Particulars	Attachment
I	REGISTRATION AND OTHER DETAILS	
i.	CIN	L40200DL1968PLC005169
ii.	Registration Date	20 th January, 1968
iii.	Name of the Company	Somany Ceramics Limited
iv.	Category/ Sub-Category of the Company	Public Company/ Limited by Shares
v.	Address of the Registered office and contact details	82/19, Bhakerwara Road, Mundka, New Delhi-110 041 Tel: +91 11 28341085 E-mail: cs@somanytiles.co.in Website: www.somanyceramics.com
vi.	Whether Listed Company	Yes
vii.	Name, Address and Contact details of Registrar and Transfer Agent	Maheshwari Datamatics Pvt. Ltd. 23, R. N. Mukherjee Road, 5 th Floor Kolkata – 700 001 Phone No. 033-2243 5809/ 2248 2248 E-mail: mdpldc@yahoo.com
II	PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY	
	All the business activities contributing 10% or more of the total turnover of the Company shall be stated	As per Attachment 'A'
III	PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES	As per Attachment 'B'
IV	SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)	
i.	Category-wise Share Holding	As per Attachment 'C'
ii.	Shareholding of Promoters	As per Attachment 'D'
iii.	Change in Promoters' Shareholding	As per Attachment 'E'
iv.	Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)	As per Attachment 'F'
v.	Shareholding of Directors and Key Managerial Personnel	As per Attachment 'G'
V	INDEBTEDNESS	
	Indebtedness of the Company including interest outstanding/ accrued but not due for payment	As per Attachment 'H'
VI	REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL	
A.	Remuneration to Managing Director, Whole-time Directors and/or Manager	As per Attachment 'I'
B.	Remuneration to other directors	As per Attachment 'J'
C.	Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD	As per Attachment 'K'
VII	PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES	As per Attachment 'L'

ATTACHMENT - A

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company are given below:-

Sl. No.	Name and Description of main products/ services	NIC Code of the product/ service*	% to total turnover of the Company#
1	Ceramic/Vitrified Wall & Floor Tiles	23929	92.00%

* As per National Industrial Classification – Ministry of Statistics and Programme Implementation

On the basis of Gross Turnover

ATTACHMENT – B

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name of Company	Address of Company	CIN/GLN	Holding /Subsidiary /Associate	% of Shares held	Applicable section
1	SR Continental Limited	82/19, Bhakerwara Road, Mundka, New Delhi-110041	U55101DL1979PLC317439	Subsidiary	100%	2(87)ii
2	Somany Global Limited	82/19, Bhakerwara Road, Mundka, New Delhi-110041	U51909DL2006PLC156990	Subsidiary	100%	2(87)ii
3	Somany Excel Vitrified Private Limited	2A, C-119, Lalkothi Scheme, Janpath, Jaipur - 302015	U26955RJ2015PTC048537	Subsidiary	100%	2(87)ii
4	Amora Tiles Private Limited	SR No. 167/1 P1, Sartanpar Road, Tal. Wankaner, Sartanpar, Rajkot-363622, Gujarat	U26933GJ2013PTC075379	Subsidiary	51%	2(87)ii
5	Somany Sanitary Ware Private Limited	S.No. 136 P1 & 138/3, Village Vaghasiya, Tal. Wankaner, Vaghasiya, Rajkot-363622, Gujarat	U26915GJ2012PTC070115	Subsidiary	51%	2(87)ii
6	Somany Fine Vitrified Private Limited	8 - A National Highway, Sartanpar, Matel Road, Taluka : Wankaner, Rajkot- 363621, Gujarat.	U26933GJ2011PTC063535	Subsidiary	51%	2(87)ii
7	Acer Granito Private Limited	Survey No. 641/P-1, B/H Regency Sanitaryware, Lakdhipur Road, Tal. Morbi Ghuntu-363642, Gujarat	U26914GJ2008PTC053525	Associate	26%	2(6)
8	Commander Vitrified Private Limited	S.No. 70, B/H Landgrace Ceramic, Tal. Wankaner, Sartanpur-363622, Gujarat	U26933GJ2011PTC065693	Associate	26%	2(6)
9	Vicon Ceramic Private Limited	S.No. 154/P2, B/H Vivanta Ceramic, Tal. Morbi, Bela Rangpar, Rajkot-363642, Gujarat	U26933GJ2013PTC075377	Associate	26%	2(6)

Sl. No.	Name of Company	Address of Company	CIN/GLN	Holding /Subsidiary /Associate	% of Shares held	Applicable section
10	SKPL Ceremics Private Limited (Formerly known as Somany Keraben Private Limited)	6, Jain Bhawan 12, Bhagat Singh Marg New Delhi- 110001	U93094DL2007PTC159142	Joint Venture	50.00%	2(6)
11	Vintage Tiles Private Limited	Survey No. 56, Nazar Baug Road, Behind Science College, Morbi-363642, Gujarat	U26933GJ2010PTC062196	Associate	50%	2(6)
12	Sudha Somany Ceramics Private Limited	D NO. 19-1-422/A, G Ragampeta Peddapuram East Godavari Andhra Pradesh 533437	U26960AP2015PTC097828	Associate	50%	2(6)

ATTACHMENT- C

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year, i.e. 01.04.2016				No. of Shares held at the end of the year, i.e. 31.03.2017				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	3,125,465	-	3,125,465	7.37	3,125,465	-	3,125,465	7.37	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt. (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	18,713,895	-	18,713,895	44.16	18,713,895	-	18,713,895	44.16	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	21,839,360	-	21,839,360	51.53	21,839,360	-	21,839,360	51.53	-
(2) Foreign									
a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	21,839,360	-	21,839,360	51.53	21,839,360	-	21,839,360	51.53	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	3,430,438	-	3,430,438	8.09	3,815,922	-	3,815,922	9.00	0.91
b) Banks/FI	5,786	10,030	15,816	0.04	5,886	10,030	15,916	0.04	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year, i.e. 01.04.2016				No. of Shares held at the end of the year, i.e. 31.03.2017				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FII's	2,273,602	-	2,273,602	5.36	46,544	-	46,544	0.11	(5.26)
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Alternate Investment Funds	566,041	-	566,041	1.34	505,945	-	505,945	1.19	(0.14)
Foreign Portfolio Investors	643,027	-	643,027	1.52	2,651,799	-	2,651,799	6.26	4.74
Provident Funds / Pension Funds	-	-	-	-	-	-	-	-	-
Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	6,918,894	10,030	6,928,924	16.35	7,026,096	10,030	7,036,126	16.60	0.25
2. Non-institutions									
Bodies Corporate									
Indian	1,293,062	36,760	1,329,822	3.14	1,546,905	36,760	1,583,665	3.74	0.60
Overseas	5,552,499	-	5,552,499	13.10	5,532,499	-	5,532,499	13.05	(0.05)
Individuals									
Individual shareholders holding nominal share capital upto ₹1 lakh	3,257,385	646,970	3,904,355	9.21	3,118,662	587,890	3,706,552	8.75	(0.47)
Individual shareholders holding nominal share capital in excess of ₹1 lakh	2,632,149	-	2,632,149	6.21	2,515,790	-	2,515,790	5.94	(0.27)
Others (Specify)									
Non-Resident Indians	60,465	-	60,465	0.14	84,890	-	84,890	0.20	0.06
Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
Custodian of Enemy Property	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	62,630	-	62,630	0.15	6,672	-	6,672	0.02	(0.13)
Trusts	69,210	-	69,210	0.16	66,851	-	66,851	0.16	(0.01)
Foreign Bodies-D R									
Foreign Portfolio Investors	-	-	-	-	5,250	-	5,250	0.01	0.01
NBFCs registered with RBI	12	-	12	0.00	1,771	-	1,771	0.00	0.00
Employee Trusts	-	-	-	-	-	-	-	-	-
Domestic Corporate Unclaimed Shares Account	-	-	-	-	-	-	-	-	-
Investor Education and Protection Fund Authority	-	-	-	-	-	-	-	-	-
Sub-total(B)(2):-	12,927,412	683,730	13,611,142	32.12	12,879,290	624,650	13,503,940	31.86	(0.25)
Total Public Shareholding (B)=(B)(1)+ (B)(2)	19,846,306	693,760	20,540,066	48.47	19,905,386	634,680	20,540,066	48.47	-
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	41,685,666	693,760	42,379,426	100.00	41,744,746	634,680	42,379,426	100.00	-

ATTACHMENT- D

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	No. of Shares held at beginning of the year i.e. 01.04.2016			No. of Shares held at the end of the year i.e. 31.03.2017			% Change in Shareholding during the year
		No. of Shares	%of total Shares of the Company	% Shares Pledged / encumbered to total shares	No. of Shares	%of total Shares of the Company	% Shares Pledged / encumbered to total shares	
1	Mr. Hiralall Somany	313,855	0.74	-	313,855	0.74	-	-
2	Mr. Shrivatsa Somany	1,694,675	4.00	-	1,694,675	4.00	-	-
3	Mr. Shreekant Somany	115,885	0.27	-	115,885	0.27	-	-
4	Mr. Abhishek Somany	85,500	0.20	-	85,500	0.20	-	-
5	Mrs. Anjana Somany	94,150	0.22	-	94,150	0.22	-	-
6	Mrs. Minal Somany	625,900	1.48	-	625,900	1.48	-	-
7	Mrs. Anushree Chopra	150,000	0.35	-	150,000	0.35	-	-
8	Mr. Shreekant Somany (HUF)	45,500	0.11	-	45,500	0.11	-	-
8	M/s Bhilwara Holdings Ltd.	9,009,840	21.26	-	9,009,840	21.26	-	-
9	M/s Sarvottam Vanijya Ltd.	6,212,980	14.66	-	6,212,980	14.66	-	-
10	M/s Scope Vinimoy Pvt. Ltd.	3,491,075	8.24	-	3,491,075	8.24	-	-
	Total	21,839,360	51.53	-	21,839,360	51.53	-	-

ATTACHMENT- E

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

iii) Changes in Promoters' Shareholding

There was no change in the no. of Promoters' shareholding in the financial year 2016-17.

ATTACHMENT- F

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No.	Name of the Shareholders	Shareholding at the beginning of the year i.e. 01.04.2016		Cumulative Shareholding during the year and at the close of the year on 31.03.2017	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	LATINIA LIMITED				
	Beginning of the year	4,347,826	10.26	4,347,826	10.26
	End of the year			4,347,826	10.26
2	DSP BLACKROCK 3 YEARS CLOSE ENDED EQUITY FUND				
	Beginning of the year	2,266,946	5.35	2,266,946	5.35
	28/10/2016 – Sale	102,218	0.24	2,164,728	5.11
	18/11/2016 – Sale	4,023	0.01	2,160,705	5.10
	16/12/2016 – Purchase	290,133	0.68	2,450,838	5.78
	23/12/2016 – Purchase	110,696	0.26	2,561,534	6.04
	30/12/2016 – Purchase	34,849	0.08	2,596,383	6.13
	End of the year			2,596,383	6.13
3	NTASIAN DISCOVERY MASTER FUND				
	Beginning of the year	1,677,466	3.96	1,677,466	3.96
	End of the year			1,677,466	3.96
4	HIND STRATEGIC INVESTMENTS				
	Beginning of the year	1,204,673	2.84	1,204,673	2.84
	08/07/2016 – Sale	10,000	0.02	1,194,673	2.82
	15/07/2016 – Sale	5,000	0.01	1,189,673	2.81
	22/07/2016 – Sale	5,000	0.01	1,184,673	2.80
	End of the year			1,184,673	2.80
5	DSP BLACKROCK EMERGING STARS FUND				
	Beginning of the year	566,041	1.34	566,041	1.34
	08/04/2016 – Purchase	29	0.00	566,070	1.34
	15/04/2016- Purchase	153	0.00	566,223	1.34
	22/04/2016-Purchase	4,632	0.01	570,855	1.35
	20/05/2016-Purchase	9,626	0.02	580,481	1.37
	27/05/2016- Purchase	126	0.00	580,607	1.37
	30/12/2016-Sale	53,000	0.13	527,607	1.24
	13/01/2017- Sale	25,000	0.06	502,607	1.19
	End of the year			502,607	1.19
6	KOTAK MAHINDRA OLD MUTUAL LIFE INSURANCE LIMITED *				
	Beginning of the year	-	-	-	-
	30/09/2016 – Purchase	56,496	0.13	56,496	0.13
	07/10/2016 - Purchase	54,649	0.13	111,145	0.26
	14/10/2016 - Purchase	1,084	0.00	112,229	0.26
	28/10/2016 - Purchase	105,000	0.25	217,229	0.51

Sl. No.	Name of the Shareholders	Shareholding at the beginning of the year i.e. 01.04.2016		Cumulative Shareholding during the year and at the close of the year on 31.03.2017	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	04/11/2016 - Purchase	5,919	0.01	223,148	0.53
	11/11/2016 - Purchase	35,611	0.08	258,759	0.61
	18/11/2016 - Purchase	29,127	0.07	287,886	0.68
	06/01/2017 - Purchase	53,000	0.13	340,886	0.80
	13/01/2017 - Purchase	20,391	0.05	361,277	0.85
	03/02/2017 - Sale	1,814	0.00	359,463	0.85
	24/02/2017 - Purchase	9,701	0.02	369,164	0.87
	03/03/2017 - Purchase	22,121	0.05	391,285	0.92
	17/03/2017 - Purchase	27,282	0.06	418,567	0.99
	24/03/2017 - Purchase	14,475	0.03	433,042	1.02
	31/03/2017 - Purchase	9,639	0.02	442,681	1.04
	End of the year			442,681	1.04
7	KIRTIVARDHAN FINVEST SERVICES LTD				
	Beginning of the year	433,795	1.02	433,795	1.02
	End of the year			433,795	1.02
8	TATA TRUSTEE CO. LTD.A/C TATA MUTUAL FUND A/C TATA MID CAP GROWTH FUND *				
	Beginning of the year	147,274	0.35	147,274	0.35
	16/09/2016 - Purchase	235,000	0.55	382,274	0.90
	21/10/2016 - Purchase	1,800	0.00	384,074	0.91
	25/11/2016 - Purchase	2,000	0.00	386,074	0.91
	06/01/2017 - Purchase	1,600	0.00	387,674	0.91
	17/03/2017 - Purchase	9,400	0.02	397,074	0.94
	24/03/2017 - Sale	650	0.00	396,424	0.94
	End of the year			396,424	0.94
9	SANJEEV VINODCHANDRA PAREKH				
	Beginning of the year	373,676	0.88	373,676	0.88
	End of the year			373,676	0.88
10	PRANAV KUMARPAL PAREKH *				
	Beginning of the year	238,510	0.56	238,510	0.56
	10/03/2017 - Purchase	57,742	0.14	296,252	0.70
	End of the year			296,252	0.70
11	L AND T MUTUAL FUND TRUSTEE LTD-L AND T TAX ADVANTAGE FUND #				
	Beginning of the year	636,794	1.50	636,794	1.50
	17/06/2016 - Sale	56,000	0.13	580,794	1.37
	16/12/2016 - Sale	307,532	0.73	273,262	0.64
	End of the year			273,262	0.64

Sl. No.	Name of the Shareholders	Shareholding at the beginning of the year i.e. 01.04.2016		Cumulative Shareholding during the year and at the close of the year on 31.03.2017	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
12	ICICI PRUDENTIAL LIFE INSURANCE COMPANY LTD #				
	Beginning of the year	328,092	0.77	328,092	0.77
	08/04/2016 – Sale	2,370	0.01	325,722	0.77
	27/05/2016 - Sale	10,000	0.02	315,722	0.74
	19/08/2016 – Sale	210	0.00	315,512	0.74
	26/08/2016 - Sale	210	0.00	315,302	0.74
	11/11/2016 - Sale	463	0.00	314,839	0.74
	25/11/2016 – Sale	2,920	0.01	311,919	0.74
	02/12/2016 – Sale	49,440	0.12	262,479	0.62
	09/12/2016 – Sale	36,000	0.08	226,479	0.53
	16/12/2016 – Sale	85,929	0.20	140,550	0.33
	30/12/2016 – Sale	79	0.00	140,471	0.33
	06/01/2017 - Sale	65,661	0.15	74,810	0.18
	13/01/2017 – Sale	17,412	0.04	57,398	0.14
	10/02/2017 - Sale	946	0.00	56,452	0.13
	24/02/2017 – Sale	1,912	0.00	54,540	0.13
	03/03/2017 – Sale	2,720	0.01	51,820	0.12
	End of the year			51,820	0.12
13	COPHALL MAURITIUS INVESTMENT LIMITED (#)				
	Beginning of the year	344,407	0.81	344,407	0.81
	22/07/2016 – Sale	45,551	0.11	298,856	0.71
	29/07/2016 - Sale	18,506	0.04	280,350	0.66
	02/09/2016 - Sale	17,157	0.04	263,193	0.62
	09/09/2016 - Sale	27,536	0.06	235,657	0.56
	16/09/2016 - Sale	235,657	0.56	-	-
	End of the year			-	-

Note:

Ceased to be in the list of Top 10 shareholders as on 31/03/2017. The same is reflected above since the shareholder was one of the Top 10 shareholders as on 01/04/2016.

* Not in the list of Top 10 shareholders as on 01/04/2016. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 31/03/2017.

ATTACHMENT- G

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	Name of the Shareholders	Shareholding at the beginning of the year		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year (1 st April, 2016 to 31 st March, 2017)	
		No of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
A	Directors							
1.	Mr. Shreekant Somany	161,385*	0.38	-	-	-	161,385*	0.38
2.	Mr. Abhishek Somany	85,500	0.20	-	-	-	85,500	0.20
3.	Mrs. Anjana Somany	94,150	0.22	-	-	-	94,150	0.22
4.	Mr. G.L. Sultania	1,250	0.003	-	-	-	1,250	0.003
5.	Mr. Ratna Kumar Daga	5,000	0.01	-	-	-	5,000	0.01
6.	Mr. Narayan Anand	-	-	-	-	-	-	-
7.	Mr. Salil Singhal	-	-	-	-	-	-	-
8.	Mr. Ravinder Nath	-	-	-	-	-	-	-
9.	Dr. Y.K. Alagh	-	-	-	-	-	-	-
10.	Mr. Siddharath Bindra	-	-	18-11-2016	2,000	Purchase	2,000	0.005
B	Key Managerial Personnel (KMP's)							
1.	Mr. T.R. Maheshwari	-	-	-	-	-	-	-
2.	Mr. Ambrish Julka	-	-	-	-	-	-	-

* Shareholding of Mr. Shreekant Somany includes 45,500 shares held as Karta of Shreekant Somany (HUF).

ATTACHMENT- H

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/ accrued but not due for payment

(₹ in Lacs)

	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	18,903.63	-	-	18,903.63
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	100.53	-	-	100.53
Total (i+ii+iii)	19,004.16	-	-	19,004.16
Change in Indebtedness during the financial year				
• Addition	5,378.87	17,805.75	-	23,184.62
• Reduction	5,055.71	15,305.75	-	20,361.46
Net Change	323.16	2,500.00	-	2,823.16
Indebtedness at the end of the financial year				
i) Principal Amount	19,289.09	2,500.00	-	21,789.09
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	38.23	-	-	38.23
Total (i+ii+iii)	19,327.32	2,500.00	-	21,827.32

ATTACHMENT- I

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Name of MD/ WTD/ Manager			Total Amount
		Mr. Shreekant Somany	Mr. Abhishek Somany	Mrs. Anjana Somany*	
1	Gross salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	219.75	209.00	20.71	449.46
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	19.60	13.45	-	33.05
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission (as % of profit)	386.03	386.03	-	772.06
5	PF Contribution	23.49	22.20	2.48	48.17
	Total (A)	648.87	630.68	23.19	1,302.74
	Ceiling as per the Act	(Being 10% of Net Profits ₹13,027.54 Lakhs of the Company calculated as per Section 198 of the Companies Act 2,013)			

*Mrs. Anjana Somany was appointed as Whole-time Directors of the company w.e.f. 21st May, 2016.

ATTACHMENT- J

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

B. Remuneration to other directors:

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Name of Directors								Total Amount
		Mr. R.K. Daga	Mr. G. L. Sultania	Mrs. Anjana Somany*	Mr. Salil Singhal	Mr. Ravinder Nath	Dr. Y. K. Alagh	Mr. Siddharath Bindra	Mr. Narayan Anand	
1	Independent Directors									
	a. Fee for attending board / committee Meetings	1.15	-	-	.85	.85	.85	.70	-	4.40
	b. Commission	5.00	-	-	5.00	5.00	5.00	5.00	-	25.00
	c. Others, please specify	-	-	-	-	-	-	-	-	-
	Total (1)	6.15	-	-	5.85	5.85	5.85	5.70	-	29.40
2	Other Non-Executive Directors									
	a. Fee for attending board / committee Meetings	-	1.10	-	-	-	-	-	.45	1.55
	b. Commission	-	5.00	.68	-	-	-	-	5.00	10.68
	c. Others, please specify	-	-	-	-	-	-	-	-	-
	Total (2)	-	6.10	.68	0	0	0	0	5.45	12.23
	Total (B)=(1+2)	6.15	6.10	.68	5.85	5.85	5.85	5.70	5.45	41.63
	Total Managerial Remuneration	6.15	6.10	.68	5.85	5.85	5.85	5.70	5.45	41.63
	Overall Ceiling as per the Act	(Being 1% of Net Profits ₹13,027.54 Lakhs of the Company calculated as per Section 198 of the Companies Act, 2013 subject to maximum of ₹5 Lakhs as commission to each Non-Executive Director of the Company) as per resolution passed by Members at AGM held on 02.09.2013.								

*The commission paid to Mrs. Anjana Somany as Non-Executive Director of the company for the period 01st April, 2016 to 20th May, 2016.

ATTACHMENT- K

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/ MANAGER/ WTD

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Company Secretary	DY. CEO & CFO	
		Mr. Ambrish Julka 01.04.2016-31.03.2017	Mr. T. R. Maheshwari 01.04.2016-31.03.2017	
1	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	20.09	85.18	105.27
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.32	3.10	3.42
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission (as % of profit)	-	-	-
	- as % of profit			
	- others, specify			
5	PF Contribution	1.24	4.93	6.17
	Total (A)	21.65	93.21	114.86

ATTACHMENT- L

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

There were no penalties/punishments/ or any compounding of offences during the financial year 2016-17.

ANNEXURE - 4

REPORT ON CSR ACTIVITIES OF THE COMPANY FOR THE YEAR ENDED 31ST MARCH, 2017

A brief outline of the Company's CSR Policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or Programs

Policy of Somany Ceramics Limited ('SCL') shall be directed towards inclusive development that creates value for society and caters to the needs of the people in the communities, giving preference to the local areas around our business operations. SCL shall continue to relentlessly strive in their endeavor of nation building, sustainable development, accelerated inclusive growth and social equity through its CSR initiatives. The CSR initiatives will be focused to enable the citizen to enjoy the benefits of science led innovations. The targeted beneficiaries of CSR activities undertaken by SCL shall be for marginalized, disadvantaged, poor or deprived sections of the communities.

Company's CSR initiatives focus on Promoting Health Care including preventive health care and Sanitation, Skill Development, education, Setting up homes for orphans, sustainable livelihood, women empowerment, infrastructure development and various other activities as per CSR Policy of the Company.

The web link to the Contents of the CSR Policy is <https://www.somanyceramics.com/wp-content/uploads/pdfs/policies/scl-corporate-social-responsibility-policy.pdf>.

2. Composition of the Committee: Mr. Abhishek Somany (Chairman)
Mr. Salil Singhal (Member)
Mr. Ravinder Nath (Member)
Mr. Siddharath Bindra (Member)
3. Avg. Net Profit of the Company for Last three financial years: 6796.37 Lakhs
4. CSR Expenditure (2% of the amount as in item 3 above): ₹135.92 Lakhs
5. CSR spent during the financial year 2016-17:
 - a) Total amount to be spent for the financial year 2016-17: ₹135.92 Lakhs
 - b) Total unspent amount for financial year 2014-15 and 2015-16: ₹169.54 Lakhs
 - c) Total (a+b): ₹305.46 Lakhs
 - d) Less: Amount spent during the year: ₹298.34 Lakhs
 - e) Balance unspent: ₹7.12 Lakhs

(₹ In Lakhs)

1	2	3	4	5	6		7	8
S. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programmes (1) Local Area or other (2) specify the state & District where projects or programmes was undertaken	Amount outlay(budget) project or programme wise	Amount spent on the projects or program sub-heads: (1) direct expenditure on projects or programmes (2) overheads:		Cumulative expenditure upto the reporting period	Amount spent direct or through implementing agency
					Direct (1)	Overheads (2) **		
1	Training to Mason	Skill Development	Delhi/Haryana/Uttar Pradesh/ Tamilnadu/ Karnataka & Maharashtra	23.33	23.33	0	23.33	Direct
2	Promoting Health Care including preventing health care	Promoting Health Care including preventing Health care	Mumbai	5.00	5.00	0	5.00	Direct
3	Promoting Health Care including preventing health care	Donation to Delhi Rotary Club for Health Care Foundation	New Delhi	5.00	5.00	0	5.00	Direct
4	Sustainability Community Development Programme	a. Youth empowerment through skill development b. Sports for development c. Quality Health Care	Bhudasan Kadi Block, District Mehsana, Gujarat	36.69	34.26	1.25	35.51	*Through H.L. Somany Foundation
5	Promoting Health Care including preventing health care	Promoting Health Care including preventing Health care	District Mehsana, Kadi, Gujarat	40.00	40.00	0	40.00	*Through H.L. Somany Foundation
6	Setting up homes for orphans	Construction/Renovation of rooms for the lesser privileged children of the Society	New Delhi	4.25	4.25	0	4.25	Through H.L. Somany Foundation
7	Promoting Health Care including preventive health care and Sanitation	Promoting Health Care including preventive health care and Sanitation	Haryana, Gujarat.	200.00	184.22	1.03	185.25	*Through H. L. Somany Foundation
							298.34	

Note:

* The Company has already paid the requisite amount to the implementing agency but pending certain approvals/ clearances etc., the said sum is yet to be spent by latter as on 31/03/2017.

** Overhead means administrative costs of H. L. Somany Foundation.

6. Reasons for not spending the amount:

For the unspent amount of ₹7.12 Lakhs, the Company has made necessary provisions in the accounts and same will be spend in current financial year i.e. 2017-18.

7. We hereby affirm that the CSR policy, as approved by the Board, has been implemented and the CSR committee monitors the implementation of the CSR projects and activities in compliance with our CSR objectives.

Place: New Delhi
Date : 24th May, 2017

G. G. Trivedi
Chief Executive Officer

Abhishek Somany
Managing Director and
Chairman of Company CSR Committee

ANNEXURE - 5

The information on conservation of energy, R&D, technology absorption, foreign exchange earnings and outgo as required under Section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 is as follows:

CONSERVATION OF ENERGY

Energy conservation in manufacturing operations is an ongoing process and a serious commitment of all concerned in the Company.

(a) Energy conservation measures taken:

- I. Replaced old conventional lights with LED lights and reduced power consumption.
- II. Installed variable frequency drives in fans, blowers & pumps of kilns & cooling towers and reduced power consumption.
- III. Used ultrasonic water level controller with variable frequency drive to save electrical energy and achieved reduction in power consumption.
- IV. Installation of temperature sensor along with variable frequency drives to save electrical power consumption.
- V. Conversion of high RPM motors with Low RPM motors to reduce power consumption.
- VI. Used energy efficient motors in kilns to reduce electrical power consumption.
- VII. Used low power loss capacitor to maintain a good power factor feeder wise (at load end) to reduce the voltage drop as well as the distribution losses.
- VIII. Power trading activity continued to result into reduction in frequent power interruptions and usage of gas/diesel-based captive generation.
- IX. Solar Plant set up at manufacturing plant of the Company at Kadi during the year 2016-17 which generated about 5.6 Lakhs units during this period.

(b) Additional investments and proposals if any being implemented for reduction of consumption of energy:

This is an ongoing activity. However, it is proposed to set up ~ 1 Mw Solar Power Plant at Kassar Plant with the investment of approx. ₹4.5 Crores, which will generate ~ 14,00,000 units of electricity per annum.

(c) Impact of measures (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.

The measures indicated as per (a) and (b) above will result in reduction in energy consumption/costs.

(d) Total energy consumption and energy consumption per unit of production in respect of specified industries:

The Company is not covered under the list of specified industries.

TECHNOLOGY ABSORPTION

A. Research and Development

i. Specified areas of R&D

The R&D recognition certificate was renewed for a further period of 3 years and is valid upto 31.03.2020. The Company has introduced new sizes of tiles which will add great value to already existing product portfolio. Cost saving and process optimizations are other areas in which continuous effort is being put in and which has paid rich dividends. Several low cost raw material frits were introduced for cost reduction purposes and also introduced new generation ink with low cost.

ii. Benefits derived as a result of above R&D Development

Development of value-added products, improvement in first quality tiles percentage and cost optimization efforts translated into a competitive edge in the market place overall impacting profitability and brand of the Company.

iii. Future R&D plans

The company have always believed in offering newer products to the customer be it in terms of size, design or different type of finishes year on year basis. Developmental efforts are ongoing and going forward also we shall keep introducing new products with innovative design and aesthetics.

iv. Expenditure on R&D

There was no major expenditure incurred to carry out the R&D when compared with the size of the turnover of the Company.

B. Technology absorption, adaptation and innovation

- i. The Company continues to fully adopt and keeps its R&D and Technical staff fully abreast with the latest technologies and products globally.
- ii. Digital printing technology introduced in last few years has been resulting into higher definition and clarity of the products besides helping reduce wastages and manpower costs.

C. Foreign Exchange Earnings and Outgo

Foreign Exchange Earnings ₹7410.87 Lakhs

Foreign Exchange Outgo ₹4175.44 Lakhs

For and on behalf of the Board

Place: New Delhi

Dated: 24th May, 2017

Shreekant Somany
Chairman and Managing Director

ANNEXURE - 6

Information as per Section 134 and Section 197 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report for the year ended 31st March, 2017.

REMUNERATION PAID TO DIRECTORS

Name of the director	Title	Remuneration in fiscal 2017 (₹ in Lakhs)	Remuneration in fiscal 2016 (₹ in Lakhs)	No. of Stock Option / RSUs granted in fiscal 2017	% increase of remuneration in 2017 as compared to 2016	Excl. WTD	Incl. WTD
						Ratio of remuneration to MRE #	Ratio of remuneration to MRE and WTD #
Mr. Shreekant Somany	Chairman and Managing Director	648.87	409.07	Nil	58.62	346.99	346.46
Mr. Abhishek Somany	Managing Director	630.68	409.07	Nil	54.17	337.26	336.75
Mrs. Anjana Somany*	Whole-Time Director	23.87	5.45	Nil	337.98	12.76	12.75
Mr. R. K. Daga	Independent Director	6.15	6.25	Nil	(1.60)	3.29	3.28
Dr. Y.K. Alagh	Independent Director	5.85	5.45	Nil	7.34	3.13	3.12
Mr. Salil Singhal	Independent Director	5.85	5.70	Nil	2.63	3.13	3.12
Mr. G. L. Sultania	Non- Executive Director	6.1	6.20	Nil	(1.61)	3.26	3.26
Mr. Ravinder Nath	Independent Director	5.85	5.35	Nil	9.35	3.13	3.12
Mr. Narayan Anand	Non- Executive and Nominee Director	5.45	5.30	Nil	2.83	2.91	2.91
Mr. Siddharath Bindra	Independent Director	5.7	6.05	Nil	(5.79)	3.05	3.04

Rounded off to two decimal

RSUs: Restricted Stock Units

WTD: Whole Time Director

MRE: Median Remuneration of Employees

*Mrs. Anjana Somany was appointed as WTD w.e.f. 21st May, 2016.

REMUNERATION OF KEY MANAGERIAL PERSONNEL (KMPS)

Name of the director	Title	Remuneration in fiscal 2017 (₹ in Lakhs)	Remuneration in fiscal 2016 (₹ in Lakhs)	No. of Stock Option / RSUs granted in fiscal 2017	% increase of remuneration in 2017 as compared to 2016	Excl. WTD	Incl. WTD
						Ratio of remuneration to MRE #	Ratio of remuneration to MRE and WTD #
Mr. T. R. Maheshwari	Dy. Chief Executive Officer & Chief Financial Officer	93.21	30.16	Nil	16 [^]	49.84	49.77
Mr. Ambrish Julka	Company Secretary and Compliance Officer	21.65	20.72	Nil	4.49	11.58	11.56

Rounded off to two decimal

RSUs: Restricted Stock Units

WTD: Whole Time Director

MRE: Median Remuneration of Employees

[^] On annualised basis

The Median Remuneration of Employees (MRE) excluding Whole-time Directors (WTDs) was ₹187,000 and ₹1,78,131 in fiscal 2017 and fiscal 2016 respectively. The increase in MRE (excluding WTDs) in fiscal 2017, as compared to fiscal 2016 is 4.98%.

The Median Remuneration of Employees (MRE) including Whole-time Directors (WTDs) was ₹187,287 and ₹178,386 in fiscal 2017 and fiscal 2016 respectively. The Increase in MRE (including WTDs) in fiscal 2017, as compared to fiscal 2016 is 4.99%.

The number of Permanent employees on the rolls of the Company as of 31st March, 2017 and 31st March, 2016 was 2277 and 2014 respectively.

The aggregate remuneration of employees excluding WTD grew by 23.41% over the previous fiscal. The aggregate increase in salary for WTDs and other KMPs was 54.18% (on annualised basis and due to addition of one WTD during the fiscal year 2017) in fiscal 2017 over fiscal 2016. This was based on the recommendation of the nomination and remuneration committee to revise the remuneration as per industry benchmarks.

It is hereby affirming that the remuneration paid during the year is as per the Remuneration Policy of the Company.

For and on behalf of the Board

Place: New Delhi

Dated: 24th May, 2017

Shreekant Somany
Chairman and Managing Director

CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Good Corporate Governance Practices are strength of any successful enterprise. The Company's visionary founder had laid the foundation for good governance and made it an integral part of the Company's philosophy which has characteristics of fairness, accountability, disclosure and transparency. This has enabled your Company to achieve sustainable growth on its journey to continue success, thereby meeting the expectations of the stakeholders. The Company places emphasis on business ethics and responsible conduct and to disclosures of operating performance and other key events on timely basis to its shareholders and the stakeholders. The Company views its role as trustees of its shareholders, stakeholders and society at large.

2. BOARD OF DIRECTORS

The Board comprises of ten Directors as on 31st March, 2017. None of the Non-Executive Directors of the Company has any pecuniary relationship or transaction with the Company, except Mr. G.L. Sultania, Non-Executive Non-Independent Director of the Company, who is in receipt of consultancy fees of ₹600,000/- (Rupees Six Lakhs Only) per annum, as approved by the Shareholders at their 47th Annual General Meeting of the Company held on 4th September, 2015. The non-executive directors of the Company are highly respected and accomplished professionals in the corporate and academic world. The Composition of the Board is in conformity with Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR, 2015).

The details of the Directors by category, attendance and other Directorships including Memberships/Chairmanships of Board Committees and number of shares held are:

Director	Category	No. of Board Meetings held during the tenure of the Member	No. of Board Meetings attended	Attended last AGM	Number of Directorships in other companies ^(§)	No. of Committee positions held in other companies [@]		No. of shares held
						Chairman	Member	
Mr. Shreekant Somany	P	4	4	Yes	6	-	3	161,385*
Mr. Abhishek Somany	P	4	4	Yes	2	-	-	85,500
Mr. R. K. Daga	I	4	4	Yes	2	1	1	5,000
Mr. G. L. Sultania	N	4	4	No	9	-	1	1,250
Mr. Salil Singhal	I	4	3	No	5	-	1	-
Mr. Ravinder Nath	I	4	4	No	3	1	2	-
Dr. Y. K. Alagh	I	4	4	No	1	-	2	-
Mr. Siddharath Bindra	I	4	3	No	0	-	-	2,000
Mr. Narayan Anand**	N&O	4	3	No	2	-	-	-
Mrs. Anjana Somany	P	4	3	No	2	-	-	94,150

Category: P=Promoter, I=Independent, N= Non-Executive & Non-Independent Director, O= Nominee Director, NA= Not Applicable

(§) Excludes Directorships in Indian Private Limited Companies other than subsidiaries of Public Limited Companies and memberships of various Chambers and other non-corporate organizations.

@ Includes the membership/chairmanship in Audit Committee and Stakeholders Relationship Committee only of other Public Limited Companies.

* Shareholding of Mr. Shreekant Somany includes 45,500 shares held as Karta of Shreekant Somany (HUF).

** Mr. Narayan Anand who was appointed as Nominee Director by Latinia Limited resigned from the Company w.e.f 12th April, 2017, consequent upon disposal of shareholding by the said Latinia Limited.

INTER-SE RELATIONSHIP OF DIRECTORS

Mr. Shreekant Somany, Chairman & Managing Director of the Company is spouse of Mrs. Anjana Somany, Whole time director and father of Mr. Abhishek Somany, Managing Director of the Company.

BOARD FUNCTIONS

Apart from review and consideration of matters referred to under Regulation 17 of the SEBI (LODR), 2015, the Board also undertakes the following:

- Laying down the corporate philosophy and the mission of the Company;
- Formulating the strategic business plans;
- Setting standard for ethical behaviour;
- Compliance with all the rules and regulations;
- Informing shareholders of the various developments within the Company.

MEETING OF THE BOARD OF DIRECTORS

There were Four Board meetings held during the year 2016-17 i.e. on 21st May, 28th July, 26th October in 2016 and on 24th January in 2017.

3. CODE OF CONDUCT

The Board of Directors has adopted a Code of Conduct for all Board members and senior personnel of the Company after suitably incorporating duties of Independent Directors as laid down under Schedule IV to the Companies Act, 2013 and the same is being abided by all on annual basis in terms of Regulation 26(3) of the SEBI (LODR, 2015). A declaration to this effect, duly signed by Chief Executive Officer was placed before the Board and is enclosed forming part of this report. The Code of Conduct framed by the Company is posted on the Company's website i.e. www.somanyceramics.com

4. CEO/CFO CERTIFICATION

The CEO and DY. CEO & CFO of the Company have issued a certificate in terms of Regulation 17(8) of the SEBI (LODR, 2015), certifying that the financial statements do not contain any materially untrue statement and these statements represent a true and fair view of the Company's affairs. The said certificate is annexed and forms part of the Annual Report.

5. COMMITTEES OF THE BOARD

AUDIT COMMITTEE

Composition

The Audit Committee comprises of five members at present, with majority of Independent Directors, as members of the Committee meets its constitution requirements, in terms of Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (LODR, 2015) in which Mr. R.K. Daga is the Chairman of the Committee. The other members of the committee are Mr. Salil Singhal, Mr. G. L. Sultania and Dr. Y.K. Alagh Mr. Siddharath Bindra was inducted as a member of the committee with effect from 28th July, 2016. All members of the Audit Committee are financially literate. The Audit Committee members are accomplished professionals from the corporate and academic world. The Company Secretary of the Company acts as the Secretary to the Committee. Minutes of each Audit Committee Meeting is placed and discussed in the next meeting of the Board. The terms of reference of the Audit Committee cover the areas as stipulated under Part C of Schedule II of SEBI (LODR, 2015) and Section 177 of the Companies Act, 2013, besides other terms as may be referred by the Board of Directors.

Terms of Reference

Brief description of the terms of reference are:-

- Effective supervision of the financial reporting process, ensuring financial and accounting controls and compliance with the policies of the Company,
- Periodical interaction with the statutory and internal auditors to ascertain the quality and veracity of the Company's transactions,
- Grant of Omnibus approval for transactions contemplated to be undertaken by the Company with related parties subject to the approval of shareholders of the Company
- Review of adequacy and effectiveness of Internal Audit Function and the Internal Control System,
- Overall direction on the risk management system,
- Review of the annual and quarterly financial statements with management before submission to the Board,
- Compliance with Listing and other legal requirements relating to financial statements,
- Review related party transactions,

- Review the functioning of Vigil Mechanism, qualifications in the audit report, if any,
- Carry out any other functions as may be specified by the Board from time to time.

Invitees to the Audit Committee

Both the Statutory and Internal Auditors of the Company are regular invitees to the Audit Committee meetings to brief the committee members on the respective reports. The meeting of the Audit Committee is generally attended by the Chairman & Managing Director, Chief Executive Officer, Dy. Chief Executive Officer & Chief Financial Officer, President (Sales & Marketing), Vice-President (Finance), Vice President (Commercial) & other departmental heads.

Frequency of Meetings

During the year 2016-17, four Audit Committee meetings were held on 21st May, 28th July, 26th October in 2016 and on 24th January in 2017.

The maximum gap between any two meetings was less than four months.

The attendance of the Audit Committee Meetings is given below:

Name of Member Director	No. of Meetings held during the tenure of the member	No. of Meetings attended
Mr. R. K. Daga (Chairman)	4	4
Mr. G. L. Sultania (Member)	4	4
Mr. Salil Singhal (Member)	4	3
Dr. Y. K. Alagh (Member)	4	4
Mr. Siddharath Bindra* (Member)	2	1

*Mr. Siddharath Bindra was inducted as member of the Committee w.e.f. 28th July, 2016.

The Chairman of the Committee was present at the last Annual General Meeting of the Company to answer shareholders queries.

SHARE TRANSFER COMMITTEE

Your Company has a Share Transfer Committee comprising of Mr. G.L. Sultania (who chairs the meeting), Mr. N. Goenka and Mr. S. Banerjee. The Committee met 12 times during the year under review. The Board has delegated the power of Share Transfer to the Company's Registrar & Share Transfer Agents, who processes the transfers, in respect of physical and shares under Demat. During the year under review, total of

36,500 shares were transferred (including transmission) and dispatched within the stipulated time period specified under the laws, documents for which found valid in all respects. There were no pending transfers as on 31st March, 2017.

STAKEHOLDER'S RELATIONSHIP COMMITTEE

The Company has a Stakeholder's Relationship Committee to oversee redressal of shareholders'/Investors' grievances relating to transfers, transmissions, issue of duplicate share certificate(s) and all other matters concerning shareholders' complaints. Mr. R. K. Daga, Non-Executive Independent Director of the Company is heading the Committee along with Mr. G. L. Sultania, Non-Executive Non-Independent Director and Mr. Shreekant Somany, Chairman and Managing Director, was inducted as member of Stakeholder's Relationship Committee w.e.f. 28th July, 2016. Mr. Ambrish Julka, Deputy General Manager (Legal) and Company Secretary of the Company is the Compliance Officer. Total Four meetings of this Committee were held during the year 2016-17, i.e. on 21st May, 28th July, 26th October in the year 2016 and on 24th January in the year 2017. During the year 8 complaints were received and resolved. There were no complaints of Shareholders pending as on 31st March, 2017.

NOMINATION AND REMUNERATION COMMITTEE

The Company has a Nomination and Remuneration Committee comprising of three Non-executive directors, of which more than half are Independent Directors. Mr. R.K. Daga, Non-executive Independent Director is the Chairman of the Committee. Mr. G. L. Sultania, Non-executive Non-Independent Director and Mr. Siddharath Bindra, Non-executive Independent Director, are the other Members of the Committee.

During the year 2016-17, Two Committee meetings were held i.e. on 21st May, 2016 and 28th July, 2016.

The attendance of the Nomination & Remuneration Committee Meetings is given below:

Name of Member Director	No. of Meetings held during the tenure of the Member	No. of Meetings attended
Mr. R. K. Daga (Chairman)	2	2
Mr. G. L. Sultania (Member)	2	2
Mr. Siddharath Bindra (Member)	2	2

Terms of Reference

Terms of reference of the Nomination and Remuneration Committee are as per the guidelines set out in the SEBI (LODR, 2015), as and when applicable and Section 178 of the Companies Act, 2013, that inter-alia includes:

- Identifying and selection of candidates for appointment as Directors/Independent Directors, Key Managerial Personnel (KMP) and as Senior Management employees, based on certain criteria laid down;
- Formulate and review from time to time the Policy for selection and appointment of Directors, KMP and senior management employees and their remuneration;
- Review and evaluate the performance of the Board of Directors and Senior Management Employees based on certain criteria as approved by the Board. In reviewing the overall remuneration of the Board of Directors and Senior Management, the Committee ensures that the remuneration is reasonable and sufficient to attract, retain and motivate the best managerial talent, the relationship of remuneration to performance is clear and meets appropriate performance benchmarks and that the remuneration involves a balance between fixed and incentive pay reflecting short term and long term objectives of the Company.
- Succession planning of the Board of Directors and Senior Management Employees.
- Such other matters as may be prescribed in the Nomination and Remuneration Policy of the Company.

PERFORMANCE EVALUATION CRITERIA FOR INDEPENDENT DIRECTORS AND THE BOARD:

The Independent Directors and the Board are evaluated on the basis of the following criteria's i.e. whether they:

- (a) Act objectively and constructively while exercising their duties;
 - (b) Exercise their responsibilities in a bonafide manner in the interest of the Company;
 - (c) Devote sufficient time and attention to their professional obligations for informed and balanced decision making;
 - (d) Do not abuse their position to the detriment of the Company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- (e) Refrain from any action that would lead to loss of his independence;
 - (f) Inform the Board immediately when they lose their independence;
 - (g) Assist the Company in implementing the best corporate governance practices;
 - (h) Strive to attend all meetings of the Board of Directors and the Committees;
 - (i) Participate constructively and actively in the committees of the Board in which they are chairpersons or members;
 - (j) Strive to attend the general meetings of the Company;
 - (k) Keep themselves well informed about the Company and the external environment in which it operates;
 - (l) Do not to unfairly obstruct the functioning of an otherwise proper Board or Committee of the Board;
 - (m) Moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between management and shareholder's interest;
 - (n) Abide by Company's Memorandum and Articles of Association, Company's Policies and procedures including code of conduct, insider trading guidelines etc.

The performance of Executive Directors is also be evaluated on the basis of Targets/ Criteria met by them, as given by the Board from time to time.

Details of the Remuneration paid to Directors during the year 2016-17 are as follows:

Directors	Salary & perquisites (₹) **	Commission for 2015-16 (₹)	Sitting Fees (₹)	Total (₹)
Mr. Shreekant Somany*	26,284,260	18,190,662	--	44,474,922
Mr. Abhishek Somany*	24,465,140	18,359,611	--	42,824,751
Mrs. Anjana Somany*	2,319,484	68,493	-	2,387,977
Mr. R. K. Daga	--	500,000	115,000	615,000
Mr. G. L. Sultania	--	500,000	110,000	610,000
Mr. Salil Singhal	--	500,000	85,000	585,000
Mr. Ravinder Nath	--	500,000	85,000	585,000
Dr. Y.K. Alagh	--	500,000	85,000	585,000
Mr. Siddharath Bindra	--	500,000	70,000	570,000
Mr. Narayan Anand***	--	500,000	45,000	545,000

During the year under review, fee of ₹6,00,000/- (Rupees Six Lakhs only) excluding applicable service tax, was paid to M/s. G.L. Sultania & Co. Proprietor Mr. G.L. Sultania, Non-Executive Non-Independent Director of the Company, for consultancy services provided as approved by the shareholders of the Company in their 47th Annual General Meeting held on 4th September, 2015.

* Managing Directors and Whole time Directors are not entitled for sitting fee.

** The remuneration includes Company's contribution to Provided Fund and leave encashment and the same is being paid in accordance with Schedule V to the Companies Act, 2013. The value of perquisites has been calculated in accordance with the rules framed under the Income Tax Act, 1961.

The services of Chairman & Managing Director, Managing Director and Whole-time Director may be terminated by giving three months' notice or alternatively three months' salary in lieu of notice. No severance fees is payable to them under their respective service agreements entered into by them with the Company.

Apart from sitting fees, the Non-Executive directors are entitled for commission @1% of net profits of the Company in terms of resolution passed by the Shareholders of the Company at their Annual General Meeting held on 2nd September, 2013 subject to maximum of ₹5,00,000/- (Rupees five Lakhs only) to each Non-Executive Director of the Company upto and for the Financial Year ended 31st March, 2018.

*** Mr. Narayan Anand was appointed as Nominee Director of M/s Latinia Limited, and resigned with effect from 12th April 2017, consequent upon disposal of shareholding by the said Latinia Limited.

CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

Your Company has a CSR Committee, in terms of Section 135 of the Companies Act, 2013. The Chairman of the Committee is Mr. Abhishek Somany, Managing Director of the Company. Mr. Salil Singhal and Mr. Ravinder Nath, Non-Executive Independent Directors of the Company are the other members of the Committee. Mr. Siddharath Bindra was inducted as member of the committee by the Board of Directors w.e.f. 26th October, 2016.

During the year ended 31st March, 2017, five Committee meetings were held i.e. on 28th July, 26th October, 7th November, 10th December in 2016 and 24th January in the year 2017, which were attended by the

members as under:

Director	Category	No. of meetings held during the tenure of the Member	No. of meetings attended
Mr. Abhishek Somany	Non-Independent	5	5
Mr. Salil Singhal	Independent	5	3
Mr. Ravinder Nath	Independent	5	4
Mr. Siddharath Bindra*	Independent	3	1

*Mr. Siddharath Bindra was inducted as member of the Committee w.e.f. 26th October, 2016.

COMPANY ADMINISTRATIVE COMMITTEE

The Company Administrative Committee was constituted by the Board for considering matters routine in nature and matters require to be resolve between two Board Meetings of the Company. Mr. Shreekant Somany, Chairman and Managing Director of the Company, is the Chairman of the Committee. Mr. Abhishek Somany, Managing Director, Mr. Salil Singhal and Mr. Siddharath Bindra, Non-Executive Independent Directors of the Company are other members of the Committee. During the year ended 31st March, 2017, three Committee meetings were held i.e. on 4th June, 2nd August, in the year 2016 and on 21st February in the year 2017 which were attended by the members as under:

Director	Category	No. of meetings held during the tenure of the Member	No. of meetings attended
Mr. Shreekant Somany	Non-Independent	3	3
Mr. Abhishek Somany	Independent	3	3
Mr. Salil Singhal	Independent	3	2
Mr. Siddharath Bindra	Independent	3	1

6. SEPARATE MEETING OF INDEPENDENT DIRECTORS

As stipulated by the Code for Independent Directors under Schedule IV to the Companies Act, 2013 and Regulation 25 (3) of the SEBI (LODR, 2015), a separate meeting of the Independent Directors of the Company

was held on 24th January, 2017 and attended by the Independent Directors except Mr. Siddharath Bindra and Mr. Salil Singhal to review the performance of Non-Independent Directors (including the Chairman) and the Board as a whole. The Independent Directors also reviewed the quality, content and timeliness of the flow of information between the management and the Board and its Committees which is necessary to effectively and reasonably perform and discharge their duties.

7. INDUCTION AND TRAINING OF INDEPENDENT DIRECTOR

Independent Directors are familiarised with their roles, rights and responsibilities in the Company as well as the nature of industry in which the Company operates through induction programmes at the time of their appointment as Directors. On appointment, the concerned Director is issued a Letter of Appointment setting out in detail, the terms of appointment, duties, responsibilities and expected time commitments. Each newly appointed Independent Director is taken through a formal induction programme giving brief description on Company's manufacturing, marketing, finance and other important aspects. The Company Secretary, briefs the Director about their legal and regulatory responsibilities as a Director. The induction for Independent Directors include interactive sessions with Business and Functional heads. The details of familiarisation programmes for Independent Directors are uploaded on the website of the Company, i.e. [www.somanyceramics.com](http://www.somanyceramics.com/training-directors/) at the weblink: <https://www.somanyceramics.com/training-directors/>

8. EVALUATION OF THE BOARD'S PERFORMANCE

One of the key functions of the Board is to monitor and review the Board evaluation framework. During the year, the Board adopted a formal mechanism for evaluating its performance and as well as that of its Committees and individual Directors, including Chairman of the Board. The exercise was carried out through a structured evaluation process covering various aspects of Board's functioning such as composition of Board & its Committees, experience and competencies, performance of specific duties & obligations, governance issues etc. Separate exercise was carried out to evaluate the performance of individual Directors, including the Board as a whole, Chairman, who

were evaluated on parameters such as attendance, contribution at the meetings and otherwise, independent judgment, safeguarding of minority shareholder's interest etc.

9. WHISTLE BLOWER POLICY/ VIGIL MECHANISM

With the rapid expansion of business in terms of volume, value and geography, various risks associated with the business have also increased considerably. One such risk identified is the risk of fraud & misconduct. The Audit Committee is committed to ensure fraud free work environment and to this end the said Committee has laid down a Whistle Blower Policy, duly approved by the Board, providing a platform to all the employees, vendors and customers to report any suspected fraud or error or confirmed incident of fraud /misconduct. The Board has adopted the Policy on Vigil Mechanism and uploaded the same on the Company's website i.e. www.somanyceramics.com at the weblink:<https://www.somanyceramics.com/wp-content/uploads/pdfs/policies/whistel-blower-policy.pdf>

10. SUBSIDIARY COMPANIES

The Company does not have any material subsidiary whose net worth exceeds 20% of the consolidated net worth of the holding company in the immediately preceding accounting year or has generated 20% of the consolidated income of the Company during the previous financial year. The Audited Annual Financial Statements of Subsidiary Companies are tabled at the Audit Committee meeting and Board meeting of the Company. Copies of the Minutes of the Board Meetings of Subsidiary Companies are circulated to all the Directors along with the agenda for the Board Meetings of the Company. The Board has approved and adopted a policy for determining Material Subsidiaries which has been uploaded on the Company's website i.e. www.somanyceramics.com and at the web link i.e. <https://www.somanyceramics.com/wp-content/uploads/pdfs/policies/policy-on-material-subsiadiary.pdf>

11. RELATED PARTY TRANSACTIONS

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and Regulation 23 of the SEBI (LODR, 2015) during the financial year were in the ordinary course of business and on an arms length pricing basis and do not attract the provisions of Section

188 of the Companies Act, 2013. There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company. Suitable disclosure as required by the Accounting Standards (AS18) has been made in the notes to the Financial Statements. The Board has approved a policy for related party transactions which has been uploaded on the Company's website i.e. www.somanyceramics.com at the weblink i.e. https://www.somanyceramics.com/wp-content/uploads/2017/06/Related-Party-Policy_Revised_24.01.2017.pdf Omnibus approval granted by Audit Committee for transactions contemplated to be undertaken by the Company with related parties subject to approval of the shareholders of the Company

12. GENERAL BODY MEETINGS

The details of all the General Body Meetings conducted in the last 3 years which were held at Lakshmipat Singhania Auditorium at PHD Chamber of Commerce and Industry, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi-110 016:

Year	Date	Time	Venue
2016-17	02.09.2016	10.30 A.M.	48 th Annual General Meeting
2015-16	04.09.2015	10.30 A.M.	47 th Annual General Meeting
2014-15	04.09.2014	10.30 A.M.	46 th Annual General Meeting

13. SPECIAL RESOLUTIONS PASSED IN THE PREVIOUS THREE AGMs/EOGMs:

Date of Meeting held	AGM/EOGM	Subject matter of the resolution
2 nd September, 2016	AGM	<ul style="list-style-type: none"> Appointment of Smt. Anjana Somany (DIN: 00133542), Director of the Company as a Key Managerial Personnel, designated as a Whole-time Director of the Company with effect from 21st May, 2016 till 20th May, 2019.
4 th September, 2015	AGM	<ul style="list-style-type: none"> Adoption of new set of Article of Association of the Company.
4 th September, 2014	AGM	<ul style="list-style-type: none"> Re-appointment of Mr. Shreekant Somany (DIN 00021423) as Chairman & Managing Director of the Company with effect from 1st September, 2014 till 31st August, 2017. Re-appointment of Mr. Abhishek Somany (DIN 00021448) with effect from 1st June, 2015 till 31st May, 2018 and re-designated as Managing Director of the Company with effect from such re-appointment.

No Extra-Ordinary General Meeting was held during the year under review.

14. POSTAL BALLOT

Pursuant to the provisions of Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014 and any other applicable provisions of the Companies Act, 2013, as amended from time to time, the Company has passed 4 Special Resolutions through Postal Ballot conducted during the year 2016-17 as per Postal Ballot notice dated 24th January, 2017, the result of which were announced on 23rd March, 2017, details of which are as follows:.

Agenda	Increase in the borrowing powers of the Company.						
Resolution Required	Special						
Mode of Voting	E-voting/Physical Postal Ballot						
Remarks	Passed with requisite majority						
Promoter/ Public	No. of Shares held	No. of Votes polled	% of Votes polled on outstanding shares	No. of Votes-in favour	No. of Votes-against	%of Votes in favour on votes polled	% of Votes against on votes polled
	(1)	(2)	(3)= [(2)/(1)]*100	(4)	(5)	(6) = [(4)/(2)]*100	(7)= [(5)/(2)]*100
Promoter and Promoter Group	21,839,360	21,839,360	100.00	21,839,360	NIL	100.00	0.00
Public- Institutional holders	6,819,519	6,100,556	89.46	6,100,556	NIL	100.00	0.00
Public - Others	13,720,547	4,725,995	34.44	4,724,995	NIL	99.98	0.00
Total	42,379,426	32,665,911	77.08	32,664,911	NIL	100.00	0.00

* One shareholder holding 1,000 shares has abstained from voting on Resolution.

Agenda	Creation of Charges on the movable and immovable properties of the Company, both present and future, in respect of borrowings.						
Resolution Required	Special						
Mode of Voting	E-voting/Physical Postal Ballot						
Remarks	Passed with requisite majority						
Promoter/ Public	No. of Shares held	No. of Votes polled	% of Votes polled on outstanding shares	No. of Votes -in favour	No. of Votes -against	%of Votes in favour on votes polled	% of Votes against on votes polled
	(1)	(2)	(3)= [(2)/(1)]*100	(4)	(5)	(6) = [(4)/(2)]*100	(7)= [(5)/(2)]*100
Promoter and Promoter Group	21,839,360	21,839,360	100.00	21,839,360	NIL	100.00	0.00
Public- Institutional holders	6,819,519	6,100,556	89.46	5,935,746	NIL	97.30	0.00
Public - Others	13,720,547	4,725,995	34.44	4,724,994	1,001	99.98	0.02
Total	42,379,426	32,665,911	77.08	32,500,100	1,001	99.49	0.00

* Three shareholders holding 164810 shares has abstained from voting on Resolution.

Agenda	Authorization to the Board of Directors to make loan(s) and give guarantee(s), provide security (ies) or make investment(s) in excess of the prescribed limit under Section 186 of the Companies Act, 2013						
Resolution Required	Special						
Mode of Voting	E-voting/Physical Postal Ballot						
Remarks	Passed with requisite majority						
Promoter/ Public	No. of Shares held	No. of Votes polled	% of Votes polled on outstanding shares	No. of Votes -in favour	No. of Votes -against	%of Votes in favour on votes polled	% of Votes against on votes polled
	(1)	(2)	(3)= [(2)/(1)]*100	(4)	(5)	(6) = [(4)/(2)]*100	(7)= [(5)/(2)]*100
Promoter and Promoter Group	21,839,360	21,839,360	100.00	21,839,360	NIL	100.00	0.00
Public- Institutional holders	6,819,519	6,100,556	89.46	5,555,061	380,685	91.06	6.24
Public - Others	13,720,547	4,725,995	34.44	4,366,065	467	92.38	0.01
Total	42,379,426	32,665,911	77.08	31,760,486	381,152	97.23	1.17

* Four shareholders holding 524273 shares has abstained from voting on Resolution.

Agenda	To issue Secured or Unsecured Redeemable Non-Convertible Debentures (NCD's) on Private Placement basis						
Resolution Required	Special						
Mode of Voting	E-voting/Physical Postal Ballot						
Remarks	Passed with requisite majority						
Promoter/ Public	No. of Shares held	No. of Votes polled	% of Votes polled on outstanding shares	No. of Votes -in favour	No. of Votes -against	%of Votes in favour on votes polled	% of Votes against on votes polled
	(1)	(2)	(3)= [(2)/(1)]*100	(4)	(5)	(6) = [(4)/(2)]*100	(7)= [(5)/(2)]*100
Promoter and Promoter Group	21,839,360	21,839,360	100.00	21,839,360	NIL	100.00	0.00
Public- Institutional holders	6,819,519	6,100,556	89.46	6,100,556	NIL	100.00	0.00
Public - Others	13,720,547	4,725,995	34.44	4,725,995	NIL	100.00	0.00
Total	42,379,426	32,665,911	77.08	32,665,911	NIL	100.00	0.00

Mr. Pravin Kumar Drolia of M/s. Drolia & Company, Practicing Company Secretaries, Kolkata (FCS: 2366, COP:1362) was appointed as the Scrutinizer by the Board of Directors of the Company to conduct the aforesaid Postal Ballot process in fair and transparent manner.

Resolutions, if any, to be passed through Postal Ballot during the current financial year will be taken up as and when necessary.

The Procedure for Postal Ballot:

In compliance with Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Sections 108, 110 and other applicable provisions of the Companies Act, 2013, read with the related Rules, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and Secretarial Standard – 2 (SS-2), the Company provides electronic voting (e-voting) facility to all its members, to enable them to cast their votes electronically. The Company engages the services of Central Depository Services Limited (CDSL) for the purpose of providing e-voting facility to all its members. The members have the option to vote either by physical ballot or e-voting.

The Company dispatches the postal ballot notices and forms along with postage prepaid business reply envelopes to its members whose names appear on the register of members / list of beneficiaries as on a cut-off date. The postal ballot notice is sent to members in electronic form to the email addresses registered with their depository participants (in case of electronic shareholding) / Notice of Postal Ballot is dispatched physically to the shareholders at their respective addresses registered with the Registrar and Transfer Agent (RTA) who have not registered their e-mail id's with the RTA of the Company. The Company also publishes a notice in the newspaper declaring the details of completion of dispatch and other requirements as mandated under the Act and applicable Rules.

Voting rights are reckoned on the paid-up value of the shares registered in the names of the members as on the cut-off date. Members desiring to exercise their votes by physical postal ballot forms are requested to return the forms duly completed and signed, to the scrutinizer on or before the close of voting period. Members desiring to exercise their votes by electronic mode are requested to vote before close of business hours on the last date of e-voting. The scrutinizer submits his report to the Chairman, after the completion of scrutiny, and the consolidated results of the voting by postal ballot are then announced by the Chairman / authorized officer. The results are also displayed on the website of the Company, www.somanyceramics.com, besides being communicated to the stock exchanges. The result of the Postal Ballot is also published in the newspapers having wide circulation in English and Regional Language, where the registered office of the Company is situated. The last date for receipt of Postal Ballot Forms and remote e-voting shall deem to be the date of passing of Postal Ballot Resolutions, in terms of Secretarial Standard on General Meetings (SS-2).

15. DISCLOSURES

There has been no instance of non-compliance by the Company on any matter related to capital markets and hence the question of imposition of penalties or strictures on the Company by the Stock Exchanges or SEBI or any statutory authority, does not arise.

The Company complies with all the mandatory requirements of Regulation 17 to 27 and Clause (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI (LODR, 2015).

The Independent Directors have confirmed that they meet the criteria of 'Independence as stipulated under Regulation 16(1)(b) of the SEBI (LODR, 2015).

There were no materially significant related party transaction which may have potential conflict with the Interest of the Company at large, except that of Mr. G.L. Sultania, Non-Executive Non-Independent Director of the Company and proprietor of M/s. G. L. Sultania & Co., who is in receipt of consultancy fees of ₹600,000/- (Rupees Six Lakhs Only) excluding service tax per annum, as approved by the Shareholders at their 47th Annual General Meeting of the Company held on 4th September, 2015. During the year under review, no employee of the Company has been denied access to the Audit Committee in respect of suspected fraud or error, if any, under the vigil mechanism adopted by the Board.

The Company has in place a mechanism to inform the Board Members about the risk assessment and mitigation plans and periodical reviews to ensure that the critical risks are controlled by the executive management.

16. MEANS OF COMMUNICATION

The annual, half yearly and quarterly results of the Company are generally published in Economic Times (Delhi, Mumbai), (English edition), Economic Times (Mumbai, Gujrati edition), The Financial Express (English Edition) New Delhi and Jansatta (New Delhi), (Hindi Edition) newspapers. The results of the Company are submitted to the National Stock Exchange of India Limited and BSE Limited in accordance with the SEBI (LODR, 2015) and posted on its website: www.somanyceramics.com. The presentations made to Institutional investors/ analysts are available at website of Company i.e. www.somanyceramics.com at the web link at <https://www.somanyceramics.com/presentations/>

17. "MANAGEMENT DISCUSSION AND ANALYSIS" IS A PART OF THE ANNUAL REPORT.

18. GENERAL SHAREHOLDER'S INFORMATION

Registered Office

82/19, Bhakerwara Road, Mundka

New Delhi – 110 041

Phone : 011-28341085, Fax : 011-28341085

Email : cs@somanytiles.co.in

Plant locations

- i) V & P.O Kassar, Bahadurgarh
Distt. Jhajjar, Haryana - 124507
Phone: 01276-223300 Fax : 01276-241011
Email: cs@somanytiles.co.in
- ii) GIDC Industrial Area,
Distt. Mehsana, Kadi,
Gujarat 382715
Ph : 02764-242153/54, Fax : 02764-263011

19. DATE AND VENUE OF ANNUAL GENERAL MEETING

The 49th Annual General Meeting of the Company will be held on, Friday, the 25th August, 2017 at Lakshmiapat Singhania Auditorium at PHD Chamber of Commerce and Industry, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi-110016 at 10.30 A.M.

20. FINANCIAL CALENDAR: 1ST APRIL TO 31ST MARCH

Financial Reporting for 2017-2018 is as follows:

First Quarter : Third week of August, 2017

Second Quarter : Third week of November, 2017

Third Quarter : Third week of February, 2018

Fourth Quarter : Fourth week of May, 2018

Market Price Data:

	National Stock Exchange of India Limited*			BSE Limited*		
	High (₹)	Low (₹)	No. of Shares Traded	High (₹)	Low (₹)	No. of Shares Traded
Apr-16	450.85	370.00	175,163	450.00	372.00	30,940
May-16	496.35	404.00	607,764	495.00	405.50	138,632
Jun-16	587.95	464.50	462,301	587.80	452.50	70,492
Jul-16	659.80	560.00	937,365	647.90	561.00	148,927
Aug-16	626.85	560.30	291,142	625.00	562.00	44,619
Sep-16	622.00	531.00	410,938	624.85	571.00	150,939
Oct-16	714.40	590.00	616,359	714.00	594.05	95,273
Nov-16	672.00	489.25	441,052	671.00	490.00	43,616
Dec-16	536.00	470.15	926,810	537.00	471.05	134,428
Jan-17	640.35	470.05	1,037,792	639.95	472.00	207,292
Feb-17	636.80	585.00	207,459	625.00	586.60	38,950
Mar-17	702.00	615.10	422,157	702.00	620.00	94,332

*Source: Official website of BSE and NSE

21. BOOK CLOSURE DATE

11th August, 2017 to 25th August, 2017 (both days inclusive)

22. DIVIDEND

The Board of Directors of Company has recommended a dividend of ₹2.70 per equity shares of ₹2/- each for the year ended 31st March, 2017 subject to approval of the Shareholders at the ensuing 49th Annual General Meeting of the Company and the amount of dividend will be paid or Dividend warrants will be dispatched to the eligible Shareholders by 30th August, 2017.

23. LISTING ON STOCK EXCHANGE

Shares of the Company are listed at National Stock Exchange of India Limited (NSE) and BSE Limited (BSE). The Company has paid annual listing fees to both the Exchanges for the financial year 2017-2018.

National Stock Exchange of India Limited (NSE)

"Exchange Plaza",

Bandra-Kurla Complex,

Bandra (E), Mumbai – 400 051

Trading Symbol :- SOMANYCERA

BSE Limited (BSE)

Phiroze Jeejeebhoy Towers,

Dalal Street, Mumbai – 400 001

Scrip Code : 531548

Demat ISIN Number for NSDL and CDSL: INE 355A01028

PERFORMANCE IN COMPARISON TO BROAD BASED INDICES

Somany Ceramics Limited Price on NSE & NSE NIFTY



*Source: Official website of NSE

24. REGISTRAR & SHARE TRANSFER AGENT

(Both for physical and demat segment)
Maheshwari Datamatics Pvt. Ltd.
23, R. N. Mukherjee Road,
5th Floor, Kolkata – 700 001
Phone No. 033-2243 5809/2248 2248
E-mail: mdpldc@yahoo.com

25. SHARE TRANSFER SYSTEM

The Company's shares are traded on stock exchanges in compulsory demat mode. Shares in physical mode lodged with the Company with valid documents are transferred and share certificates are returned in physical form within the time prescribed under the SEBI (LODR, 2015).

26. DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2017

No. of Equity Shares	Number of Shareholders	Percentage of Shareholders	No. of Shares	Percentage of Shareholding
1 to 500	7,078	84.45	613,420	1.45
501 to 1000	581	6.93	453,283	1.07
1001 to 2000	260	3.10	400,219	0.94
2001 to 3000	116	1.39	296,827	0.70
3001 to 4000	47	0.56	172,973	0.41
4001 to 5000	66	0.79	307,763	0.73
5001 to 10000	93	1.11	657,621	1.55
10001 and Above	140	1.67	39,477,320	93.15
Total	8,381	100.00	42,379,426	100.00

Categories of Shareholding as on 31st March, 2017.

Category	Number of Shares	Percent
Indian Promoters	21,839,360	51.53
Mutual Funds & UTI, Alternate Investment Funds	4,321,867	10.20
Banks, Financial Institutions, Insurance Companies	15,916	0.04
NBFCs Registered with RBI	1,771	0.00
Foreign Portfolio Investors	2,651,799	6.26
Foreign Institutional Investors	46,544	0.11
Corporate Bodies	1,583,665	3.74
Indian Public	6,222,342	14.68
NRIs/Foreign Companies	5,617,389	13.25
Trusts	66,851	0.16
Clearing Members	6,672	0.02
Foreign Portfolio Investors (Individual)	5,250	0.01
Total	42,379,426	100

27. DEMATERIALISATION OF SHARES

The Company's equity shares enjoy the DEMAT facilities with NSDL as well as CDSL. The shares held in dematerialised form in CDSL are 1068869 (2.52%) and in NSDL are 40675877 (95.98%) representing 41744746 (98.50%) Equity shares of the paid-up capital of the Company as on 31st March, 2017. The total shares held in physical form are 634680 (1.50%).

28. OUTSTANDING GDRS / ADRS / WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY

During the year 2016-17, there were no outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date, which would have an impact on the equity of the Company.

29. STOCK OPTIONS

The Company has not issued any stock option.

30. COMMODITY PRICE/FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES

During the year 2016-17, there are no significant commodity price risk, further necessary steps are being taken to minimize foreign exchange risks.

31. CONTACT FOR CLARIFICATION ON FINANCIAL STATEMENTS:

Individuals may contact

Mr. R.K. Lakhotia, Vice President (Finance) at:

V & P.O Kassar – 124507, Bahadurgarh

Distt. Jhajjar, Haryana, India

Phone : 01276-223300 Fax : 01276-241011

Email : fin@somanytiles.co.in

Shareholder's Enquiries: Individuals may contact

Mr. Shyamalendu Banerjee at:

2, Red Cross Place, Kolkata – 700 001

Phone : 033-22487406/7 Email : sclinvestors@somanytiles.co.in

Pursuant to the Uniform Listing Agreement entered by the Company with Stock Exchanges, the Company has created email-id for the redressal of investor grievances viz; sclinvestors@somanytiles.co.in

32. PARTICULARS IN RESPECT OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE ENSUING 49TH ANNUAL GENERAL MEETING OF THE COMPANY, PURSUANT TO REGULATION 36(3) OF THE SEBI (LODR, 2015)

Mr. Shreekant Somany

Aged about 69 years, Mr. Somany (DIN: 00021423) is a graduate and holds Bachelor degree in Science. He has over three decades of rich experience in Ceramics Tiles, Sanitaryware and Glass industry. He is on the Board of the Company since 1st September, 1992 and has taken many innovative steps to make the organization a world class Company in ceramic tiles. He played a significant role in the invention of the company's patented product VC (Veil craft) Shield, which is a High Abrasion Resistant Glaze Tile. He contributes and holds prestigious offices in social and intellectual organizations. He was a member of the CII Delegation to Russia led by Union Commerce Minister in September 2009. The details of his directorship and membership in other Companies are given below:

Sl. no.	Name of the Public Limited Company in which he is a Director	Chairman/ Director	Position held in		
			Audit Committee	Nomination & Remuneration Committee	Stakeholder's Relationship Committee
1	Somany Ceramics Limited	Chairman & Managing Director	-	-	Member
2	SR Continental Limited	Director	-	-	-
3	Sarvottam Vanijya Limited	Director	-	-	-
4	Cosmo Ferrites Limited	Director	-	Chairman	-
5	Shree Cement Limited	Director	Member	Member	
6	Somany Global Limited	Director	-	-	-
7	JK Tyre and Industries Limited.	Director	Member	-	Member

Mr. Abhishek Somany

Aged about 45 years, Mr. Somany (DIN: 00021448), has done his Bachelor of Business Administration from Richmond University, U.K. with specialization in finance and marketing. He has played a major role in the growth of the Company. He has provided dynamic leadership in all the areas related to Company's business in general and marketing and brand building in particular. The details of his directorship and membership in other Companies are given below:

Sl. no.	Name of the Public Limited Company in which he is a Director	Chairman/ Director	Position held in		
			Audit Committee	Nomination & Remuneration Committee	Stakeholder's Relationship Committee
1	Somany Ceramics Limited	Managing Director	-	-	-
2	Somany Global Limited	Director	-	-	-
3	Sarvottam Vanijya Limited	Director	-	-	-

For and on behalf of the Board
for Somany Ceramics Limited

Shreekant Somany
Chairman and Managing Director
DIN No.: 00021423

33. AUDITORS' CERTIFICATE

To

The Members of SOMANY CERAMICS LIMITED

We have examined the compliance of regulations of Corporate Governance by Somany Ceramics Limited for the Financial Year ended 31st March 2017, as stipulated in Part C of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The compliance of the regulations of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance of the regulations of 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 explanation given to us, we certify that the Company has complied with the regulations of Corporate Governance as stipulated in the above mentioned Listing Regulations.

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

For LODHA & CO.
Chartered Accountants
Firm's Registration No. 301051E

N.K. LODHA
Partner
M. No. 85155

Place: Chandigarh
Date: 24th May, 2017

34. DECLARATION ON COMPLIANCE WITH THE CODE OF CONDUCT

I hereby confirm and declare that, all the Directors and Senior Management Personnel of the Company have affirmed their compliances with the Code of Conduct of the Company, in so far as it is applicable to them, and there is no non-compliance thereof during the year ended 31st March, 2017.

G.G. Trivedi

Chief Executive Officer

Place : New Delhi

Date: 24th May, 2017

35. CEO/CFO CERTIFICATION

The Board of Directors

Somany Ceramics Limited

We have reviewed the financial statements and the cash flow statement of Somany Ceramics Limited for the year ended 31st March, 2017 and that to the best of our knowledge and belief, we state that;

- (a) (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;
- (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with current accounting standards, applicable laws and regulations.
- (b) there are, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's code of conduct.
- (c) we accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps taken or proposed to be taken for rectifying these deficiencies.
- (d) we have indicated to the Auditors and the Audit Committee:
 - (i) significant changes, if any, in the internal control over financial reporting during the year.
 - (ii) significant changes, if any, in accounting policies made during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Yours sincerely,

G.G. Trivedi

Chief Executive Officer

Place: New Delhi

Date: 24th May, 2017.

T.R. Maheshwari

Dy. Chief Executive Officer
& Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

TO
THE MEMBERS OF
SOMANY CERAMICS LIMITED

REPORT ON THE STANDALONE FINANCIAL STATEMENTS

We have audited the accompanying standalone financial statements of **Somany Ceramics Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that

we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, and its profit and its cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us during the course of audit, we give in the Annexure 'A' a statement on the matters specified in the paragraphs 3 and 4 of the Order.

2. As required by Section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) As required by section 143(3)(i) of the Companies Act, 2013, and based on the checking of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, our report on the Internal Financial Controls over Financial Reporting is as per Annexure 'B'.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note no. 28.1, 28.2, 28.3 to the standalone financial statements.
- ii. The Company has made provision, as required under the applicable law or accounting standard, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
- iii. There has been no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the Company.
- iv. The company has provided requisite disclosures in its standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 08th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the company. (Refer Note no. - 28.30 to the standalone financial statements).

For LODHA & CO.

Chartered Accountants

Firm Registration Number: 301051E

N.K. LODHA

Partner

Membership No: 85155

Place: Chandigarh

Date: 24th May, 2017

Annexure-A referred to in paragraph 1 under the heading “Report on other legal and regulatory requirements” of our report of even date on the Standalone Financial Statements of Somany Ceramics Limited for the year ended 31st March, 2017

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 (b) The fixed assets have been physically verified by the management according to the programme of periodical verification in phased manner which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets. The discrepancies noticed on such physical verification were not material.
 (c) As per the records and information and explanations given to us, title deeds of immovable properties are in the name of the Company.
2. The inventories of the Company (except stock in transit, which has been verified from receipt of material) have been physically verified by the management at reasonable intervals and the procedures of physical verification of inventory followed by the Management are reasonable in relation to the size of the Company and nature of its business. The discrepancies noticed on such physical verification of inventory as compared to book records were not material.
3. According to the records and information and explanations made available to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of paragraph 3(iii) (a), (b) & (c) of the order are not applicable.
4. According to the information, explanations and representations provided by the management and based upon audit procedures performed, we are of the opinion that in respect of loans, investments, guarantees and security, the company has complied with the provisions of the Section 185 and 186 of the Act.
5. The company has not accepted any deposits from public covered under section 73 to 76 of the Act. Accordingly, paragraph 3(v) of the Order is not applicable.
6. The maintenance of cost records has not been prescribed by the Central Government under the section 148(1) of the Act read with companies (Cost Records and Audit) Rules, 2014 for the goods/product manufactured by the Company.
7. (a) According to the records of the Company, the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, custom duty, excise duty, value added tax, entry tax, cess and other material statutory dues with the appropriate authorities to the extent applicable and there are no undisputed statutory dues payable for a period of more than six months from the date they become payable as at 31st March, 2017.
 (b) According to the records and information & explanations given to us, the details of disputed dues in respect of income tax, sales tax, duty of custom, service tax, entry tax, excise duty and value added tax, that have not been deposited with the appropriate authority on account of dispute and the forum where the dispute is pending are given below: -

Name of Statute	Nature of Dues	Period to which it relates	Amount (₹ in Lakhs)	Forum where dispute is pending
Custom Act	Custom Duty	1997-1999	5.91	Deputy Commissioner of Customs, (Import) Tughlakabad
Central Excise Duty	Excise Duty	2005-2007	13.04	CESTAT, New Delhi
		1996-2000	9.33	CCE Appeals, Ahmedabad
		1994-1995	0.07	Asst. Commissioner, Kalol
Sales Tax Act	Local Area Development Tax	2002-2003	5.15	Haryana Tax Tribunal, Chandigarh
		2006-2007	60.12	Supreme Court of India
		2007-2008	76.40	Supreme Court of India
		2008-2009	89.27	Supreme Court of India
		2009-2010	93.56	Supreme Court of India
		2010-2011	59.62	Supreme Court of India
		2011-2012	60.16	Supreme Court of India
		2012-2013	73.54	Supreme Court of India
		2013-2014	85.48	Supreme Court of India
	2014-2015	72.77	Supreme Court of India	

Name of Statue	Nature of Dues	Period to which it relates	Amount (₹ in Lakhs)	Forum where dispute is pending
		2015-2016	55.45	Supreme Court of India
		2016-2017	64.47	Supreme Court of India
	Entry Tax	2013-2017	38.88	High Court of Kolkata
	Turnover Tax	1990-1993	45.83	Maharashtra Sales Tax Tribunal, Mumbai
		2006-2007	52.61	Asst. Commissioner, Ahmedabad
		2007-2008	28.76	Joint. Commissioner, Commercial Taxes, Ahmedabad
		2011-2012	27.77	Deputy Commissioner, Commercial Taxes, Ahmedabad
		2012-2013	31.69	Deputy Commissioner, Commercial Taxes, Ahmedabad
		2012-2013	83.99	Maharashtra Sales Tax Tribunal, Mumbai
Finance Act	Service Tax	2007-2009	2.80	Asstt. Commissioner, Rohtak

8. In our opinion, on the basis of audit procedures and according to the information and explanations given to us, the Company has not defaulted in repayment of loans and borrowings to financial institutions, banks, government (both State and Central).The company did not have any outstanding debentures during the year.
9. On the basis of information and explanations given to us, term loans have been applied for the purposes for which they were obtained. The company did not raise any money by way of initial / further public offer.
10. Based on the audit procedure performed and on the basis of information and explanations provided by the management, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the course of the audit.
11. On the basis of records and information and explanations made available and based on our examination of the records of the company, the company has paid/ provided managerial remuneration, in accordance with the requisite approvals mandated under Section 197 read with Schedule V of the Act (refer note no. 28.29).
12. The Company is not a nidhi company, therefore, the provisions of paragraph 3 (xii) of the said Order are not applicable to the Company, hence we are not offering any comment.
13. As per the information and explanations and records made available by the management of the Company and audit procedure performed, for the related parties transactions entered during the year, the Company has complied with the provisions of Section 177 and 188 of the Act, where applicable. As explained and as

per records / details the related parties transactions have been disclosed as per the applicable accounting standards.

14. According to the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, we are not offering any comment with respect to compliance of requirement of section 42 of the Act and utilization of the money. (Refer note no. 28.5).
15. On the basis of records made available to us and according to information and explanations given to us, the Company has not entered into non-cash transactions with the directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
16. The company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934, as the provision of section is not applicable to the Company.

For LODHA & CO.

Chartered Accountants
Firm Registration Number: 301051E

N.K. LODHA

Partner
Membership No: 85155
Place: Chandigarh
Date: 24th May, 2017

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF SOMANY CERAMICS LIMITED

Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of SOMANY CERAMICS LIMITED ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence

about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper

management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the

essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For LODHA & CO.

Chartered Accountants

Firm Registration Number: 301051E

N.K. LODHA

Partner

Membership No: 85155

Place: Chandigarh

Date: 24th May, 2017

Somany Ceramics Limited

Balance Sheet as at 31st March, 2017

(₹ in Lakhs)

EQUITY AND LIABILITIES	Note No.	As at March 31, 2017	As at March 31, 2016
Shareholders' funds			
Share Capital	2	847.59	847.59
Reserves & Surplus	3	49,736.51	41,127.70
		50,584.10	41,975.29
Non-current Liabilities			
Long term Borrowings	4	7,237.94	8,367.83
Deferred Tax Liabilities (Net) (Refer Note 28.17)		3,513.44	3,118.11
Other Long-term Liabilities	5	2,267.87	2,026.49
Long-term Provisions	6	438.46	359.58
		13,457.71	13,872.01
Current Liabilities			
Short-term Borrowings	7	11,439.29	7,803.98
Trade Payables	8	23,416.34	20,278.40
Other Current Liabilities	9	11,611.67	10,297.10
Short-term Provisions	10	398.00	1,477.15
		46,865.30	39,856.63
Total		1,10,907.11	95,703.93
ASSETS			
Non-current Assets			
Fixed Assets			
Tangible Assets	11	30,749.25	30,545.77
Intangible Assets	11	81.58	119.81
Capital work-in-progress		1,071.29	554.76
Non-current Investments	12	5,105.79	3,610.97
Long-term Loans and Advances	13	2,683.43	2,000.07
Other Non-Current Assets	14	349.88	352.19
		40,041.22	37,183.57
Current Assets			
Current Investments	15	11,538.07	8,761.55
Inventories	16	13,188.40	12,120.43
Trade Receivables	17	40,525.03	31,208.91
Cash and Bank Balances	18	823.57	1,469.31
Short-Term Loans and Advances	19	4,187.68	4,627.64
Other Current Assets	20	603.14	332.52
		70,865.89	58,520.36
Total		1,10,907.11	95,703.93
Significant Accounting Policies	1		
Explanatory Notes	28		

The accompanying Notes are an integral part of the Financial Statements.

As per our report of even date

For **LODHA & CO.**

Chartered Accountants
(ICAI FRN. NO.: 301051E)

N. K. LODHA

Partner
M.NO.85155

Place: Chandigarh
Date: 24th May, 2017

For and on behalf of Board of Directors

SHREEKANT SOMANY

Chairman & Managing Director
DIN: 00021423

T.R. MAHESHWARI

Dy. Chief Executive Officer &
Chief Financial Officer

Place: New Delhi
Date: 24th May, 2017

ABHISHEK SOMANY

Managing Director
DIN: 00021448

AMBRISH JULKA

DGM (Legal) & Company Secretary

Somany Ceramics Limited

Statement of Profit & Loss for the year ended 31st March, 2017

(₹ in Lakhs)

Particulars	Note No.	For the year ended March 31, 2017	For the year ended March 31, 2016
Revenue from Operations	21	1,84,056.78	1,73,070.49
Other Income	22	1,512.39	920.58
Total Revenue		1,85,569.17	1,73,991.07
Expenses:			
Cost of Materials Consumed	23	19,934.21	16,461.65
Purchases of Stock-in-Trade		92,658.39	95,284.39
Change in Inventories of Finished Goods , Work-in-progress and Stock-in-Trade	24	473.01	620.65
Employee Benefit Expense	25	14,069.89	11,163.58
Finance Cost	26	1,651.69	1,633.28
Depreciation and Amortization Expense	11	2,532.17	2,056.93
Other Expenses	27	40,510.73	37,240.07
Total Expenses		1,71,830.09	1,64,460.55
Profit Before Exceptional and Extraordinary Items and Tax		13,739.08	9,530.52
Exceptional Items (Net) (Refer Note 28.4)		406.25	442.92
Profit before tax		13,332.83	9,087.60
Tax Expense:			
(1) Current Tax		4,298.24	2,484.00
(2) Deferred Tax Charge/(Credit)		395.33	402.60
(3) Income Tax for earlier years		30.45	95.17
Profit After Tax		8,608.81	6,105.83
Earnings Per Equity Share (Per Share Value of Rs. 2 each)			
Basic		20.31	15.33
Diluted		20.31	15.33

As per our report of even date

For **LODHA & CO.**

Chartered Accountants
(ICAI FRN. NO.: 301051E)

N. K. LODHA

Partner
M.NO.85155

Place: Chandigarh

Date: 24th May, 2017

For and on behalf of Board of Directors

SHREEKANT SOMANY

Chairman & Managing Director
DIN: 00021423

T.R. MAHESHWARI

Dy. Chief Executive Officer &
Chief Financial Officer

Place: New Delhi

Date: 24th May, 2017

ABHISHEK SOMANY

Managing Director
DIN: 00021448

AMBRISH JULKA

DGM (Legal) & Company Secretary

Somany Ceramics Limited

Cash Flow Statement for the year ended 31st March, 2017

(₹ in Lakhs)

	For the year ended March 31, 2017	For the year ended March 31, 2016
A. Cash Flow From Operating Activities		
Net Profit Before Tax & Exceptional Items As Per Statement Of Profit & Loss	13,332.83	9,087.60
I. Adjusted For :		-
Depreciation & Amortisation Expense	2,901.95	2,056.93
Interest and Finance Charges	1,651.69	1,633.28
Interest Income	(1,070.25)	(520.57)
Dividend Income	-	(0.02)
Profit on Sales of Investment (Net)	(303.47)	(131.51)
Unrealized Foreign Exchange (Gain)/Loss (Net)	(116.60)	26.52
Diminution in the value of Investment (net)	-	12.00
Diminution in the value of Investment Written Back	(6.88)	-
Provision for Doubtful Debts (net of write back)	49.66	5.00
Bad Debts	-	23.91
Liabilities no longer required written back (net)	(45.49)	(85.52)
(Profit)/Loss on sale / Discard of Fixed Assets/ Assets written off (net)	59.53	267.78
Operating Profit Before Working Capital Changes	16,452.97	12,375.40
II. Adjusted For :		
Trade & Other Receivable	(9,485.11)	(7,266.75)
Inventories	(1,067.97)	605.84
Trade & Other Payable	5,149.70	1,103.74
Cash Generated from Operation	11,049.59	6,818.23
Income Taxes Refund/(paid)	(4,215.36)	(2,305.30)
Net Cash Flow From Operating Activities (A)	6,834.23	4,512.93
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets (including CWIP)	(4,556.56)	(9,437.47)
Sale of Fixed Assets	154.10	164.75
Sale of Long Term Investment	28.38	-
Purchase of Long Term Investment	(1,507.94)	(917.46)
Purchase of Short Term Investment	(66,662.68)	(32,120.87)
Sale of Short Term Investment	64,181.26	26,156.84
Interest Income	841.43	470.44
Dividend Income	-	0.02
Net Cash Outflow From Investing Activities (B)	(7,522.01)	(15,683.75)

Somany Ceramics Limited

Cash Flow Statement for the year ended 31st March, 2017

(₹ in Lakhs)

	For the year ended March 31, 2017	For the year ended March 31, 2016
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long Term Borrowings	2,243.56	6,216.33
Repayment of Long Term Borrowings	(2,954.01)	(4,029.38)
Short Term Loans Borrowings (net)	3,635.31	(177.94)
Proceeds from issue of Share Capital	-	70.69
Security Premium (Net of Share Issue Expenses)	-	11,621.93
Interest Paid	(1,714.00)	(1,590.60)
Dividend Paid (including corporate dividend tax)	(1,168.82)	(928.71)
NET CASH INFLOW FROM FINANCING ACTIVITIES (C)	42.04	11,182.32
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	(645.74)	11.50
CASH AND CASH EQUIVALENTS		
Opening		
Cash & Cash Equivalent	1,399.91	1,150.47
Other Bank Balances	69.40	307.34
	1,469.31	1,457.81
Closing		
Cash & Cash Equivalent	785.37	1,399.91
Other Bank Balances	38.20	69.40
	823.57	1,469.31

Notes :

- Cash & Cash Equivalents represents cash and bank balances. (Note No.18)
- Figures for the previous year have been regrouped/rearranged wherever considered necessary.

As per our report of even date

For **LODHA & CO.**

Chartered Accountants
(ICAI FRN. NO.: 301051E)

N. K. LODHA

Partner
M.NO. 85155

Place: Chandigarh
Date: 24th May, 2017

For and on behalf of Board of Directors

SHREEKANT SOMANY

Chairman & Managing Director
DIN: 00021423

T.R. MAHESHWARI

Dy. Chief Executive Officer &
Chief Financial Officer

Place: New Delhi
Date: 24th May, 2017

ABHISHEK SOMANY

Managing Director
DIN: 00021448

AMBRISH JULKA

DGM (Legal) & Company Secretary

Notes to the Balance Sheet and the Statement of Profit and Loss

For the year ended 31st March, 2017

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 ACCOUNTING CONCEPTS

The financial statements have been prepared under the historical cost convention on accrual basis in compliance with applicable accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Act. The Company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis except where otherwise stated.

1.2 REVENUE RECOGNITION

Revenue is recognised when significant risks and reward of ownership have been passed to buyer and there is no uncertainty exists to its realization or collection.

1.3 FIXED ASSETS

- a) Fixed assets are shown at cost of acquisition and/or construction less accumulated depreciation and impairment losses.
- b) Intangible assets are stated at cost less amortisation.
- c) Pre-operative expenditure during the construction/erection period is included under capital work-in-progress and is allocated to the respective fixed assets on completion of construction/erection.

1.4 DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSS

- a) Fixed assets are depreciated using written down value method except fixed assets of the floor tile unit (including MTP & GVT plant) and addition made after 1st April, 1995 to plant and machinery of wall tile units, where depreciation is provided on a straight line method, considering the estimated useful lives as specified in Schedule II of the Companies Act, 2013 except in case of vehicles, press punches / die boxes / components of certain plant & machinery and hand pallet truck where useful lives are taken as 5, 8 and 3 years respectively. Continuous process plants as defined in Schedule II have been considered on technical evaluation. Impaired assets are amortised over the estimated balance useful life.
- b) In case of indication of impairment of the carrying amount of the Company's assets, an asset recoverable amount is estimated. Impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Reversal of impairment loss recognised in prior periods is recorded when there is an indication that the impairment losses recognised for the assets no longer exist or have decreased. Post impairment, depreciation is provided on the revised carrying value of the asset over its remaining useful life.
- c) Leasehold land is amortised over the period of lease.
- d) (i) Intangible assets are being recognised if the future economic benefits attributable to the assets are expected to flow to the Company and cost of the assets can be measured reliably. The same are being amortised over the expected duration of benefits.
(ii) Intangible assets being computer software is amortised over a period of five years.

1.5 TRANSACTION OF FOREIGN CURRENCY ITEMS

Transactions denominated in foreign currencies are recorded at exchange rate prevailing at the time of transactions. Monetary items denominated in foreign currencies at the year-end translated at exchange rates prevailing on the balance sheet date. Premium in respect of forward contract is accounted over the period of the contract. Exchange differences arising on settlement/translation of monetary items including forward contracts are dealt in the statement of Profit and Loss except foreign exchange loss/gain arising after 1st April, 2012 on long-term foreign currency monetary items used for depreciable assets, which are capitalised.

Notes to the Balance Sheet and the Statement of Profit and Loss

For the year ended 31st March, 2017

1.6 INVESTMENTS

Long-term investments are stated at cost less provision for diminution in the value other than temporary. Current investments are stated at cost or market value whichever is lower.

1.7 INVENTORIES

Inventories are valued at lower of cost and net realisable value except waste/scrap which is valued at net realisable value. Cost of raw materials and stores and spare parts is computed on weighted average basis. Cost of finished goods and stock in process is determined by taking material, labour and related overheads. Cost of finished goods includes excise duty.

1.8 RESEARCH & DEVELOPMENT EXPENSES

Revenue expenditure on research and development is charged to Statement of Profit & Loss and Capital expenditure is added to fixed assets.

1.9 INTEREST ON BORROWINGS

Interest on borrowings is charged to the Statement of Profit & Loss for the year in which it is incurred except interest on borrowings for qualifying fixed assets which is capitalised till the date of commercial use of the asset.

1.10 EMPLOYEE BENEFITS:

a) Defined Contribution Plan:

Employee benefits in the form of Provident Fund (with Government Authorities) and Employees' pension Scheme are defined as contribution plan and charged as expenses during the period in which the employees perform the services.

b) Defined Benefit Plan:

Retirement benefits in the form of gratuity, long-term compensated leaves; other long-term employee benefit and provident fund (multi-employer plan) are considered as defined benefit obligations and are provided for on the basis of an actuarial valuation, using the projected unit credit method, according to the date of the Balance Sheet. Actuarial gain/losses, if any, are immediately recognised in the Statement of Profit & Loss.

c) Short-term employee benefit:

Short-term benefits are charged off at the undiscounted amount in the year in which the related services rendered.

1.11 GOVERNMENT GRANTS

Grants from government relating to fixed assets are shown as a deduction from the gross value of fixed assets and those of the nature of project capital subsidy are credited to capital reserve. Other government grants including incentive, duty drawback among others are credited to Statement of Profit & Loss or deducted from the related expenses.

1.12 LEASES

Operating lease payments are recognized as expenditure in the Statement of Profit and Loss on straight line basis, over the lease period.

1.13 SHARE ISSUE EXPENSES

Share issue expenses are written off against the Security Premium Account.

1.14 PROVISION FOR CURRENT AND DEFERRED TAX

Provision for current tax liability of the Company is estimated considering the provisions of the Income Tax Act, 1961.

Notes to the Balance Sheet and the Statement of Profit and Loss

Deferred tax is recognised subject to the consideration of timing, differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

1.15 USE OF ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions in certain circumstances, affecting amounts reported in these financial statements and related notes. Actual results could differ from these estimates.

1.16 CONTINGENT LIABILITY, CONTINGENT ASSETS AND PROVISION

Contingent liabilities if material, are disclosed by way of notes, contingent assets are not recognised or disclosed in the financial statement, a provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle obligation(s), in respect to which an estimate can be made for the amount of obligation.

Notes to the Balance Sheet and the Statement of Profit and Loss

2. Share Capital

(₹ in Lakhs)

	March 31, 2017	March 31, 2016
Authorised		
Equity Shares 12,50,00,000 (Previous year 125,000,000) of ₹2/-each	2,500.00	2,500.00
Issued, Subscribed and Paid up		
Equity Shares 4,23,79,426 (previous year 4,23,79,426) of ₹2/- each fully paid up	847.59	847.59
	847.59	847.59
Notes :		
(a) (i) Reconciliation of Equity Share Capital (In numbers)		
Shares outstanding at the beginning of the year	4,23,79,426	3,88,44,826
Add : Shares issued during the year	-	35,34,600
Less : Shares bought back during the year	-	-
Shares outstanding at the end of the year	4,23,79,426	4,23,79,426
(b) (i) Equity Shares:		
The Company has only one class of Equity Shares having face value of ₹2/- each and each shareholder is entitled to one vote per share. Each shareholders have the right in profit / surplus in proportion to amount paid up with respect to share holder. In the event of winding up, the equity shareholders will be entitled to receive the remaining balance of assets if any, in proportionate to their individual shareholding in the paid up equity capital of the the company.		
(c) List of shareholders holding more than 5% of the Equity Share Capital of the Company (In numbers)		
i) Bhilwara Holding Limited	90,09,840	90,09,840
ii) Sarvottam Vanijay Limited	62,12,980	62,12,980
iii) Scope Vinimoy Private Limited	34,91,075	34,91,075
iv) Latinia Limited	43,47,826	43,47,826
v) DSP Blackrock	25,96,383	22,66,946
	2,56,58,104	2,53,28,667

Notes to the Balance Sheet and the Statement of Profit and Loss

3. Reserves and Surplus

(₹ in Lakhs)

	March 31, 2017	March 31, 2016
Capital Reserve		
Balance at the beginning of the year	45.00	45.00
Addition / (Transfer) during the year	-	-
Closing balance	45.00	45.00
Capital Redemption Reserve		
Balance at the beginning of the year	0.03	0.03
Addition / (Transfer) during the year	-	-
Closing balance	0.03	0.03
Security Premium Reserve		
Balance at the beginning of the year	16,389.04	4,767.10
Premium on allotment of equity shares	-	11,929.28
Less: Share Issue Expenses	-	307.34
Closing balance	16,389.04	16,389.04
General Reserve		
Balance at the beginning of the year	5,035.33	4,485.74
Add: Amount transferred from Surplus Balance in Statement of Profit and Loss	-	600.00
Less: Depreciation (Net of Deferred Tax of Nil, Previous Year ₹26.67 Lakhs)	-	50.41
Closing balance	5,035.33	5,035.33
Surplus in Statement of Profit & Loss Account		
Balance at the beginning of the year	19,658.30	15,325.63
Transfer from Statement of Profit and Loss	8,608.81	6,105.83
Amount available for appropriation	28,267.11	21,431.46
Less : Appropriation:		
Transfer to General Reserve:	-	600.00
Proposed Dividend	-	974.73
Corporate Dividend Tax	-	198.43
Closing Balance	28,267.11	19,658.30
Total of Reserves & Surplus	49,736.51	41,127.70

Notes to the Balance Sheet and the Statement of Profit and Loss

4. Long-Term Borrowings

(₹ in Lakhs)

	March 31, 2017	March 31, 2016
Secured		
Term Loans		
- From Banks	7,176.99	7,746.99
- From Others	75.00	375.00
Car Loans		
- From Banks	928.96	685.85
- From Others	23.19	63.72
Buyer's/Supplier's Credit	2,145.66	2,228.09
	10,349.80	11,099.65
Less: Current Maturities of Long Term Borrowings		
Term loans		
- From Banks	2,759.49	2,125.00
- From Others	75.00	300.00
Car Loans		
From Banks	266.04	295.98
From others	11.33	10.84
	3,111.86	2,731.82
	7,237.94	8,367.83

Notes

- Rupee loan of ₹75.00 lakhs (Previous Year ₹375.00 lakhs) from others is secured by first pari passu charge on all fixed assets of the company both present and future except specifically charged and Government Land at Kassar / Kadi. The last installment of aforesaid loan is repayable in June, 2017.
- Rupee Loan of ₹1,687.50 lakhs (Previous Year ₹2,362.50 lakhs) from a Bank is secured by first pari passu charges by way of hypothecation of all movable fixed assets of the company both present and future, excluding those exclusively charged to other Banks. The aforesaid loan is repayable in 10 equal quarterly installments starting from June, 2017.
- Rupee loan of ₹1,350.00 lakhs (Previous Year ₹1,800.00 lakhs) from a Bank is secured by first pari passu charge by way of hypothecation of all movable fixed assets of the Company, excluding assets exclusively charged to other Banks and second pari passu on all current assets of the company both present and future. The aforesaid loan is repayable in 12 equal quarterly installments starting from June, 2017.
- Rupee loan of ₹784.49 lakhs (Previous Year ₹1,584.49 lakhs) from a Bank is secured by first pari passu charges by way of hypothecation of Plant & Machinery and other movable fixed assets of the company situated at Kassar and Kadi excluding those exclusively charged to other Banks and second pari passu on current assets of the company both present and future. The aforesaid loan is repayable fully in FY18.
- Rupee loan of ₹3,355.00 lakhs (Previous Year ₹2,000.00 lakhs) from a Bank and Buyers'/ Suppliers' credit of ₹2,145.66 lakhs (Previous Year ₹2,228.09 lakhs) {Equivalent to aggregate of USD 27.25 lakhs and Euro 5.33 lakhs (Previous Year Equivalent to aggregate of USD 27.25 lakhs and Euro 5.33 lakhs)} is secured by first pari passu charges by way of hypothecation of Plant & Machinery and other movable fixed assets of the company situated at Kassar and Kadi plants excluding those exclusively charged to other Banks and second pari passu charge over current assets of the company both present and future. Repayment of aforesaid loan is ₹850.00 lakhs, ₹1,100.00 lakhs, ₹1,450.00 lakhs, ₹1,700.00 lakhs and ₹400.66 lakhs in FY18, FY19, FY20, FY21 and FY22 respectively.
- Car loan from Banks and others are secured by hypothecation of cars purchased there under are repayable in monthly installment over the period of loan.

Notes to the Balance Sheet and the Statement of Profit and Loss

5. Other Long Term Liabilities

(₹ in Lakhs)

	March 31, 2017	March 31, 2016
Trade Deposit	1,643.89	1,483.64
Security Deposit	470.98	436.34
Others (Refer Note 28.3)	202.50	202.50
	2,317.37	2,122.48
Less:-Current Maturities	49.50	95.99
	2,267.87	2,026.49

6. Long-Term Provisions

	March 31, 2017	March 31, 2016
Employees Benefits	438.46	359.58
	438.46	359.58

7. Short-Term Borrowings

	March 31, 2017	March 31, 2016
Secured Loans:*		
Working Capital Facilities from Banks		
Working Capital Demand Loans	-	2,000.00
Cash Credit	7,901.90	4,143.89
Buyer's Import Credit	1,037.39	1,660.09
Unsecured Loans:		
From Banks	2,500.00	-
	11,439.29	7,803.98

*Working Capital Facilities from Banks are secured by:

- 1 First charge by way of hypothecation of stocks of raw materials, finished goods and stock in process, stores & spares and book debts and ranking pari-passu; and
- 2 Second and subservient charge by way of Equitable Mortgage on all other assets, both present and future, of the company, both movable and immovable & ranking pari-passu, excluding assets exclusively charged. Charge over land exchange of about 3 acres at Kassar is to be created.

8. Trade Payables (Refer Note. 28.16)

	March 31, 2017	March 31, 2016
Outstanding dues of Micro Enterprises and Small Enterprises	-	-
Outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	23,416.34	20,278.40
	23,416.34	20,278.40

Notes to the Balance Sheet and the Statement of Profit and Loss

9. Other Current Liabilities

(₹ in Lakhs)

	March 31, 2017	March 31, 2016
Current Maturities of Long Term Borrowings	3,111.86	2,731.82
Interest Accrued But not Due on Borrowings	38.23	100.53
Current Maturities of Other Long Term Liabilities	49.50	95.99
Statutory Dues	1,705.21	1,471.56
Capital Creditors (Refer Note 28.16)	243.54	915.29
Security Deposit	31.12	12.95
Advance from Customers	1,031.45	925.45
Unclaimed Dividends #	29.39	25.05
Other Liabilities (Refer Note 28.16)	5,371.37	4,018.46
	11,611.67	10,297.10

Investor Education & Protection Fund shall be credited when due.

10. Short Term Provision

	March 31, 2017	March 31, 2016
Proposed Dividend	-	974.73
Corporate Dividend Tax	-	198.43
Income Tax [Net of Advance of ₹12,666.09 lakhs (Previous Year ₹8,270.05 Lakhs)]	275.66	162.33
Employees Benefits	122.34	141.66
	398.00	1,477.15

Notes to the Balance Sheet and the Statement of Profit and Loss

11. Fixed Assets

(₹ in Lakhs)

Particulars	GROSS CARRYING VALUE				DEPRECIATION/AMORTISATION				NET CARRYING VALUE	
	Book Value at 01.04.2016	Additions	Deductions/ Adjustments	Book Value at 31.03.2017	Up to 31.03.2016	For the year	Written Back/ Adjustments	Up to 31.03.2017	As on 31.03.2017	As on 31.03.2016
A. TANGIBLE ASSETS										
1. (a) Freehold Land	581.39	-	-	581.39	-	-	-	-	581.39	581.39
(b) Leasehold Land	116.09	-	-	116.09	19.19	3.28	-	22.47	93.62	96.90
2. Buildings	9,245.67	710.04	3.00	9,952.71	3,185.65	396.67	0.91	3,581.41	6,371.30	6,060.02
3. Plant & Equipment	39,849.93	1,181.83	573.81	40,457.95	17,754.13	1,708.09	470.36	18,991.86	21,466.09	22,095.80
4. Furniture & Fixtures	1,668.48	411.58	343.40	1,736.66	1,057.08	159.44	322.98	893.54	843.12	611.40
5. Office Equipments	823.03	351.65	136.59	1,038.09	530.11	178.85	129.26	579.70	458.39	292.92
6. Vehicles	1,735.42	615.63	330.03	2,021.02	928.08	407.30	249.70	1,085.68	935.34	807.34
Sub Total (A)	54,020.01	3,270.73	1,386.83	55,903.91	23,474.24	2,853.63	1,173.21	25,154.66	30,749.25	30,545.77
Previous year	45,707.37	9,638.29	1,325.65	54,020.01	22,286.60	2,080.76	893.12	23,474.24		
B. INTANGIBLE ASSETS										
Computer Software	368.54	10.09	28.32	350.31	248.73	48.32	28.32	268.73	81.58	119.81
Sub Total (B)	368.54	10.09	28.32	350.31	248.73	48.32	28.32	268.73	81.58	119.81
Previous year	364.72	3.82	-	368.54	195.48	53.25	-	248.73	-	-
Total's (A+B) Current Year	54,388.55	3,280.82	1,415.15	56,254.22	23,722.97	2,901.95	1,201.53	25,423.39	30,830.83	30,665.58
Previous year	46,072.09	9,642.11	1,325.65	54,388.55	22,482.08	2,134.01	893.12	23,722.97		

Note

- Plant & equipment includes machinery Gross ₹62.29 Lakhs (Previous year ₹62.29 Lakhs) lying with third parties, pending confirmation [Note No. 28.3].
- Current year depreciation includes impairment of old Plant & Machinery ₹369.78 Lakhs shown as exceptional item in the statement of Profit & Loss.
- Furniture & Fixtures includes certain expenditure on lease hold premises Gross ₹813.90 Lakhs WDV ₹538.25 Lakhs (Previous year ₹493.34 Lakhs WDV ₹258.32 Lakhs) which are amortised over the useful life of respective assets.
- Addition to Plant & Machinery includes foreign exchange gain amounting to ₹88.15 Lakhs decapitalised (Previous year ₹31.76 Lakhs capitalised).

12 Non-current Investments

(₹ in Lakhs)

	March 31, 2017	March 31, 2016
Long term Investments (At cost less provision)		
Trade Investment		
A) Unquoted, fully paid up shares		
Subsidiary Companies - Equity Shares		
1,85,000 Equity Shares (Previous year 1,85,000) of ₹10/- each of SR Continental Limited (including 7 Equity Shares of ₹10/- each fully paid up held in the name of nominees)	18.50	18.50
5,00,000 Equity Shares (Previous year 5,00,000) of ₹10/- each of Somany Global Ltd	50.00	50.00
53,04,000 Equity Shares (Previous year 53,04,000) of ₹10/- each of Amora Tiles Pvt Ltd	530.40	530.40

Notes to the Balance Sheet and the Statement of Profit and Loss

12 Non-current Investments (contd.)

(₹ in Lakhs)

	March 31, 2017		March 31, 2016	
76,50,000 Equity Shares (Previous year 76,50,000) of ₹10/- each of Somany Fine Vitrified Pvt Ltd (Formerly Fine Vitrified Pvt Ltd)	765.00		765.00	
15,10,000 Equity Shares (Previous year 15,10,000) of ₹10/- each of Somany Excel Vitrified Pvt. Ltd	151.00		151.00	
50,49,000 Equity Shares (Previous year 14,42,564) of ₹10/- each of Somany Sanitaryware Pvt Ltd (Formerly Sonec Sanitaryware Pvt Ltd)	550.01	2,064.91	189.37	1,704.27
Subsidiary Companies - Preference Shares				
35,70,000 (Previous year 35,70,000) 5% Non-Cumulative Non-Convertible Redeemable Preference shares of ₹10/- each of Somany Fine Vitrified Pvt. Ltd	357.00	357.00	357.00	357.00
Joint Venture Companies - Equity Shares				
8,93,000 Equity Shares (Previous year 8,93,000) of ₹10/- each of Somany Keraben Pvt Ltd	89.30		89.30	
Less Provision for diminution	89.30	-	89.30	-
Associate Companies - Equity Shares				
45,00,000 Equity Shares (Previous year 23,40,000) of ₹10/- each of Vintage Tiles Pvt Ltd	1,399.50		503.10	
32,50,000 Equity Shares (Previous year 32,50,000) of ₹10/- each of Commander Vitrified Pvt Ltd	325.00		325.00	
18,85,000 Equity Shares (Previous year 18,85,000) of ₹10/- each of Vicon Ceramics Pvt Ltd	188.50		188.50	
14,60,000 Equity Shares (Previous year 14,60,000) of ₹10/- each of Acer Granito Pvt Ltd	511.00		511.00	
25,09,000 Equity Shares (Previous Year; Nil) of ₹10/- each of Sudha Somany Ceramics Private Limited.	250.90	2,674.90	-	1,527.60
B) Quoted, fully paid up (Others) - Equity Shares				
Nil (Previous year 2,00,000) of ₹4/- each of Schablona India Ltd	-	-	20.00	20.00
Non Trade Investment - Quoted - Equity Shares				
550 Equity Shares (Previous year 550) of ₹2/- each of Punjab National Bank Ltd.	0.43	0.43	0.43	0.43
66,698 Equity Shares (Previous year 66,698) of ₹10/-each of Soma Textile & Industries Ltd.	10.74		10.74	
Less Provision for diminution	2.19	8.55	9.07	1.67
		5,105.79		3,610.97
Aggregated Book Value of Quoted Investment		11.17		31.17
Market Value of Quoted Investment		9.37		40.50
Aggregated Book Value of Un-Quoted Investment		5,186.11		3,678.17
Aggregated provision for diminution in Value of Investment		91.49		98.37

Notes to the Balance Sheet and the Statement of Profit and Loss

13. Long Term Loan and Advances

(₹ in Lakhs)

	March 31, 2017	March 31, 2016
(Unsecured, Considered Good Unless Stated Otherwise)		
Deposits		
-With Government Authorities	195.02	159.74
-With Related Parties	1,907.65	1,407.65
-With Others	282.08	300.47
Prepaid Expenses	9.22	28.65
Capital Advance	263.03	81.52
Others	26.43	22.04
	2,683.43	2,000.07

14. Other Non-Current Assets

	March 31, 2017	March 31, 2016
Bank Deposit (Pledge with Government Department)	82.94	77.45
Fixed Deposits held as Margin Money with Banks/ Financial institutions	266.94	274.74
	349.88	352.19

15. Current Investments

	March 31, 2017	March 31, 2016
(valued at lower of cost and quoted / fair value)		
Unquoted		
Non-Trade Investments in Bonds and Non Convertible Debentures		
14 Units (Previous year 14 Units) 12.5 % SREI Equipment Finance Ltd (NCD)	141.40	141.40
77415 Units (Previous year 19000 Units) 10.25 % SREI Equipment Finance Ltd - 2022 (NCD)	2,022.90	190.00
116 Units(Previous Year Nil) 10.20% SREI Infrastructure Finance Ltd (Bonds)	1,160.00	-
9 Units(Previous Year Nil) 11.50% SREI Infrastructure Finance Ltd (Bonds)	89.19	-
60 Units(Previous Year Nil) 0.00% ICICI Bank 2018 (Bonds)	12.93	-
27 Units(Previous Year Nil) 0.00% ICICI Bank 2019 (Bonds)	5.57	-
20 Units(Previous Year Nil) 0.00% ICICI Bank 2020 (Bonds)	5.69	-
47 Units(Previous Year Nil) 0.00% ICICI Bank 2021 (Bonds)	14.89	-
246 Units(Previous Year Nil) 0.00% ICICI Bank 2022 (Bonds)	64.24	-
120 Units(Previous Year Nil) 0.00% ICICI Bank 2023 (Bonds)	26.15	-
760 Units(Previous Year Nil) 0.00% Nabard Deep Discount (Bonds)	146.37	-
100 Units(Previous Year Nil) 10.95% IDBI Omni Additional Tier I Bond 2016-17 Series I (Bonds)	1,000.00	-
150 Units(Previous Year Nil) 11.09% IDBI Perpetual 30.08.2021 (Bonds)	1,497.40	-

Notes to the Balance Sheet and the Statement of Profit and Loss

15. Current Investments (contd.)

(₹ in Lakhs)

	March 31, 2017	March 31, 2016
125 Units(Previous Year Nil) 11.15% Allahabad Bank Basel III (Bonds)	1,250.00	-
36 Units(Previous Year Nil) 11.60% Bank of Maharashtra Basel III Tier I 15.12.2099 (Bonds)	360.90	-
Nil (Previous year 10 Units) 9.91% Dalmia Cement (Bharat) Limited - Series A (NCD)	-	100.00
Nil (Previous year 90 Units) 9.91% Dalmia Cement (Bharat) Limited - Series C (NCD)	-	900.00
Nil (Previous year 161 Units) 10.36% Chhattisgarh State Power Distribution Company Limited 2036 (Bonds)	-	1,610.00
Nil (Previous year 5 Units) 9.45% Union Bank Of India Perpetual 2016 (Bonds)	-	50.00
Nil (Previous year 10000 Units) 7.36% India Infrastructure Finance Co Ltd - 2028 (Bonds)	-	100.00
Nil (Previous year 117 Units) 10.39% Himachal Pradesh State Electricity Board Limited 2026 (Bonds)	-	1,170.00
Nil (Previous year 150 Units) 11.75% SREI Infra FI 2019 (Bonds)	-	1,500.15
130 Units(Previous Year Nil) 7.18% Power Finance Corporation 20.01.2027 (Bonds)	1,268.15	-
700000 Units(Previous Year Nil) 8.17 Government of India 2044 (Bonds)	755.86	-
50000 Units(Previous Year Nil) 9.05% Dewan Housing Finance Corporation Ltd. (Bonds)	492.45	-
12 Units(Previous Year Nil) 11.09% Idbi Bank Ltd. Series I Perpetual Bonds (Bonds)	129.71	-
58 Units(Previous Year Nil) 8.07% Energy Efficiency Ser. Ncd (NCD)	602.54	-
24 Units(Previous Year Nil) 9% Reliance Capital Ncd (NCD)	248.73	-
1997.76 Units(Previous Year Nil) Baroda Pioneer Liquid Fund	20.00	-
Quoted		
Non Trade Investments in Mutual Fund		
105907.216 Units(Previous Year Nil) Edelweiss Liquid Fund-Super Institutional Growth Plan	22.00	-
1038080.592 Units(Previous Year Nil) Edelweiss Treasury Fund-Super Institutional Growth Plan	201.00	-
Nil (Previous year 10841166.076 Units) Reliance Short Term Fund - Growth Plan	-	3,000.00
	11,538.07	8,761.55
Less:-Provision for diminution in value of investment	-	-
	11,538.07	8,761.55
Aggregate Book Value of Quoted Investment	223.00	3,000.00
Aggregate Market Value of Quoted Investment	223.25	3,065.70
Aggregate Book Value of Un-Quoted Investment	11,315.07	5,761.55
Aggregate Market Value of Un-Quoted Investment*	11,315.07	5,761.55

* As the market value of bonds and NCDs is not available, purchase value is considered as market value.

Notes to the Balance Sheet and the Statement of Profit and Loss

16. Inventories

(₹ in Lakhs)

	March 31, 2017	March 31, 2016
(Valued at Lower of Cost and Net Realisable Value)		
(As taken, Valued and Certified by the Management)		
Raw Materials & Packing Material	2,533.16	1,490.42
Work -in-Progress	307.70	289.27
Finished Goods	5,771.83	5,555.07
Stock in Trade [including in transit stock of Nil (Previous year ₹125.89 Lakhs)] (Refer Note 28.26)	2,724.54	3,401.22
Stores and Spares	1,851.17	1,384.45
	13,188.40	12,120.43

17. Trade Receivables

	March 31, 2017	March 31, 2016
(Unsecured, Considered Good Unless Stated Otherwise)		
Exceeding Six month from Due Date		
i) Good	2,229.87	1,399.66
II) Doubtful	216.25	166.59
	2,446.12	1,566.25
Less: Provision for Doubtful Debt	216.25	166.59
	2,229.87	1,399.66
Others*	38,295.16	29,809.25
	40,525.03	31,208.91

* Including ₹251.35 Lakhs (Previous year ₹50.58 Lakhs) receivable from related parties.

18. Cash & Bank Balances

	March 31, 2017	March 31, 2016
Cash & Cash Equivalents (As certified by the management)		
Cash in Hand	7.44	8.53
Draft / Cheque in hand	-	16.05
Balance with Banks :		
Current Accounts	777.93	1,375.33
Earmarked Balance with Banks		
Bank Deposit (Pledge with Government Department)	91.75	84.72
Less:- Shown Under "Other Non-Current Assets"(More than 12 months)	82.94	77.46
Unclaimed Dividend Accounts	29.39	25.05
Other Bank Balance		
Fixed Deposits held as Margin Money with Banks/ Financial institutions	266.94	311.83
Less:- Shown Under "Other Non-Current Assets"(More than 12 months)	266.94	274.74
	823.57	1,469.31

Notes to the Balance Sheet and the Statement of Profit and Loss

19. Short Term Loans and Advances

(₹ in Lakhs)

	March 31, 2017	March 31, 2016
(Unsecured, Considered Good Unless Stated Otherwise)		
Inter Corporate Deposit:-		
-To Others	600.00	1,250.00
Advance Income Tax / Tax Deducted at Source	2.98	2.98
Balance with Government Authorities	1,490.48	1,760.14
Deposits		
-With Related Parties	800.00	-
-With Others	70.95	35.40
Prepaid Expenses	207.70	322.05
Other Advances	1,015.57	1,257.07
	4,187.68	4,627.64

20. Other Current Assets

	March 31, 2017	March 31, 2016
Accrued Interest	455.08	226.26
Export Incentive Receivable	148.06	106.26
	603.14	332.52

21. Revenue from Operations

	March 31, 2017	March 31, 2016
Sales of manufactured goods (tiles)	73,942.45	62,418.40
Sales of traded goods	1,17,037.77	1,16,588.95
Other operating revenue		
Scrap Sales	212.70	196.33
Sundry Balance Written Back*	45.49	85.52
Income From Services	792.00	580.40
Gain on Foreign Exchange Fluctuations (Net)	218.94	-
Insurance Claim Received	26.05	68.85
	1,92,275.40	1,79,938.45
Less: Excise Duty	8,218.62	6,867.96
	1,84,056.78	1,73,070.49

*Net of Written off ₹11.80 Lakhs (Previous year ₹16.98 Lakhs)

Notes to the Balance Sheet and the Statement of Profit and Loss

22. Other Income

(₹ in Lakhs)

	March 31, 2017	March 31, 2016
Interest Received	1,070.25	520.57
Dividend on long term Investments	-	0.02
Profit on Sale of Fixed Assets	67.55	63.02
Profit on Sale of Short Term Investments	295.09	131.51
Profit on Sale of Long Term Investments	8.38	-
Provision of Diminution in Investment written back	6.88	-
Miscellaneous Receipts	64.24	205.46
	1,512.39	920.58

23. Cost of Materials Consumed

	March 31, 2017	March 31, 2016
Raw Material Consumed	16,348.53	13,337.84
Packing Material Consumed	3,585.68	3,123.81
	19,934.21	16,461.65

24. Change in Inventories of Finished Goods

	March 31, 2017	March 31, 2016
Work-in-progress and Stock-in-Trade		
Closing Stock*		
Finished Goods	5,771.83	5,555.07
Stock-in-Trade	2,724.54	3,275.33
Total Finished Goods	8,496.37	8,830.40
Work-in-Progress	307.70	289.27
	8,804.07	9,119.67
Less: Opening Stock*		
Finished Goods	5,555.07	5,202.88
Stock-in-Trade	3,275.33	4,151.97
Total Finished Goods	8,830.40	9,354.85
Work-in-Progress	289.27	305.62
	9,119.67	9,660.47
(Increase)/ Decrease in Stock	315.60	540.80
Add / (Less): (Increase) Decrease in Excise duty on Stock	(157.41)	(79.85)
	473.01	620.65

*Excluding Goods in Transit

Notes to the Balance Sheet and the Statement of Profit and Loss

25. Employee Benefit Expense

(₹ in Lakhs)

	March 31, 2017	March 31, 2016
Salary, Wages, Bonus etc.	12,772.99	10,055.23
Contribution to Provident Fund and Other Funds	661.39	617.16
Workmen & Staff Welfare	635.51	491.19
	14,069.89	11,163.58

26. Finance Cost

	March 31, 2017	March 31, 2016
Interest	1,567.37	1,599.79
Other Borrowing Cost	84.32	33.49
	1,651.69	1,633.28

27. Other Expenses

	March 31, 2017	March 31, 2016
Stores and Spare Parts Consumed	2,988.93	2,617.04
Power & Fuel	14,403.12	16,061.64
Repairs and Maintenance:		
Buildings	198.01	147.77
Plant & Machinery	345.93	278.11
Others	214.62	171.90
Rent	832.47	715.29
Rates & Taxes	338.06	283.81
Insurance	216.14	518.93
Travelling & Conveyance Expenses	2,001.42	1,523.03
Exchange Rate Difference (Net)	-	46.29
Selling & Distribution Expenses	5,185.75	3,802.67
Discount	3,113.11	2,198.60
Freight Outward and Handling Charges	2,794.96	2,875.55
Advertisement & Sales Promotion Expenses	4,814.85	3,442.61
CSR Expenses	135.93	115.61
Provision for Doubtful Debts	49.66	5.00
Bad Debts	-	23.91
Provision for Diminution in Value of Long Term Investment	-	12.00
Prior Period Expenses (Net)	-	4.07
Loss on Sale of Fixed Assets	15.21	90.74
Fixed Assets Discard /Written Off	111.88	240.06
Other Expenses	2,750.68	2,065.44
	40,510.73	37,240.07

Notes to the Balance Sheet and the Statement of Profit and Loss

28. Explanatory Notes

28.1 Contingent liabilities and commitments (to the extent not provided for)

(As certified by the Management)

		(₹ in Lakhs)	
Sl. No.	Particulars	31.03.2017	31.03.2016
A) (i)	Estimated amount of contracts remaining to be executed on capital account and not provided for [net of advances]	2593.16	311.82
(ii)	Contingent liabilities not provided for in respect of:		
a)	Claims and other demands against the Company not acknowledged as debts.	511.99	389.84
b)	Sales tax and purchase tax demands, among others against which the Company has preferred appeals.	369.75	351.29
c)	Excise and custom duty (excluding interest and penalty) and service tax demands and show-cause notices issued against which the Company/Department has preferred appeals/filed replies.	35.85	44.66
d)	Disputed income tax and wealth tax demand (excluding penalty if any)	-	63.36
e)	i) On the pending matter of LADT / Entry Tax by the State of Haryana, the Supreme Court of India has upheld the constitutional validity of levy of the said tax but left certain issues to be decided by the High Court of Punjab and Haryana and at the same time allowed all petitioners including the Company to initiate petitions before the said High Court giving factual background and raising specific issues in the matter. Till such time the said High Court disposes of / decides in the matter, the liability on this account, if any remains indeterminate. In view of this no provision on this account is considered necessary by the Management.	795.39	731.52
	ii) Entry Tax matter pending before Hon'ble High Court of Calcutta.	38.88	28.08
f)	Demand notice from ESIC	15.41	15.41
(iii)	Bond executed in favour of sales tax/custom authorities.	25.00	25.00
(iv)	Custom duty (excluding interest, if any), which may arise if obligation for exports is not fulfilled against import of capital goods under EPCG	265.34	681.17
B)	Outstanding Corporate Guarantee to banks in respect of various fund/non fund based facilities extended to subsidiary/other body corporates.	-	2033.62

28.2 During the financial year 2012-13, a demand of Rs. 925.65 lakhs (including interest of ₹97.41 lakhs) for difference between market rate (Non-APM) and contracted price (APM) of gas for the period from 1st July, 2005 to 31st March, 2010 has been raised by GAIL (India) Limited (GAIL). After considering further debit notes on account of interest / bank charges for the past periods, the total demand increased to ₹1,481.22 lakhs (including interest of ₹652.98 lakhs) as on 31st March 2017. The Company along with others filed a Special Civil Application (SCA) which was admitted by the Hon'ble Gujarat High Court on submission of bank guarantee of ₹118 lakhs. On 4th August, 2014, Hon'ble Supreme Court of India passed an order to transfer the case to this Court on the basis of transfer petition filed by the GAIL. Pending decision / further direction, no provision in this regard is considered necessary by the Company.

28.3 Other long-term liabilities include encashment of bank guarantee in earlier years amounting to ₹202.50 lakhs (Previous year ₹202.50 lakhs) provided by a supplier of machinery. The supplier of machinery has challenged the encashment of bank guarantee and the case is pending before Hon'ble High Court of Delhi and Calcutta. Pending final decision, no adjustment has been carried out in accounts and above amount is shown under long term liabilities.

Notes to the Balance Sheet and the Statement of Profit and Loss

- 28.4** Exceptional item of ₹406.25 lakhs primarily pertains to impairment of certain plant and machineries.
- 28.5** Out of ₹11,999.97 lakhs raised through qualified institutions placement of equity shares in December, 2015, the Company has so far utilized ₹1,849.97 lakhs (including issue expenses of ₹307.34 lakhs) for the purpose the fund were so raised and balance ₹10,150.00 lakhs has been temporarily invested mainly in the debt instruments/ funds.
- 28.6** Dividend proposed to be distributed for equity shareholders @ ₹2.70 per share amounting to ₹1,377.19 lakhs (including Corporate Dividend Tax of ₹232.94 lakhs) is subject to shareholders approval in General Meeting.
- 28.7** Sales net of trade discounts / returns includes insurance recovered of ₹1064.78.00 lakhs (Previous year ₹959.37lakhs), export benefits of ₹312.43 lakhs (Previous year ₹251.04 lakhs).
- 28.8** A sum of ₹135.93 lakhs (Previous year ₹115.61 lakhs) towards Corporate Social Responsibility is included under 'Other Expenses'.
- 28.9** Research and Development Expenditure on revenue account amounting to ₹191.56 lakhs (Previous year ₹156.24 lakhs) has been charged to statement of profit and loss.
- 28.10** Trade payables include acceptances of ₹10,204.26 lakhs (Previous year ₹9,021.67 lakhs).
- 28.11** The business activity of the Company falls within a single business segment viz. 'Ceramic Tiles and Allied products' and sales of the product is mainly within the country. Hence, the disclosure requirement of Accounting Standard 17 of 'Segment Reporting' is not considered applicable.
- 28.12** Since it is not possible to ascertain with reasonable certainty the quantum of accrual in respect of certain insurance and other claims and interest on overdue bills from customers, the same are continued to be accounted for as and when received/settled.
- 28.13** In the opinion of the management, current assets, loans and advances have a value on realisation in ordinary course of business at least equal to the amount at which they are stated.
- 28.14** Balances of certain trade receivables, advances, trade payables and other liabilities are in the process of confirmation and/or reconciliation.
- 28.15** Profit and/or Loss on sale of stores and raw materials remain adjusted in respective consumption accounts
- 28.16** The Company has not received full information from vendors regarding their status under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED ACT); hence, disclosure relating to amount unpaid at year end together with interest paid / payable have been given based on the information so far available with the Company / identified by the Company management. The detail of the same is as under:

		(₹ in Lakhs)	
S. No.	Particulars	31.03.2017	31.03.2016
a)	i) Principal amount remaining unpaid at the end of the accounting year	-	-
	ii) Interest due on above	-	-
b)	i) Interest paid by the Company in terms of Section 16 of MSMED Act.	-	-
	ii) Payment made to supplier beyond the appointed day during the year.	-	-
c)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year) but without adding interest specified under this Act.	-	-
d)	The amount of interest accrued and remaining unpaid at the end of financial year.	-	-
e)	The amount of further interest remaining due and payable even in succeeding years, until such date when the interest due as above are actually paid.	-	-

Notes to the Balance Sheet and the Statement of Profit and Loss

28.17 The major components of Deferred Tax Liability and Deferred Tax Assets are as under:

((₹ in Lakhs)

Particulars	31.03.2017	31.03.2016
Deferred Tax Liability		
Related to Depreciable Assets	3,827.80	3,386.60
Deferred Tax Assets		
Provisions for Doubtful Debts	74.84	57.65
Disallowance under Income Tax Act, 1961	239.52	210.84
	314.36	268.49
Deferred Tax Liability (Net)	3,513.44	3118.11
Deferred tax Liability / (Assets) for the year:		
Charged to the statement of Profit & Loss	395.33	402.60
Charged to General Reserve	-	(26.67)

28.18 Employee Benefits

(a) The status of the gratuity, leave encashment and sick leave as at 31st March, 2017 is as follows:

Particulars	Gratuity (Funded)	Earned Leave Encashment and Sick Leave (Non-Funded)	Gratuity (Funded) (Previous Year)	Earned Leave Encashment and Sick Leave (Non-Funded) (Previous Year)
I Expense recognised in the statement of Profit and Loss				
a) Current service cost	121.00	86.76	100.68	67.00
b) Past service cost	-	-	-	-
c) Interest cost	89.81	36.25	81.29	29.08
d) Expected return on plan assets	(85.96)	-	(82.98)	-
e) Curtailment cost / (credit)	-	-	-	-
f) Settlement cost / (credit)	-	-	-	-
g) Net actuarial (gain)/ loss recognised in the period	(70.04)	101.40	74.13	128.32
h) Total expenses	54.81	224.41	173.12	224.40
II Net assets/(liability) recognised in the Balance sheet	-	-		
a) Present value of obligation as at the end of the period	1,254.76	560.80	1,122.63	453.11
b) Fair value of plan assets as at the end of the period	1,286.83	-	1,074.51	-
c) Funded status	32.06	(560.80)	(48.12)	(453.11)
d) Net asset/(liability) recognised in balance sheet	32.06	(560.80)	(48.12)	(453.11)
III Change in present value of obligation				
a) Present value of obligation as at the beginning of the period*	1,122.63	453.11	1,016.14	363.53
b) Acquisition adjustment	-	-	-	-
c) Interest cost	89.81	36.25	81.29	29.08
d) Past service cost	-	-	-	-

Notes to the Balance Sheet and the Statement of Profit and Loss

28.18 Employee Benefits (contd.)

(a) The status of the gratuity, leave encashment and sick leave as at 31st March, 2017 is as follows:

Particulars		Gratuity (Funded)	Earned Leave Encashment and Sick Leave (Non-Funded)	Gratuity (Funded) (Previous Year)	Earned Leave Encashment and Sick Leave (Non-Funded) (Previous Year)
e)	Current service cost	121.00	86.76	100.68	67.00
f)	Curtailement cost/(credit)	-	-	-	-
g)	Settlement cost/(credit)	-	-	-	-
h)	Benefits paid	(73.38)	(116.73)	(90.34)	(134.82)
i)	Actuarial (gain)/loss on obligation	(5.30)	101.40	14.86	128.32
j)	Present value of obligation as at the end of period	1,254.76	560.80	1,122.63	453.11
IV	Changes in the fair value of plan assets				
a)	Fair value of plan assets at the beginning of the period	1,074.51	-	921.95	-
b)	Acquisition adjustment	-	-	-	-
c)	Expected return on plan assets	85.96	-	82.98	-
d)	Contributions	135.00	-	219.19	-
e)	Benefits paid	(73.38)	-	(90.34)	-
f)	Actuarial gain/(loss) on plan assets	64.74	-	(59.27)	-
g)	Fair value of plan assets at the end of the period	1,286.83	-	1,074.51	-
V	The Major Category of plan assets as a percentage of total plan				
	Mutual Funds	100%	-	100%	-
	Government securities	0%	-	0%	-
	Bank	0%	-	0%	-
VI	Actuarial Assumptions				
	Economic Assumptions:				
	Discounting rate	7.35%	7.35%	8.00%	8.00%
	Future salary increase	5.00%	5.00%	5.00%	5.00%
	Expected rate of return on plan assets	8.00%	0.00%	8.00%	0.00%
	Demographic Assumptions:				
	Retirement age	58	58	58	58
	Economic Assumptions:				
	Mortality table	IALM (2006-08)		IALM (2006-08)	
	Withdrawal Rates	Age	Withdrawal Rate %	Age	Withdrawal Rate %
		Upto 30 years	3.00%	Upto 30 years	3.00%
		31 to 44 years	2.00%	31 to 44 years	2.00%
		Above 44 years	1.00%	Above 44 years	1.00%

Notes to the Balance Sheet and the Statement of Profit and Loss

Particulars	Gratuity					Leave Encashment				
	2016-17	2015-16	2014-15	2013-14	2012-13	2016-17	2015-16	2014-15	2013-14	2012-13
Present Value of Obligation	1,254.76	1,122.63	1,016.14	786.30	769.65	560.80	453.11	363.53	341.88	285.10
Fair Value of Plan Assets	1,286.83	1,074.51	921.95	805.68	718.17	-	-	-	-	-
Surplus / (Deficit)	32.07	(48.12)	(94.19)	19.38	(51.48)	(560.80)	(453.11)	(363.53)	(341.88)	(285.10)
Experience adjustment on Plan Liabilities (Gain) / Loss	(68.90)	14.86	173.12	(119.04)	57.33	68.51	128.32	24.98	90.15	(0.88)
Experience adjustment on Plan Assets (Gain) / Loss	(64.74)	59.27	(87.18)	0.98	(20.99)	-	-	-	-	-

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

(b) Amounts recognised as an expense/ (income) and included in the Note Number 25 are as under:

- i) 'Salary, Wages, Bonus etc.' of the statement of Profit and Loss includes ₹223.30 lakhs (Previous year Rs. 224.40 lakhs) towards Earned Leave Encashment and Sick Leave.
- ii) 'Contributions to Provident and other Funds' of the statement of Profit and Loss includes ₹504.78 lakhs (Previous year ₹444.04 lakhs) towards contribution to Provident Fund [including ₹171.11 lakhs (Previous year ₹139.94 lakhs) towards Somany Provident Fund, a multi-employer plan, refer to (c) below].
- iii) 'Contributions to Provident and other Funds' of the statement of Profit and Loss includes ₹156.61 lakhs (Previous year ₹173.12 lakhs) towards contribution to Gratuity Fund.

(c) The Guidance issued by the Accounting Standard Board (ASB) on implementing AS-15, Employee Benefits (revised 2005) (Guidance Note) states that provident funds set up by employers, the investment and actuarial risk of which fall on the employer, needs to be treated as defined benefit plan. Its effect in this respect has not been ascertained and the same has been accounted for as defined in the Guidance Note. The Fund has a surplus, determined net of investments less corpus (contribution plus interest thereon).

d) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(e) The expected return on the plan assets is determined by considering several applicable factors mainly the composition of the plan assets held, assessed risks of assets management, historical results of return on plan assets and the policy for plan assets management.

(f) The principal assumptions are the discount rate and salary growth rate. The discount rate is generally based upon the market yields available on Government Bonds at the accounting date with a term that matches that of the liabilities.

Notes to the Balance Sheet and the Statement of Profit and Loss

28.19 Interest in Joint Venture Company

- a) Company's contribution in the joint venture (by the name Somany Keraben Private Ltd., a 50:50 Joint Venture Company) till 31st March, 2017 is ₹89.30 lakhs (Previous year ₹89.30 lakhs) towards share capital of Joint Venture entity.

Pursuant to Accounting Standard 27 "Financial Reporting of Interests in Joint Venture" the relevant information relating to Joint Venture Company (JVC) are given below:

Name of the JVC	Country of Incorporation	Proportion of Ownership Interest
Somany Keraben Private Limited (SKPL)	India	50%

- b) The Company's share in the aggregate amounts of each of the assets, liabilities, income, expense, contingent liabilities and capital commitments as at/for the years ended 31st March, 2017 in the above company, as per its unaudited financial statements is as under:

Proportion of Company's Interest in JVC	31.03.2017 (Unaudited)	31.03.2016 (Unaudited)
(₹ in Lakhs)		
Assets		
Cash and bank balances	1.00	1.18
Liabilities.		
Current liabilities and provisions	0.87	0.07
Income		
Other incomes	0.00	10.03
Expenses		
Administrative and other expenses	1.11	11.53
Contingent Liabilities	0.00	0.00
Capital Commitment	0.00	0.00

28.20 Earnings Per Share

The numerators and denominators used to calculate basic and diluted earnings per share:

Particulars	31.03.2017	31.03.2016
Profit /(Loss) attributable to the equity shareholders (₹ in Lakhs) (A)	8608.81	6,105.83
Weighted average number of equity shares outstanding during the year (B)	42,379,426	39,820,221
Nominal value of equity shares (₹)	2	2
Basic earnings per share (₹) (A/B)	20.31	15.33
Diluted earnings per share (₹) (A/B)	20.31	15.33

Notes to the Balance Sheet and the Statement of Profit and Loss

28.21 Capital work in progress includes machinery under installation and/or in transit, construction/erection material and pre-operative expenses pending allocation/capitalisation. The details of pre-operative expenses are as follows:

Particulars	(₹ in Lakhs)	
	31.03.2017	31.03.2016
Opening Balance	15.48	-
i) Power and Fuel cost	-	35.68
ii) Salaries and Wages	-	16.85
iii) Interest	-	117.25
iv) Legal and Professional charges	-	23.45
v) Others	1.33	43.13
Total	16.81	236.36
Less: Allocated to fixed assets / adjusted	-	220.88
Closing Balance	16.81	15.48

28.22 Loans and Advances pursuant to Regulation 34(3) and 53(f) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015:

Loans and Advances (in the nature of Loans) (Repayable on demand)	Outstanding as at 31st March, 2017	Maximum Amount Outstanding during the year	Outstanding as at 31st March, 2016	Maximum Amount Outstanding during the previous year
Associate:				
Vintage Tiles Pvt. Ltd.	-	-	-	300.00

28.23 (a) Foreign exchange derivatives and exposures outstanding at the year-end:

Name	Amount (In Foreign Currency) 31.03.2017	Amount (In Lakhs equivalent) 31.03.2017	Amount (In Foreign Currency) 31.03.2016	Amount (In Lakhs equivalent) 31.03.2016
Derivatives				
Forward contract	-	-	-	-
Open Exposures				
Receivables	USD 1,316,108	849.55	USD 398,346	262.63
Payables	USD 5,550,824	3,611.92	USD 4,937,270	3,286.25
Payables	EURO 712,581	497.74	EURO 837,052	633.90

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

Notes to the Balance Sheet and the Statement of Profit and Loss

28.24 Payments to Auditors :

(₹ in Lakhs)

Particulars	31.03.2017	31.03.2016
Statutory audit fee	9.25	9.25
Tax audit fee	2.00	2.00
Certification fee	1.25	1.25
Other services	13.96	9.22
Reimbursement of expenses	0.12	0.58
Total	26.58	22.30

28.25 In accounting year ended 31.03.2007, the Company took an office premises on sub-lease for a term of 75 years. The lease has been recognised as an asset at the present value of the minimum lease payment. Minimum lease payment in future at the balance sheet date and their present value are as under:

Particulars	31.03.2017		31.03.2016	
	Lease Payments	Present Value	Lease Payments	Present Value
Not later than one year	0.50	0.12	0.48	0.14
Later than one year and not later than five years	1.99	0.36	1.98	0.41
Later than five years	41.33	0.59	41.83	0.67

28.26 A. Purchases And Sales of Trading Goods

Particulars	31.03.2017			31.03.2016		
	Tiles	Others	Total	Tiles	Others	Total
Purchases	81,755.81	10,902.58	92,658.39	86,478.03	8,806.36	95,284.39
Sales	101,850.08	15,187.69	117,037.77	103,845.97	12,742.98	116,588.95

B. Raw Material/Packing Material Consumed

Particulars	31.03.2017	31.03.2016
Clay and minerals	7,401.18	6,181.23
Chemicals and glaze materials	8,947.35	7,156.61
Packing material	3,585.68	3,123.81
Total	19,934.21	16,461.65

Notes to the Balance Sheet and the Statement of Profit and Loss

C. Value of Imported & Indigenous Raw Materials/Packing and Spares Consumed

	Raw Materials / Packing Material				Stores, Spares among others			
	31.03.2017		31.03.2016		31.03.2017		31.03.2016	
	₹ in Lakhs	%	₹ in Lakhs	%	₹ in Lakhs	%	₹ in Lakhs	%
Imported	213.64	1.07	358.97	2.18	1,022.70	34.22	799.87	30.56
Indigenous	19,720.57	98.93	16,102.68	97.82	1,966.23	65.78	1,817.17	69.44
Total	19,934.21	100.00	16,461.65	100.00	2,988.93	100.00	2,617.04	100.00

D. Details of Work-in-process

((₹ in Lakhs)

Particulars	31.03.2017	31.03.2016
Body	37.82	20.81
Glaze	160.02	165.58
Semi-finished goods	109.86	102.88
Total	307.70	289.27

E. C.I.F. Value of Imports

Particulars	31.03.2017	31.03.2016
Raw Materials	484.72	234.09
Spare parts	1,058.40	665.18
Capital goods	495.98	2,868.27
Trading goods	1,793.26	4,150.18

F. Expenditure in Foreign Currency

Particulars	31.03.2017	31.03.2016
Travelling Expenses	130.73	120.06
Commission to selling agents	90.10	108.14
Export Expenses	5.30	6.81
Exhibition Expenses	43.24	40.15
Others	73.71	100.24

G. Earnings in Foreign Currency

Particulars	31.03.2017	31.03.2016
Exports on FOB basis	7,410.87	7,137.15

Notes to the Balance Sheet and the Statement of Profit and Loss

28.27 Details of Investment made, Loan and Guarantee given covered under section 186(4) of Companies Act, 2013

Investment made is given under respective heads.

a) Loan Given

(₹ in Lakhs)

Name	₹ in lakhs	Purpose
Zealous Financial Services Pvt. Ltd.	500.00	For short term business requirement
Tinna Rubber & Infrastructure Ltd.	100.00	For short term business requirement

b) Investment in equity shares

Name	Investment Amount	No. of shares allotted	Date of Allotment / Transfer	% of total share capital
Somany Sanitary Ware Pvt. Ltd.	360.64	3606436	20/05/2016, 18/07/2016, 14/09/2016, 29/03/2017	51%
Vintage Tiles Pvt. Ltd.	896.40	2160000	01/08/2016	50%
Sudha Somany Ceramics Pvt. Ltd. (Formerly Sudha Ceramics Pvt. Ltd.)	250.90	2509000	16/05/2016, 09/11/2016, 12/11/2016	50%

28.28 The Company has entered into long term supply agreements (LTA or Agreements) with Associates and three Subsidiaries (refer Note No. 28.29). By the said agreements the Company has right to buy and sell the entire production of tiles / sanitary ware of companies stated in/ under its Own Brand.

As liability will accrue / arise as and when purchase will be made under LTA. Hence under the agreements there is no material foreseeable losses as on date in the opinion of the management

Notes to the Balance Sheet and the Statement of Profit and Loss

28.29 Related Party Transactions (As certified by the Management)

A. Names of related parties where control exists and nature of relationship:

Subsidiary Company

SR Continental Limited

Somany Global Limited

Amora Tiles Private Limited

Somany Fine Vitrified Private Limited

Somany Sanitaryware Private Limited

Somany Excel Vitrified Private Limited

B. Other related parties with whom transactions have taken place and description of relationship:

1. Joint Venture

SKPL Ceramics Private Limited (Formerly Somany Keraben Private Limited)

2. Key Management Personnel

Mr. Shreekant Somany, Chairman & Managing Director

Mr. Abhishek Somany, Managing Director (Son of Chairman & Managing Director)

Mrs. Anjana Somany, Whole time Director (Wife of Chairman & Managing Director) (w.e.f. 21/05/2016)

Mr. G.G. Trivedi, CEO

Mr. T.R. Maheshwari, Deputy CEO & CFO

Mr. Ambrish Julka, DGM (Legal) & Company Secretary

3. Relatives of Key Management Personnel

Mrs. Minal Somany (Wife of Managing Director)

4. Associate Company

Vintage Tiles Private Limited

Commander Vitrified Private Limited

Vicon Ceramic Private Limited

Acer Granito Private Limited

Sudha Somany Ceramics Private Limited (Formerly Sudha Ceramics Private Limited) (w.e.f. 9th November, 2016)

5. Enterprise over which Company exercise significant influence and with whom transactions have taken place during the year:

H. L. Somany Foundation

6. Enterprise over which Key Management Personnel and their relatives exercise significant influence and with whom transactions have taken place during the year:

Vidres India Ceramics Private Limited

Yogi Cerachem Private Limited

Ishiv India Solutions Private Limited

Notes to the Balance Sheet and the Statement of Profit and Loss

7. Other related parties with which Company has transactions:

Biba Apparels Private Limited – Private company in which director is a director

Ashiana Housing Limited – Public company in which director is a director

Shree Cement Limited – Public company in which director is a director

Wolkem India Limited – Public company in which director is a director and holds more than 2% shares alongwith relatives

G.L. Sultania & Co. – Firm in which director is proprietor

C. The following transactions were carried out with related parties in the ordinary course of business and on arm's length basis:

Particulars	(₹ in Lakhs)	
	31.03.2017	31.03.2016
SR Continental Ltd.		
Purchase of goods	-	74.81
Purchase of assets	-	4.53
Sale of goods	-	6.24
Job work charges	-	9.87
Rent Received	0.60	0.60
Rent paid	1.08	1.08
Payment made on their behalf	3.11	15.78
Outstanding at the year-end:		
Trade Receivable	-	0.48
Co-surety taken	12.50	12.50
Somany Global Ltd.		
Payment made on their behalf	0.77	1.22
Sales of goods (including samples)	-	0.41
Outstanding at the year-end:		
Amora Tiles Private Limited		
Purchase of goods	10,315.42	10,150.12
Sale of goods	264.86	235.58
Technical services provided	180.00	180.00
Interest Received	35.35	35.35
Outstanding at the year-end:		
Trade Payable	567.52	184.98
Trade Receivable	112.44	50.10
Deposits	294.60	294.60
Corporate Guarantee given	-	2,490.00
Somany Excel Vitrified Pvt Ltd		
Investment made	-	151.00
Deposit Given	15.00	20.00
Interest Received	0.14	0.14
Deposit Received back	15.00	20.00
Payment made on their behalf	2.04	0.34

Notes to the Balance Sheet and the Statement of Profit and Loss

Particulars	(₹ in Lakhs)	
	31.03.2017	31.03.2016
Outstanding at the year-end:		
Advance Recoverable	2.51	0.32
Somany Sanitaryware Private Limited		
Investment made	360.64	132.46
Purchase of goods	1,929.65	1,592.41
Sale of goods	68.73	64.72
Interest Received	37.20	10.19
Deposit given	500.00	100.00
Outstanding at the year-end:		
Trade Payable	75.49	-
Trade Receivable	46.95	-
Advance against supply given	-	30.29
Deposit Recoverable	600.00	100.00
Interest receivable	33.48	-
Somany Fine Vitrified Private Limited		
Investment made	-	922.00
Purchase of goods	11,667.78	4,905.93
Sale of goods	-	14.47
Outstanding at the year-end:		
Trade Payable	2,032.88	2,131.74
H. L. Somany Foundation		
Contribution towards CSR Activities	265.00	1.50
Payment made on their behalf	0.80	-
SKPL Ceramics Private Limited		
Investment made	-	12.00
Payment made on their behalf	0.16	0.08
Advance received back	-	13.99
Vintage Tiles Private Limited		
Purchase of goods	10,293.82	10,353.84
Sale of goods	30.04	62.58
Technical services provided	151.20	93.60
Interest Received	35.01	47.02
Deposit given	300.00	-
Inter Corporate Deposit received back	-	300.00
Outstanding at the year-end:		
Trade Payable	-	185.20
Trade Receivable	56.64	-
Deposits Recoverable	526.00	226.00

Notes to the Balance Sheet and the Statement of Profit and Loss

Particulars	(₹ in Lakhs)	
	31.03.2017	31.03.2016
Commander Vitrified Private Limited		
Purchase of goods	12,716.58	17,013.79
Sale of goods	190.81	262.40
Technical services provided	187.20	187.20
Interest Received	22.56	21.69
Deposit given	675.00	-
Deposit received back	325.00	300.00
Outstanding at the year-end:		
Trade Payable	19.37	19.43
Deposits Recoverable	510.55	160.55
Interest Receivable	20.30	-
Vicon Ceramic Private Limited		
Purchase of goods	6,193.70	6,618.90
Sale of goods	-	2.02
Technical services provided	93.60	93.60
Interest Received	39.18	39.29
Outstanding at the year-end:		
Trade Payable	339.42	335.41
Deposits Recoverable	326.50	326.50
Acer Granito Private Limited		
Purchase of goods	15,860.43	15,669.05
Sale of goods	-	1.25
Technical services provided	180.00	26.00
Interest Received	36.08	36.10
Deposit given	300.00	-
Deposit received back	150.00	-
Outstanding at the year-end:		
Trade Payable	1,588.84	2,108.82
Deposits Receivable	450.00	300.00
Sudha Somany Ceramics Private Limited		
Investment made	250.80	-
Mr. Shreekant Somany		
Remuneration	262.84	227.16
Commission	386.03	181.91
Mr. Abhishek Somany		
Remuneration	244.65	225.47
Commission	386.03	183.60

Notes to the Balance Sheet and the Statement of Profit and Loss

Particulars	(₹ in Lakhs)	
	31.03.2017	31.03.2016
Rent paid	8.65	8.39
Mrs. Anjana Somany		
Remuneration	23.19	-
Sitting fee paid	-	0.45
Commission	0.68	5.00
Rent paid	2.90	0.48
Mrs. Minal Somany		
Remuneration	27.15	29.13
Rent paid	30.08	26.15
Mr. G.G. Trivedi		
Remuneration	123.17	116.51
Mr. T.R. Maheshwari		
Remuneration	93.21	30.16
Advance Given	-	30.00
Outstanding at the year-end:		
Advance Receivable	30.00	30.00
Mr. Ambrish Julka		
Remuneration	21.65	20.72
G.L. Sultania & Co.		
Consultancy fee	6.00	6.00
Ishiv India Solutions Pvt. Ltd.		
Purchase of goods	543.20	147.86
Services received	7.32	11.31
Outstanding at the year-end:		
Trade Payable	44.95	37.54
Wolkem India Limited		
Purchase of goods	15.56	16.45
Outstanding at the year-end:		
Trade Payable	-	1.13
Shree Cement Limited		
Purchase of goods	23.80	-
Biba Apparels Private Limited		
Sale of goods	24.10	35.64
Outstanding at the year-end:		
Trade Receivable	0.26	-
Advance received against supply	-	0.81
Aashiana Housing Limited		
Sale of goods	327.83	-

Notes to the Balance Sheet and the Statement of Profit and Loss

Particulars	(₹ in Lakhs)	
	31.03.2017	31.03.2016
Outstanding at the year-end:		
Trade Receivable	35.06	-
Yogi Cerachem Private Limited		
Purchase of goods	67.58	109.46
Outstanding at the year-end:		
Trade Payable	7.75	41.57
Vidres India Ceramics Private Limited		
Purchase of goods	5,717.19	1,442.79
Outstanding at the year-end:		
Trade Payable	538.94	583.19

28.30 Details of Specified Bank Notes held and transacted during the period 8th November, 2016 to 30th December, 2016

Particulars	Specified Bank Notes	Other Denomination Notes	Total
Closing cash in hand as on 08/11/2016	15.23	1.83	17.06
Add: Permitted receipts	-	48.78	48.78
Less: Permitted payments	-	24.58	24.58
Less: Amount deposited in Banks	15.23	-	15.29
Closing cash in hand as on 30/12/2016	-	26.03	26.03

28.31 The previous year's figures have been regrouped, rearranged wherever consider necessary.

As per our report of even date

For **LODHA & CO.**

Chartered Accountants
(ICAI FRN. NO.: 301051E)

N. K. LODHA

Partner
M.NO.85155

Place: Chandigarh
Date: 24th May, 2017

For and on behalf of Board of Directors

SHREEKANT SOMANY

Chairman & Managing Director
DIN: 00021423

T.R. MAHESHWARI

Dy. Chief Executive Officer &
Chief Financial Officer

Place: New Delhi
Date: 24th May, 2017

ABHISHEK SOMANY

Managing Director
DIN: 00021448

AMBRISH JULKA

DGM (Legal) & Company Secretary

Consolidated Financial Statements

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

TO
THE MEMBERS OF **SOMANY CERAMICS LIMITED**

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of **SOMANY CERAMICS LIMITED** (herein after referred to as "the Holding Company") and its subsidiaries ("the Holding Company & its subsidiaries" together referred to as "the Group"), its associates and joint controlled company, comprising of the Consolidated Balance Sheet as at 31st March 2017, the consolidated statement of profit and loss, the consolidated cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation of the consolidated financial statements in terms of the requirements of the Companies Act, 2013 (herein after referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group and its associates and joint controlled company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the Companies included in the Group and of its associates and joint controlled company are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and its Associates and joint controlled company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation

and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their report referred to in the

other matter below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial statements of four subsidiaries and four associates, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associates and joint controlled company, as at 31 March 2017, and their consolidated Profit and their consolidated cash flows for the year ended on that date.

OTHER MATTERS

We did not audit the financial statements of the four subsidiaries namely, Amora Tiles Private Limited, SR Continental Limited, Somany Fine Vitrified Private Limited and Somany Sanitaryware Private Limited; whose financial statements reflect total assets of ₹15,628.86 Lakhs as at 31st March, 2017, total revenues of ₹22,391.28 Lakhs and net profit after tax of ₹791.26 Lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the group share of net profit of ₹278.98 Lakhs for the year ended 31st March, 2017, as considered in the consolidated financial statements in respect of four associates whose financial statements/ financial informations have not been audited by us. These financial statements have been audited by other auditors, whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associates, is based solely on the report of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

We have relied on the unaudited financial statements of a joint controlled company wherein the company's share of loss for the year is ₹0.98 Lakhs. These financial statements have been certified by management and furnished to us, and in our opinion, insofar as it relates

to the amounts included in respect of a joint controlled company, are based solely on these certified financial statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by sub-section 3 of Section 143 of the Act, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The consolidated balance sheet, the consolidated statement of profit and loss, and the consolidated cash flow statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2017 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its subsidiary companies and associate companies incorporated in India, none of the Directors of the Group and its Associates incorporated in India is disqualified as on 31 March 2017 from being appointed as a Director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Group (Holding and Subsidiary Companies incorporated in India) the operating effectiveness of such controls, refer to our separate report in "Annexure - A"; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and

Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its Associates - Refer Note No.- 28.1, 28.2 and 28.3 to the consolidated financial statements.
- ii) Provision has been made in the consolidated financial statement, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivatives contracts.
- iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the holding company, its subsidiaries companies, Associate Companies & joint controlled company incorporated in India.
- iv) The Company has provided requisite disclosures in its

consolidated financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November 2016 to 30th December 2016 and these are in accordance with the books of accounts maintained by the Company. Refer note no. 28.9 (C) to the consolidated financial statements.

For LODHA & CO.

Chartered Accountants

Firm Registration Number: 301051E

N.K. LODHA

Partner

Membership No: 85155

Place: Chandigarh

Date: 24th May, 2017

Annexure 'A' to the Independent Auditor's Report on Consolidated Financial Statements

Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March 2017, we have audited the internal financial controls over financial reporting of SOMANY CERAMICS LIMITED ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries (incorporated in India) together referred to as "the Group") and associates and joint controlled company which are companies incorporated in India, as of that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the Holding Company, its subsidiary companies, associates and joint company which are incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Group's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls,

both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's internal financial controls system over financial reporting.

We did not audit the financial statements of the four subsidiaries and four associates whose financial statements have been audited by other auditors, whose reports have been furnished to us by the management and our opinion, in respect of these subsidiaries and associates under sub sections (3) and (11) of section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associates as at 31st March 2017, is based solely on the report of the other auditors.

We have relied on the unaudited financial statements of a joint controlled company, these financial statements have been certified by the management and furnished to us. Accordingly, we are not expressing any opinion, insofar as it relates to the joint controlled company.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A Group's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A Group's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Group; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the companies are being made only in accordance with authorizations of management and directors of the Group; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Group's assets that could have a material effect on the consolidated financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to

future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Holding Company, its subsidiary companies and associate companies which are incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For LODHA & CO.

Chartered Accountants

Firm Registration Number: 301051E

N.K. LODHA

Partner

Membership No: 85155

Place: Chandigarh

Date: 24th May, 2017

Somany Ceramics Limited

Consolidated Balance Sheet as at 31st March, 2017

(₹ in Lakhs)

EQUITY AND LIABILITIES	Note No.	As at March 31, 2017	As at March 31, 2016
Shareholders' funds			
Share Capital	2	847.59	847.59
Reserves & Surplus	3	51,275.82	41,968.99
		52,123.41	42,816.58
Minority Interest		2,714.15	2,001.25
Non-current Liabilities			
Long term Borrowings	4	11,502.27	11,958.73
Deferred Tax Liabilities (Net)		3,729.48	3,286.79
Other Long-term Liabilities	5	2,267.87	2,030.74
Long-term Provisions	6	442.60	360.67
		17,942.22	17,636.93
Current Liabilities			
Short-term Borrowings	7	11,934.02	8,934.71
Trade Payables	8	23,011.33	20,078.16
Other Current Liabilities	9	13,179.03	11,419.57
Short-term Provisions	10	359.13	1,464.75
		48,483.51	41,897.19
Total		1,21,263.29	1,04,351.95
ASSETS			
Non-current Assets			
Fixed Assets			
Tangible Assets	11	37,487.72	37,837.17
Intangible Assets	11	81.62	119.94
Goodwil on consolidation		95.99	95.99
Capital work-in-progress		3,569.47	633.71
Non-current Investments	12	3,383.00	1,980.70
Long-term Loans and Advances	13	1,814.40	1,634.55
Other Non-Current Assets	14	549.60	448.41
		46,981.80	42,750.47
Current Assets			
Current Investments	15	11,694.11	8,810.99
Inventories	16	14,969.24	13,868.19
Trade Receivables	17	41,034.06	31,723.38
Cash and Bank Balances	18	1,209.01	1,826.85
Short-Term Loans and Advances	19	4,804.18	5,038.94
Other Current Assets	20	570.89	333.13
		74,281.49	61,601.48
Total		1,21,263.29	1,04,351.95
Significant Accounting Policies	1		
Explanatory Notes	28		

The accompanying Notes are an integral part of the Financial Statements.

As per our report of even date

For and on behalf of Board of Directors

For **LODHA & CO.**

Chartered Accountants
(ICAI FRN. NO.: 301051E)

N. K. LODHA

Partner
M.NO.85155

Place: Chandigarh
Date: 24th May, 2017

SHREEKANT SOMANY

Chairman & Managing Director
DIN: 00021423

T.R. MAHESHWARI

Dy. Chief Executive Officer &
Chief Financial Officer

Place: New Delhi
Date: 24th May, 2017

ABHISHEK SOMANY

Managing Director
DIN: 00021448

AMBRISH JULKA

DGM (Legal) & Company Secretary

Somany Ceramics Limited

Consolidated Statement of Profit & Loss for the year ended 31st March, 2017

(₹ in Lakhs)

Particulars	Note No.	For the year March 31, 2017	For the year March 31, 2016
Revenue from Operations	21	1,81,099.12	1,71,161.36
Other Income	22	1,511.83	906.27
Total Revenue		1,82,610.95	1,72,067.63
Expenses:			
Cost of Materials Consumed	23	28,852.65	22,589.56
Purchases of Stock-in-Trade		68,414.37	78,664.65
Change in Inventories of Finished Goods ,			
Work-in-progress and Stock-in-Trade	24	584.63	231.12
Employee Benefit Expense	25	15,763.99	12,319.03
Finance Cost	26	2,334.20	2,247.43
Depreciation and Amortization Expense	11	3,497.75	2,827.67
Other Expenses	27	48,336.00	43,065.79
Total Expenses		1,67,783.59	1,61,945.25
Profit Before Exceptional and Extraordinary Items and Tax		14,827.36	10,122.38
Exceptional items (Net)		406.25	442.92
Profit before tax		14,421.11	9,679.46
Extraordinary Items			
Profit before extraordinary items and Tax		-	-
Tax Expense:		14,421.11	9,679.46
(1) Current Tax		4,555.09	2,591.97
(2) Deferred Tax charge/(credit)		442.69	439.20
(3) Tax for earlier years		21.90	93.08
Profit After Tax		9,401.43	6,555.21
Share in Profit of Associate		271.79	216.86
Profit after tax (including associate)		9,673.22	6,772.07
Minority Interest		366.39	302.48
Profit after tax and minority interest		9,306.83	6,469.59
Earnings per Equity Share (₹)			
Basic		21.96	16.25
Diluted		21.96	16.25
Significant Accounting Policies	1		
Explanatory Notes	28		

As per our report of even date

For **LODHA & CO.**

Chartered Accountants
(ICAI FRN. NO.: 301051E)

N. K. LODHA

Partner
M.NO.85155

Place: Chandigarh
Date: 24th May, 2017

For and on behalf of Board of Directors

SHREEKANT SOMANY

Chairman & Managing Director
DIN: 00021423

T.R. MAHESHWARI

Dy. Chief Executive Officer &
Chief Financial Officer

Place: New Delhi
Date: 24th May, 2017

ABHISHEK SOMANY

Managing Director
DIN: 00021448

AMBRISH JULKA

DGM (Legal) & Company Secretary

Somany Ceramics Limited

Consolidated Cash Flow Statement for the year ended 31st March, 2017

(₹ in Lakhs)

	For the year ended March 31, 2017	For the year ended March 31, 2016
A. Cash Flow From Operating Activities		
Net Profit Before Tax & Exceptional Items As Per Statement Of Profit & Loss	14,421.11	9,679.46
I. Adjusted For :		
Depreciation & Amortisation Expense	3,867.53	2,827.67
Interest and Finance Charges	2,334.20	2,247.43
Interest Income	(1,014.54)	(491.30)
Dividend Income	-	(0.02)
Profit on Sales of Investment (Net)	(356.07)	(132.64)
Unrealized Foreign Exchange (Gain)/Loss (Net)	(116.60)	26.52
Diminution in the value of Investment (net)	-	0.31
Diminution in the value of Investment Written Back	(7.39)	-
Provision for Doubtful Debts (net of write back)	49.66	13.01
Bad Debts	-	33.94
Liabilities no longer required written back (net)	(49.93)	(85.49)
Sundry Balances written off / (back) (net)	(1.18)	-
(Profit)/Loss on sale / Discard of Fixed Assets/ Assets written off (net)	60.80	270.11
Operating Profit Before Working Capital Changes	19,187.59	14,389.00
II. Adjusted For :		
Trade & Other Receivable	(6,355.91)	(6,436.05)
Inventories	(1,101.04)	135.76
Trade & Other Payable	2,182.77	276.76
Cash Generated from Operation	13,913.41	8,365.47
Income Taxes Refund/(paid)	(4,451.53)	(2,405.65)
Net Cash Flow From Operating Activities (A)	9,461.88	5,959.82
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(7,261.42)	(13,804.79)
Sale of Fixed Assets	162.31	169.28
Sale of Long Term Investment	83.84	3.94
Purchase of Long Term Investment	(1,147.30)	-
Purchase of controlling interest	-	(32.46)
Purchase of Short Term Investment	(66,819.37)	(32,155.57)
Sale of Short Term Investment	64,232.65	26,190.97
Interest Received	858.42	441.17
Dividend Income	-	0.02
Net Cash Flow From Investing Activities (B)	(9,890.87)	(19,187.44)

Somany Ceramics Limited

Consolidated Cash Flow Statement for the year ended 31st March, 2017

(₹ in Lakhs)

	For the year ended March 31, 2017	For the year ended March 31, 2016
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long Term Borrowings	3,666.05	8,926.40
Repayment of Long Term Borrowings	(4,297.01)	(4,477.71)
Short Term Loans Borrowings (net)	3,733.49	(248.40)
Proceeds from issue of Share Capital	-	70.69
Proceeds from contribution by minority shareholder	346.50	340.33
Security Premium (Net of Share Issue Expenses)	-	11,621.93
Interest Paid	(2,469.06)	(2,204.74)
Dividend Paid (including corporate dividend tax)	(1,168.82)	(928.71)
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	(188.85)	13,099.79
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	(617.84)	(127.83)
CASH AND CASH EQUIVALENTS		
Opening		
Cash & Cash Equivalent	1,633.67	1,107.59
Other Bank Balances	193.18	847.09
	1,826.85	1,954.68
Closing		
Cash & Cash Equivalent	1,073.64	1,633.67
Other Bank Balances	135.37	193.18
	1,209.01	1,826.85

Notes :

- Cash & Cash Equivalents represents cash and bank balances.(Note No.18)
- Figures for the previous year have been regrouped/rearranged wherever considered necessary.

As per our report of even date

For **LODHA & CO.**

Chartered Accountants
(ICAI FRN. NO.: 301051E)

N. K. LODHA

Partner
M.NO.85155

Place: Chandigarh
Date: 24th May, 2017

For and on behalf of Board of Directors

SHREEKANT SOMANY

Chairman & Managing Director
DIN: 00021423

T.R. MAHESHWARI

Dy. Chief Executive Officer &
Chief Financial Officer

Place: New Delhi
Date: 24th May, 2017

ABHISHEK SOMANY

Managing Director
DIN: 00021448

AMBRISH JULKA

DGM (Legal) & Company Secretary

Notes to the Consolidated Financial Statements

of Somany Ceramics Limited, it's Subsidiaries, Joint Venture and Associates for the year ended 31st March, 2017

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 PRINCIPLE OF CONSOLIDATION

- i) The financial statements of the parent company and its subsidiary companies have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra group balances and intra group transactions resulting in unrealized profits or losses, if any, as per Accounting Standard-21, "Consolidated Financial Statements", as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rule, 2014. Interest in assets, liabilities, income and expenses of the Joint Venture Company have been consolidated using proportionate consolidation method. Intra Group balances, transactions and unrealized profits/losses have been eliminated to the extent of parent company's proportionate shares as per Accounting Standard-27, Financial Reporting of Interests in Joint Ventures, prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rules 7 of the Companies (Accounts) Rules, 2014. Investments in associates & share in profits/losses in associate after eliminating intra group transactions resulting in unrealized profits or losses if any, as per Accounting Standard-23, Accounting for Investment in Associates in Consolidated Financial Statement prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rules 7 of the Companies (Accounts) Rules, 2014.
- ii) The consolidated financial statements include the accounts of Somany Ceramics Limited (Parent Company), its subsidiaries, Joint Venture and associates as detailed below:

Name	Nature	Country of Incorporation	% of Shareholding & Voting Power
SR Continental Ltd.	Subsidiary	India	100.00%
Somany Global Ltd.	Subsidiary	India	100.00%
Amora Tiles Pvt. Ltd.	Subsidiary	India	51.00%
Somany Sanitary Ware Pvt. Ltd.	Subsidiary	India	51.00%
Somany Fine Vitrified Pvt. Ltd.	Subsidiary	India	51.00%
Somany Excel Vitrified Pvt. Ltd.	Subsidiary	India	100.00%
Somany Keraben Pvt. Ltd.	Joint Venture	India	50.00%
Vintage Tiles Pvt. Ltd.	Associate	India	50.00%*
Sudha Somany Ceramics Pvt. Ltd. (Formerly Sudha Ceramics Pvt. Ltd.) (w.e.f. 9th November, 2016)	Associate	India	50.00%
Commander Vitrified Pvt. Ltd.	Associate	India	26.00%
Vicon Ceramic Pvt. Ltd.	Associate	India	26.00%
Acer Granito Pvt. Ltd.	Associate	India	26.00%

*Shareholding percentage increased from 26% to 50% w.e.f. 1st August, 2016

- iii) All intra group balances and intra group transactions resulting into material unrealized profits/ losses are eliminated in full on consolidation.
- iv) The accounting policy of the parent company, its subsidiaries and associates are largely similar except in case of associates where depreciation on all assets have been provided on straight line method.

1.2 ACCOUNTING CONCEPTS

The financial statements have been prepared under the historical cost convention on accrual basis in compliance with applicable accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and the

Notes to the Consolidated Financial Statements

relevant provisions of the Act. The Company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis except where otherwise stated.

1.3 REVENUE RECOGNITION

Revenue is recognised when significant risks and reward of ownership have been passed to buyer and there is no uncertainty exists to its realization or collection.

1.4 FIXED ASSETS

- i) Fixed assets are shown at cost of acquisition and/or construction less accumulated depreciation and impairment losses.
- ii) Intangible assets are stated at cost less amortisation.
- iii) Pre-operative expenditure during the construction/erection period is included under capital work-in-progress and is allocated to the respective fixed assets on completion of construction/erection.

1.5 DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSS

- i) Fixed assets are depreciated using written down value method except fixed assets of the floor tile unit (including MTP & GVT plant) and addition made after 1st April, 1995 to plant and machinery of wall tile units, where depreciation is provided on a straight line method, considering the estimated useful lives as specified in Schedule II of the Companies Act, 2013 except in case of vehicles, press punches / die boxes / component of certain plant & machinery and hand pallet truck where useful lives are taken as 5, 8 and 3 years respectively. Continuous process plants as defined in Schedule II have been considered on technical evaluation. Impaired assets are amortised over the estimated balance useful life.
- ii) In case of indication of impairment of the carrying amount of the Company's assets, an asset recoverable amount is estimated. Impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Reversal of impairment loss recognised in prior periods is recorded when there is an indication that the impairment losses recognised for the assets no longer exist or have decreased. Post impairment, depreciation is provided on the revised carrying value of the asset over its remaining useful life.
- iii) Leasehold land is amortised over the period of lease.
- iv) Intangible assets are being recognised if the future economic benefits attributable to the assets are expected to flow to the Company and cost of the assets can be measured reliably. The same are being amortised over the expected duration of benefits.

Intangible assets being computer software is amortised over a period of five years.

1.6 TRANSACTION OF FOREIGN CURRENCY ITEMS

Transactions denominated in foreign currencies are recorded at exchange rate prevailing at the time of transactions. Monetary items denominated in foreign currencies at the year-end translated at exchange rates prevailing on the balance sheet date. Premium in respect of forward contract is accounted over the period of the contract. Exchange differences arising on settlement/translation of monetary items including forward contracts are dealt in the statement of Profit and Loss except foreign exchange loss/gain arising after 1st April, 2012 on long-term foreign currency monetary items used for depreciable assets, which are capitalised.

1.7 INVESTMENTS

Long-term investments are stated at cost less provision for diminution in the value other than temporary. Current investments are stated at cost or market value whichever is lower.

Notes to the Consolidated Financial Statements

1.8 INVENTORIES

Inventories are valued at lower of cost and net realisable value except waste/scrap which is valued at net realisable value. Cost of raw materials and stores and spare parts is computed on weighted average basis. Cost of finished goods and stock in process is determined by taking material, labour and related overheads. Cost of finished goods includes excise duty.

1.9 RESEARCH & DEVELOPMENT EXPENSES

Revenue expenditure on research and development is charged to Statement of Profit & Loss and Capital expenditure is added to fixed assets.

1.10 INTEREST ON BORROWINGS

Interest on borrowings is charged to the Statement of Profit & Loss for the year in which it is incurred except interest on borrowings for qualifying fixed assets which is capitalised till the date of commercial use of the asset.

1.11 EMPLOYEE BENEFITS:

i) Defined Contribution Plan:

Employee benefits in the form of Provident Fund (with Government Authorities) and Employees' pension Scheme are defined as contribution plan and charged as expenses during the period in which the employees perform the services.

ii) Defined Benefit Plan:

Retirement benefits in the form of gratuity, long-term compensated leaves; other long-term employee benefit and provident fund (multi-employer plan) are considered as defined benefit obligations and are provided for on the basis of an actuarial valuation, using the projected unit credit method, according to the date of the Balance Sheet. Actuarial gain/losses, if any, are immediately recognised in the Statement of Profit & Loss.

iii) Short-term employee benefit:

Short-term benefits are charged off at the undiscounted amount in the year in which the related services rendered.

1.12 GOVERNMENT GRANTS

Grants from government relating to fixed assets are shown as a deduction from the gross value of fixed assets and those of the nature of project capital subsidy are credited to capital reserve. Other government grants including incentive, duty drawback among others are credited to Statement of Profit & Loss or deducted from the related expenses.

1.13 LEASES

Operating lease payments are recognized as expenditure in the Statement of Profit and Loss on straight line basis, over the lease period.

1.14 SHARE ISSUE EXPENSES

Share issue expenses are written off against the Security Premium Account.

1.15 PROVISION FOR CURRENT AND DEFERRED TAX

Provision for current tax liability of the Company is estimated considering the provisions of the Income Tax Act, 1961.

Deferred tax is recognised subject to the consideration of timing, differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Notes to the Consolidated Financial Statements

1.16 USE OF ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions in certain circumstances, affecting amounts reported in these financial statements and related notes. Actual results could differ from these estimates.

1.17 CONTINGENT LIABILITY, CONTINGENT ASSETS AND PROVISION

Contingent liabilities if material, are disclosed by way of notes, contingent assets are not recognised or disclosed in the financial statement, a provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle obligation(s), in respect to which an estimate can be made for the amount of obligation.

Notes to the Consolidated Balance Sheet and the Statement of Profit and Loss

2. Share Capital

(₹ in Lakhs)

	March 31, 2017	March 31, 2016
Authorised		
Equity Shares 12,50,00,000 (Previous year 12,50,00,000) of ₹2 /-each	2,500.00	2,500.00
Issued, Subscribed and Paid up		
Equity Shares 4,23,79,426 (previous year 4,23,79,426) of ₹2/- each fully paid up	847.59	847.59
	847.59	847.59
Notes :		
(a) (i) Reconciliation of Equity Share Capital (In numbers)		
Shares outstanding at the beginning of the year	4,23,79,426	3,88,44,826
Add : Shares issued during the year	-	35,34,600
Less : Shares bought back during the year	-	-
Shares outstanding at the end of the year	4,23,79,426	4,23,79,426
(b) (i) Equity Shares:		
The Company has only one class of Equity Shares having face value of ₹2/- each and each shareholder is entitled to one vote per share. Each shareholders have the right in profit / surplus in proportion to amount paid up with respect to share holder. In the event of winding up, the equity shareholders will be entitled to receive the remaining balance of assets if any, in proportionate to their individual shareholding in the paid up equity capital of the the company.		
(c) List of shareholders holding more than 5% of the Equity Share Capital of the Company (In numbers)		
i) Bhilwara Holding Limited	90,09,840	90,09,840
ii) Sarvottam Vanijay Limited	62,12,980	62,12,980
iii) Scope Vinimoy Private Limited	34,91,075	34,91,075
iv) Latinia Limited	43,47,826	43,47,826
v) DSP Blackrock	25,96,383	22,66,946
	2,56,58,104	2,53,28,667

Notes to the Consolidated Balance Sheet and the Statement of Profit and Loss

3. Reserves and Surplus

(₹ in Lakhs)

	March 31, 2017	March 31, 2016
Capital Reserve		
Balance at the beginning of the year	45.00	45.00
Addition / (Transfer) during the year	-	-
Closing balance	45.00	45.00
Capital Redemption Reserve		
Balance at the beginning of the year	0.03	0.03
Addition / (Transfer) during the year	-	-
Closing balance	0.03	0.03
Security Premium Reserve		
Balance at the beginning of the year	16,389.04	4,767.10
Premium on allotment of equity shares	-	11,929.28
Less: Share Issue Expenses	-	307.34
Closing balance	16,389.04	16,389.04
General Reserve		
Balance at the beginning of the year	5,111.50	4,561.91
Add: Amount transferred from Surplus Balance in Statement of Profit and Loss	-	600.00
Less: Depreciation (Net of Deferred Tax of Nil, Previous Year ₹26.67 Lakhs)	-	50.41
Closing balance	5,111.50	5,111.50
Surplus in Statement of Profit & Loss Account		
Balance at the beginning of the year	20,423.42	15,649.69
Add: Reversal of diminution in the value of investment	-	77.30
Transfer from Statement of Profit and Loss	9,306.83	6,469.59
Amount available for appropriation	29,730.25	22,196.58
Less : Appropriation:		
Transfer to General Reserve:	-	600.00
Proposed Dividend	-	974.73
Corporate Dividend Tax	-	198.43
Closing Balance	29,730.25	20,423.42
Total of Reserves & Surplus	51,275.82	41,968.99

Notes to the Consolidated Balance Sheet and the Statement of Profit and Loss

4. Long-Term Borrowings

(₹ in Lakhs)

	March 31, 2017	March 31, 2016
Secured		
Term Loans		
- From Banks	12,010.51	11,760.25
- From Others	75.00	375.00
Car Loans		
- From Banks	972.82	688.46
- From Others	23.19	63.72
Buyer's/Supplier's Credit	2,145.66	2,228.09
Unsecured		
- From others	281.84	284.34
	15,509.02	15,399.86
Less: Current Maturities of Long Term Borrowings		
Term loans		
- From Banks	3,638.63	2,831.71
- From Others	75.00	300.00
Car Loans		
From Banks	281.79	298.58
From others	11.33	10.84
	4,006.75	3,441.13
	11,502.27	11,958.73

Notes

- Rupee loan of ₹75.00 lakhs (Previous Year ₹375.00 lakhs) from others is secured by first pari passu charge on all fixed assets of the company both present and future except specifically charged and Government Land at Kassar / Kadi. The last installment of aforesaid loan is repayable in June, 2017.
- Rupee Loan of ₹1,687.50 lakhs (Previous Year ₹2,362.50 lakhs) from a Bank is secured by first pari passu charges by way of hypothecation of all movable fixed assets of the company both present and future, excluding those exclusively charged to other Banks. The aforesaid loan is repayable in 10 equal quarterly installments starting from June, 2017.
- Rupee loan of ₹1,350.00 lakhs (Previous Year ₹1,800.00 lakhs) from a Bank is secured by first pari passu charge by way of hypothecation of all movable fixed assets of the Company, excluding assets exclusively charged to other Banks and second pari passu on all current assets of the company both present and future. The aforesaid loan is repayable in 12 equal quarterly installments starting from June, 2017.
- Rupee loan of ₹784.48 lakhs (Previous Year ₹1,584.48 lakhs) from a Bank is secured by first pari passu charges by way of hypothecation of Plant & Machinery and other movable fixed assets of the company situated at Kassar and Kadi excluding those exclusively charged to other Banks and second pari passu on current assets of the company both present and future. The aforesaid loan is repayable fully in FY18.
- Rupee loan of ₹3,355.00 lakhs (Previous Year ₹2,000.00 lakhs) from a Bank and Buyers'/ Suppliers' credit of ₹2,145.66 lakhs (Previous Year ₹2,228.09 lakhs) {Equivalent to aggregate of USD 27.25 lakhs and Euro 5.33 lakhs (Previous Year Equivalent to aggregate of USD 27.25 lakhs and Euro 5.33 lakhs)} is secured by first pari passu charges by way of hypothecation of Plant & Machinery and other movable fixed assets of the company situated at Kassar and Kadi plants excluding those exclusively charged to other Banks and second pari passu charge over current assets of the company both present and future. Repayment of aforesaid loan is Rs. 850.00 lakhs, ₹1,100.00 lakhs, ₹1,450.00 lakhs, ₹1,700.00 lakhs and ₹400.66 lakhs in FY18, FY19, FY20, FY21 and FY22 respectively.

Notes to the Consolidated Balance Sheet and the Statement of Profit and Loss

- 6 Rupee Loan of ₹947.83 lakhs (Previous Year ₹1160.06 lakhs) of a subsidiary company from a Bank is secured by way of hypothecation of entire plant and machinery & other fixed assets (present and future) and equitable mortgage over factory land & building of the company. The said loan is further collaterally secured by extension of hypothecation of entire current assets of the company (both current and future), equitable mortgage over factory land & building of the company, properties owned by the promoters and their families and also personal guarantees of promoters. The said loan is repayable in FY18 (₹240 lakhs), FY19 (₹300 lakhs), FY20 (₹360 lakhs) and FY21 (Balance amount).
- 7 Rupee Loan of ₹273.22 lakhs (Previous Year ₹353.21 lakhs) of a subsidiary company from a Bank is secured by exclusive charge on all fixed assets (both present and future) including equitable mortgage of land and buildings and entire current assets (both present and future) and also personal guarantee of promoters. The said loan is repayable in 41 equal monthly installments of ₹6.67 lakhs each.
- 8 Rupee Loan of ₹1,424.98 lakhs (Previous Year Nil) of a subsidiary company from a Bank is secured by exclusive charge on all fixed assets (both present and future) including equitable mortgage of land and buildings and entire current assets (both present and future) and also personal guarantee of promoters. The said loan is repayable in 51 monthly installments, 50 installment of ₹28.33 lakhs and balance in last installment, starting from August 2017.
- 9 Rupee Loan of ₹2187.50 lakhs (Previous Year ₹2500.00 Lakhs) of a subsidiary company from a Bank is secured by exclusive charge on movable and immovable fixed assets and current assets of the company both present and future and also personal guarantee of promoters. The said loan is repayable in 21 equal quarterly installments.
- 10 Unsecured loan from others in subsidiary companies will be repaid once the existing loans from banks are fully repaid or as may be mutually agreed between that companies and their banks.
- 11 Car loan from Banks and others are secured by hypothecation of cars purchased there under and are repayable in monthly installment over the period of loan.

5. Other Long Term Liabilities

	(₹ in Lakhs)	
	March 31, 2017	March 31, 2016
Trade Deposit	1,643.89	1,487.89
Security Deposit	470.98	436.34
Others (Refer Note 28.3)	202.50	202.50
	2,317.37	2,126.73
Less:-Current Maturities	49.50	95.99
	2,267.87	2,030.74

6. Long-Term Provisions

	March 31, 2017	March 31, 2016
Employees Benefits	442.60	360.67
	442.60	360.67

Notes to the Consolidated Balance Sheet and the Statement of Profit and Loss

7. Short-Term Borrowings

(₹ in Lakhs)

	March 31, 2017	March 31, 2016
Secured Loans:		
Working Capital Facilities from Banks		
Working Capital Demand Loans	-	2,000.00
Cash Credit	8,396.63	5,274.62
Buyer's Import Credit	1,037.39	1,660.09
Unsecured Loans:		
From Banks	2,500.00	-
	11,934.02	8,934.71

1 Working Capital Facilities from Banks are secured by:

First charge by way of hypothecation of stocks of raw materials, finished goods and stock in process, stores & spares and book debts and ranking pari-passu; and Second and subservient charge by way of Equitable Mortgage on all other assets, both present and future, of the company, both movable and immovable & ranking pari-passu, excluding assets exclusively charged. Charge over land exchange of about 3 acers at Kassar is to be created.

2 Cash Credit of Rupee ₹489.13 lakhs (Previous Year ₹390.95 lakhs) from a Bank is secured by way of hypothecation of entire current assets of the company (present and future). The said loan is further collaterally secured by extension of hypothecation of entire plant and machinery and all other fixed assets of the company (both current and future), equitable mortgage over factory land & building of the company, properties owned by the promoters and their families and also personal guarantees of promoters.

3 Cash Credit of ₹5.60 lakhs (Previous Year ₹113.04 lakhs) of a subsidiary is secured by exclusive charge on all fixed assets (both present and future) including equitable mortgage of land and buildings and entire current assets (both present and future) and also personal guarantee of promoters.

4 Cash Credit of Nil (Previous Year ₹626.74 lakhs) with respect to another subsidiary is secured by exclusive charge on movable and immovable fixed assets and current assets of that company both present and future and also personal guarantee of their promoters.

8. Trade Payables

	March 31, 2017	March 31, 2016
Outstanding dues of Micro Enterprises and Small Enterprises	-	-
Outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	23,011.33	20,078.16
	23,011.33	20,078.16

Notes to the Consolidated Balance Sheet and the Statement of Profit and Loss

9. Other Current Liabilities

(₹ in Lakhs)

	March 31, 2017	March 31, 2016
Current Maturities of Long Term Borrowings	4,006.75	3,441.13
Interest Accrued But not Due on Borrowings	38.23	100.53
Current Maturities of Other Long Term Liabilities	49.50	95.99
Statutory Dues	1,789.13	1,542.14
Capital Creditors	500.09	1,062.61
Security Deposit	34.97	12.95
Advances from Customers	1,032.55	927.50
Unclaimed Dividends#	29.39	25.05
Other Liabilities	5,698.42	4,211.67
	13,179.03	11,419.57

Investor Education & Protection Fund shall be credited when due.

10. Short Term Provision

	March 31, 2017	March 31, 2016
Proposed Dividend	-	974.73
Corporate Dividend Tax	-	198.43
Income Tax	236.79	149.93
[net of advance tax of ₹12890.35 Lakhs (Previous year ₹8623.40 Lakhs)]		
Employees Benefits	122.34	141.66
	359.13	1,464.75

Notes to the Consolidated Balance Sheet and the Statement of Profit and Loss

11. Fixed Assets

(₹ in Lakhs)

Particulars	GROSS CARRYING VALUE				DEPRECIATION/AMORTISATION				NET CARRYING VALUE	
	Book Value at 01.04.2016	Additions	Deductions/ Adjustments	Book Value at 31.03.2017	Up to 31.03.2016	For the year	Written Back/ Adjustments	Up to 31.03.2017	As on 31.03.2017	As on 31.03.2016
A. TANGIBLE ASSETS										
1. (a) Freehold Land	1,108.61	236.68	-	1,345.29	-	-	-	-	1,345.29	1,108.61
(b) Leasehold Land	116.09	-	-	116.09	19.19	3.28	-	22.47	93.62	96.90
2. Buildings	10,308.93	748.75	3.00	11,054.68	3,337.61	482.99	0.91	3,819.69	7,234.99	6,971.32
3. Plant & Equipment	46,918.89	1,260.03	580.83	47,598.09	19,072.32	2,546.80	474.03	21,145.09	26,453.00	27,846.57
4. Furniture & Fixtures	1,714.35	423.21	343.40	1,794.16	1,074.41	169.53	322.98	920.96	873.20	639.94
5. Office Equipments	845.63	354.15	136.59	1,063.19	547.56	182.01	129.26	600.31	462.88	298.07
6. Vehicles	1,822.57	669.94	343.29	2,149.22	946.81	434.51	256.84	1,124.48	1,024.74	875.76
Sub Total (A)	62,835.07	3,692.76	1,407.11	65,120.72	24,997.90	3,819.12	1,184.02	27,633.00	37,487.72	37,837.17
Previous year	49,069.26	15,157.28	1,391.47	62,835.07	22,860.18	2,851.38	713.66	24,997.90	37,837.17	
B. INTANGIBLE ASSETS										
Computer Software	368.85	10.09	28.32	350.62	248.91	48.41	28.32	269.00	81.62	119.94
Sub Total (B)	368.85	10.09	28.32	350.62	248.91	48.41	28.32	269.00	81.62	119.94
Previous year	364.72	4.13	-	368.85	195.48	53.37	-0.06	248.91	119.94	
Total's (A+B) Current Year	63,203.92	3,702.85	1,435.43	65,471.34	25,246.81	3,867.53	1,212.34	27,902.00	37,569.34	37,957.11
Previous year	49,433.98	15,161.41	1,391.47	63,203.92	23,055.66	2,904.75	713.66	25,246.81	37,957.11	

Note

- Plant & equipment includes machinery Gross ₹62.29 Lakhs (Previous year ₹62.29 Lakhs) lying with third parties, pending confirmation [Note No. 28.3]
- Current year depreciation includes impairment of old Plant & Machinery ₹369.78 Lakhs shown as exceptional item in the statement of Profit & Loss.
- Furniture & Fixtures includes certain expenditure on lease hold premises Gross ₹813.90 Lakhs WDV ₹538.25 Lakhs (Previous year ₹493.34 Lakhs WDV ₹258.32 Lakhs) which are amortised over the useful life of respective assets.
- Addition to Plant & Machinery includes foreign exchange gain amounting to ₹88.15 Lakhs decapitalised (Previous year ₹31.76 Lakhs capitalised).

12. Non-current Investments

	March 31, 2017	March 31, 2016
Long term Investments (At cost less provision)		
Investment in:		
Equity shares	9.23	26.02
Associates*	3,373.77	1,954.68
	3,383.00	1,980.70

*Share of Profits and goodwill has been recognised in carrying amount.

Notes to the Consolidated Balance Sheet and the Statement of Profit and Loss

13. Long Term Loan and Advances

(₹ in Lakhs)

	March 31, 2017	March 31, 2016
(Unsecured, Considered Good Unless Stated Otherwise)		
Deposits		
-With Government Authorities	199.03	177.17
-With Related Parties	1,013.05	1,013.05
-With Others	303.64	312.12
Prepaid Expenses	9.22	28.65
Capital Advance	263.03	81.52
Others	26.43	22.04
	1,814.40	1,634.55

14. Other Non-Current Assets

	March 31, 2017	March 31, 2016
Bank Deposit (Pledge with Government Department)	212.49	107.91
Fixed Deposits held as Margin Money with Banks/ Financial institutions	337.11	340.50
	549.60	448.41

15. Current Investments

	March 31, 2017	March 31, 2016
(valued at lower of cost and quoted / fair value)		
Non-Trade Investments in Bonds and Non Convertible Debentures	11,315.07	5,761.55
Non Trade Investments in Mutual Fund	379.04	3,049.44
	11,694.11	8,810.99

16. Inventories

	March 31, 2017	March 31, 2016
(Valued at lower of cost and net realisable Value)		
(As taken, valued and certified by the management)		
Raw Materials & Packing Material (including in transit stock of Nil (Previous year Nil)	3,038.04	1,909.52
Work -in-Progress	390.13	382.32
Finished Goods	6,879.79	6,715.53
Stock in Trade [including in transit stock of Nil (Previous year ₹125.89 Lakhs)].	2,719.72	3,391.87
Stores and Spares	1,941.56	1,468.95
	14,969.24	13,868.19

Notes to the Consolidated Balance Sheet and the Statement of Profit and Loss

17. Trade Receivables

(₹ in Lakhs)

	March 31, 2017	March 31, 2016
(Unsecured, Considered Good Unless Stated Otherwise)		
Exceeding Six month from Due Date		
i) Good	2,713.67	1,706.15
II) Doubtful	222.03	177.84
	2,935.70	1,883.99
Less: Provision for Doubtful Debt	220.10	175.59
	2,715.60	1,708.40
Others*	38,318.46	30,014.98
	41,034.06	31,723.38

18. Cash & Bank Balances

	March 31, 2017		March 31, 2016	
Cash & Cash Equivalents (As certified by the management)				
Cash in Hand		21.25		38.64
Draft / Cheque in hand		-		116.05
Balance with Banks :				
Current Accounts		1,052.39		1,478.98
Earmarked Balance with Banks				
Bank Deposit	240.89		135.72	
Less:- Shown Under "Other Non-Current Assets"(More than 12 months)	212.49	28.40	77.45	58.27
Unclaimed Dividend Accounts		29.39		25.05
Other Bank Balance				
Fixed Deposits held as Margin Money with Banks/ Financial institutions	414.69		462.32	
Less:- Shown Under "Other Non-Current Assets"(More than 12 months)	337.11	77.58	352.46	109.86
		1,209.01		1,826.85

Notes to the Consolidated Balance Sheet and the Statement of Profit and Loss

19. Short Term Loans and Advances

(₹ in Lakhs)

	March 31, 2017	March 31, 2016
(Unsecured, Considered Good Unless Stated Otherwise)		
Inter Corporate Deposit:-		
-To Others	600.00	1,250.00
Advance Income Tax / Tax Deducted at Source / MAT credit	2.98	2.98
Balance with Government Authorities	1,882.83	2,111.89
Deposits		
-With Related Parties	800.00	-
-With Others	73.05	36.90
Prepaid Expenses	208.11	322.39
Other Advances	1,237.21	1,314.78
	4,804.18	5,038.94

20. Other Current Assets

	March 31, 2017	March 31, 2016
Accrued Interest	422.83	226.87
Export Incentive Receivable	148.06	106.26
	570.89	333.13

21. Revenue from Operations

	March 31, 2017	March 31, 2016
Sales of manufactured goods	98,594.47	79,917.04
Sale of Traded Goods	92,792.59	99,582.16
Other Operating Revenue		
Scrap Sales	212.70	206.95
Sundry Balance Written Back* (Net)	51.11	85.49
Income From Services	612.00	400.40
Gain on Foreign Exchange Fluctuations (Net)	220.84	-
Insurance Claim Received	27.30	68.85
Provision for Doubtful Debt Written back	-	0.99
	1,92,511.01	1,80,261.88
Less: Excise Duty	11,411.89	9,100.52
	1,81,099.12	1,71,161.36

*Net of Writen off ₹11.80 Lakhs (Previous year ₹17.97 Lakhs)

Notes to the Consolidated Balance Sheet and the Statement of Profit and Loss

22. Other Income

(₹ in Lakhs)

	March 31, 2017	March 31, 2016
Interest Received	1,014.54	491.30
Dividend on long term Investments	-	0.02
Profit on Sale of Fixed assets	69.63	63.15
Profit on Sale of Short Term Investment	296.13	131.51
Profit on Sale of Long Term Investment	59.94	1.13
Provision of Diminution in Investment written back	7.39	-
Miscellaneous Receipts	64.20	219.16
	1,511.83	906.27

23. Cost of Materials Consumed

	March 31, 2017	March 31, 2016
Raw Material Consumed	24,167.19	18,766.74
Packing Material Consumed	4,685.46	3,822.82
	28,852.65	22,589.56

24. Change in Inventories of Finished Goods

	March 31, 2017	March 31, 2016
Work-in-progress and Stock-in-Trade		
Closing Stock*		
Finished Goods	6,879.79	6,715.53
Stock-in-Trade	2,719.72	3,265.97
Total Finished Goods	9,599.51	9,981.50
Work-in-Progress	390.13	382.32
	9,989.64	10,363.82
Less: Opening Stock*		
Finished Goods	6,715.53	5,986.14
Stock-in-Trade	3,265.97	4,153.17
Total Finished Goods	9,981.50	10,139.31
Work-in-Progress	382.32	368.67
	10,363.82	10,507.98
(Increase)/ Decrease in Stock	374.18	144.16
Add / (Less): (Increase) Decrease in Excise duty on Stock	(210.45)	(86.96)
	584.63	231.12

*Excluding Goods in Transit

Notes to the Consolidated Balance Sheet and the Statement of Profit and Loss

25. Employee Benefit Expense

(₹ in Lakhs)

	March 31, 2017	March 31, 2016
Salary, Wages, Bonus etc.	14,446.15	11,192.92
Contribution to Provident Fund and Other Funds	671.41	625.45
Workmen & Staff Welfare	646.43	500.66
	15,763.99	12,319.03

26. Finance Cost

	March 31, 2017	March 31, 2016
Interest	2,212.74	2,198.37
Other Borrowing Cost	121.46	49.06
	2,334.20	2,247.43

27. Other Expenses

	March 31, 2017	March 31, 2016
Stores and Spare Parts Consumed	4,294.42	3,613.39
Power & Fuel	20,472.66	20,388.34
Repairs and Maintenance:		
Buildings	206.67	149.41
Plant & Machinery	451.78	446.44
Others	214.96	172.69
Rent	833.56	716.57
Rates & Taxes	545.61	413.27
Insurance	223.75	525.19
Travelling & Conveyance Expenses	2,017.79	1,529.14
Exchange Rate Difference (Net)	-	46.29
Selling & Distribution Expenses	5,197.52	3,310.44
Discount	3,113.11	2,691.64
Freight Outward and Handling Charges	2,794.96	2,875.74
Advertisement & Sales Promotion Expenses	4,814.85	3,442.61
CSR Expenses	135.93	115.61
Provision for Doubtful Debts	49.66	14.00
Bad Debts	-	33.94
Provision for Diminution in Value of Long Term Investment	-	0.31
Prior Period Expenses (Net)	-	4.07
Loss on Sale of Fixed Assets	15.21	90.74
Fixed Assets Discard /Written Off	115.23	242.52
Other Expenses	2,838.33	2,243.44
	48,336.00	43,065.79

Notes to the Consolidated Balance Sheet and the Statement of Profit and Loss

28. Explanatory Notes

28.1 Contingent liabilities and commitments (to the extent not provided for)

(As certified by the Management of the Holding Company – Somany Ceramics Limited)

(₹ in Lakhs)

S. No.	Particulars	31.03.2017	31.03.2016
A) (i)	Estimated amount of contracts remaining to be executed on capital account and not provided for [net of advances]	2593.16	311.82
(ii)	Contingent liabilities not provided for in respect of:		
a)	Claims and other demands against the Company not acknowledged as debts.	511.99	389.84
b)	Sales tax and purchase tax demands, among others against which the Company has preferred appeals.	369.75	254.07
c)	Excise and custom duty (excluding interest and penalty) and service tax demands and show-cause notices issued against which the Company/Department has preferred appeals/filed replies.	35.85	44.66
d)	Disputed income tax and wealth tax demand (excluding penalty if any)	91.93	159.74
e)	i) On the pending matter of LADT / Entry Tax by the State of Haryana, the Supreme Court of India has upheld the constitutional validity of levy of the said tax but left certain issues to be decided by the High Court of Punjab and Haryana and at the same time allowed all petitioners including the Company to initiate petitions before the said High Court giving factual background and raising specific issues in the matter. Till such time the said High Court disposes of / decides in the matter, the liability on this account, if any remains indeterminate. In view of this no provision on this account is considered necessary by the Management.	795.39	731.52
	ii) Entry Tax matter pending before Hon'ble High Court of Calcutta.	38.88	28.08
f)	Demand notice from ESIC	15.41	15.41
(iii)	Bond executed in favour of sales tax/custom authorities.	25.00	25.00
(iv)	Custom duty (excluding interest, if any), which may arise if obligation for exports is not fulfilled against import of capital goods under EPCG	265.34	681.17
B)	Outstanding Corporate Guarantee to banks in respect of various fund/non fund based facilities extended to subsidiary/other body corporates.	-	482.61

28.2 During the financial year 2012-13, a demand of ₹925.65 lakhs (including interest of ₹97.41 lakhs) for difference between market rate (Non-APM) and contracted price (APM) of gas for the period from 1st July, 2005 to 31st March, 2010 has been raised by GAIL (India) Limited (GAIL). After considering further debit notes on account of interest / bank charges for the past periods, the total demand increased to ₹1,481.22 lakhs (including interest of ₹652.98 lakhs) as on 31st March 2017. The Company along with others filed a Special Civil Application (SCA) which was admitted by the Hon'ble Gujarat High Court on submission of bank guarantee of ₹118 lakhs. On 4th August, 2014, Hon'ble Supreme Court of India passed an order to transfer the case to this Court on the basis of transfer petition filed by the GAIL. Pending decision / further direction, no provision in this regard is considered necessary by the Company.

28.3 Other long-term liabilities include encashment of bank guarantee in earlier years amounting to ₹202.50 lakhs (Previous year ₹202.50 lakhs) provided by a supplier of machinery. The supplier of machinery has challenged the encashment of bank guarantee and the case is pending before Hon'ble High Court of Delhi and Calcutta. Pending final decision, no adjustment has been carried out in accounts and above amount is shown under long term liabilities.

Notes to the Consolidated Balance Sheet and the Statement of Profit and Loss

- 28.4** Exceptional item of ₹406.25 lakhs primarily pertains to impairment of certain plant and machineries.
- 28.5** Out of ₹11,999.97 lakhs raised through qualified institutions placement of equity shares in December, 2015, the Company has so far utilized ₹1,849.97 lakhs (including issue expenses of ₹307.34 lakhs) for the purpose the fund were so raised and balance ₹10,150.00 lakhs has been temporarily invested mainly in the debt instruments/ funds.
- 28.6** In respect of Holding Company, a sum of ₹135.93 lakhs (Previous year ₹115.61 lakhs) towards Corporate Social Responsibility is included under 'Other Expenses'.
- 28.7** The business activity of the Company falls within a single business segment viz. 'Ceramic Tiles and Allied products' and sales of the product is mainly within the country. Hence, the disclosure requirement of Accounting Standard 17 of 'Segment Reporting' is not considered applicable.
- 28.8** Balances of certain trade receivables, advances, trade payables and other liabilities are in the process of confirmation and/or reconciliation.
- 28.9** (A) Accounting policies and Notes on Accounts (including disclosure requirements of Accounting Standard 15 – Employment Benefits and Accounting Standard 22 – Accounting for taxes on income) of the financial statement of the parent company and subsidiary company are set out in their respective financial statement.

(B) The major components of Deferred Tax Liability and Deferred Tax Assets are as under: (₹ in Lakhs)

Particulars	31.03.2017	31.03.2016
Deffered Tax Liability		
Related to Depreciable Assets	4,043.84	3,626.91
Deferred Tax Assets		
Provisions for Dobutful Debts	74.84	57.65
Disallowance under income Tax Act, 1961	239.52	210.84
Unabsorbed Depreciation/Loss	-	71.63
	314.36	340.12
Deferred Tax Liability (Net)	3,729.48	3,286.79
Deferred tax Liability / (Assets) for the year:		
Charged to the statement of Profit & Loss	442.69	439.20
Charged to General Reserve	-	(26.67)

Certain subsidiaries have not recognised deferred tax assets (net) based upon prudence.

(C) Details of Specified Bank Notes held and transacted during the period 8th November, 2016 to 30th December, 2016

Particulars	Specified Bank Notes	Other Denomination Notes	Total
Closing cash in hand as on 08/11/2016	132.90	39.15	172.05
Add: Permitted receipts	0.00	61.40	61.40
Less: Permitted payments	0.12	56.53	56.65
Less: Amount deposited in Banks	132.78	0.00	132.78
Closing cash in hand as on 30/12/2016	0.00	44.02	44.02

Notes to the Consolidated Balance Sheet and the Statement of Profit and Loss

28.10 (A) Earnings Per Share

The numerators and denominators used to calculate basic and diluted earnings per share: (₹ in Lakhs)

Particulars	31.03.2017	31.03.2016
Profit /(Loss) attributable to the equity shareholders (₹ in Lakhs) (A)	9,306.83	6,469.59
Weighted average number of equity shares outstanding during the year (B)	42,379,426	39,820,221
Nominal value of equity shares (₹)	2	2
Basic earnings per share (₹) (A/B)	21.96	16.25
Diluted earnings per share (₹) (A/B)	21.96	16.25

(B) Dividend proposed to be distributed for equity shareholders @ ₹2.70 per share amounting to ₹1,377.19 lakhs (including Corporate Dividend Tax of ₹232.94 lakhs).

28.11 (a) Foreign exchange derivatives and exposures outstanding at the year-end:

Name	Amount (In Foreign Currency) 31.03.2017	Amount (In Lakhs equivalent) 31.03.2017	Amount (In Foreign Currency) 31.03.2016	Amount (In Lakhs equivalent) 31.03.2016
Derivatives				
Forward contract	-	-	-	-
Open Exposures				
Receivables	USD 1,316,108	849.55	USD 398,346	262.63
Payables	USD 5,550,824	3,611.92	USD 4,937,270	3,286.25
Payables	EURO 712,581	497.74	EURO 837,052	633.90

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

28.12 The Company has entered into long term supply agreements (LTA or Agreements) with Associates and three Subsidiaries (refer Note No. 28.13). By the said agreements the Company has right to buy and sell the entire production of tiles / sanitaryware of companies stated in/ under its Own Brand.

As liability will accrue / arise as and when purchase will be made under LTA. Hence under the agreements there is no material foreseeable losses as on date in the opinion of the management

28.13 Related Party Transactions (As certified by the Management)

A. Related parties with whom transactions have taken place and description of relationship:

1. Key Managerial Personnel

Mr. Shreekant Somany, Chairman & Managing Director

Mr. Abhishek Somany, Managing Director (Son of Chairman & Managing Director)

Mrs. Anjana Somany, Whole time Director (Wife of Chairman & Managing Director) (w.e.f. 21/05/2016)

Mr. G.G. Trivedi, CEO

Mr. T.R. Maheshwari, Deputy CEO & CFO

Mr. Ambrish Julka, DGM (Legal) & Company Secretary

2. Relatives of Key Management Personnel

Mrs. Minal Somany (Wife of Managing Director)

3. Associate Company

Vintage Tiles Private Limited

Notes to the Consolidated Balance Sheet and the Statement of Profit and Loss

Commander Vitrified Private Limited

Vicon Ceramic Private Limited

Acer Granito Private Limited

Sudha Somany Ceramics Private Limited (Formerly Sudha Ceramics Private Limited) (w.e.f. 9th November, 2016)

4. Enterprise over which Company exercise significant influence and with whom transactions have taken place during the year:

H. L. Somany Foundation

5. Enterprise over which Key Management Personnel and their relatives exercise significant influence and with whom transactions have taken place during the year:

Vidres India Ceramics Private Limited

Yogi Cerachem Private Limited

Ishiv India Solutions Private Limited

6. Other related parties with which Company has transactions:

Biba Apparels Private Limited – Private company in which director is a director

Ashiana Housing Limited – Public company in which director is a director

Shree Cement Limited – Public company in which director is a director

Wolkem India Limited – Public company in which director is a director and holds more than 2% shares alongwith relatives

G.L. Sultania & Co. – Firm in which director is proprietor

B. The following transactions were carried out with related parties in the ordinary course of business and on arm's length basis:

Particulars	(₹ in Lakhs)	
	31.03.2017	31.03.2016
H. L. Somany Foundation		
Contribution towards CSR Activities	265.00	1.50
Payment made on their behalf	0.80	-
Vintage Tiles Private Limited		
Purchase of goods	10,293.82	10,353.84
Sale of goods	30.04	62.58
Technical services provided	151.20	93.60
Interest Received	35.01	47.02
Deposit given	300.00	-
Inter Corporate Deposit received back	-	300.00
Outstanding at the year-end:		
Trade Payable	-	185.20
Trade Receivable	56.64	-
Deposits Receivable	526.00	226.00
Commander Vitrified Private Limited		
Purchase of goods	12,716.58	17,013.79
Sale of goods	190.81	262.40
Technical services provided	187.20	187.20
Interest Received	22.56	21.69
Deposit given	675.00	-

Notes to the Consolidated Balance Sheet and the Statement of Profit and Loss

Particulars	(₹ in Lakhs)	
	31.03.2017	31.03.2016
Deposit received back	325.00	300.00
Outstanding at the year-end:		
Trade Payable	19.37	19.43
Deposits Receivable	510.55	160.55
Interest Receivable	20.30	-
Vicon Ceramic Private Limited		
Purchase of goods	6,193.70	6,618.90
Sale of goods	-	2.02
Technical services provided	93.60	93.60
Interest Received	39.18	39.29
Outstanding at the year-end:		
Trade Payable	339.42	335.41
Deposits Receivable	326.50	326.50
Acer Granito Private Limited		
Purchase of goods	15,860.43	15,669.05
Sale of goods	-	1.25
Technical services provided	180.00	26.00
Interest Received	36.08	36.10
Deposit given	300.00	-
Deposit received back	150.00	-
Outstanding at the year-end:		
Trade Payable	1,588.84	2,108.82
Deposits Receivable	450.00	300.00
Sudha Somany Ceramics Private Limited		
Investment made	250.80	-
Mr. Shreekant Somany		
Remuneration	262.84	227.16
Commission	386.03	181.91
Mr. Abhishek Somany		
Remuneration	244.65	225.47
Commission	386.03	183.60
Rent paid	8.65	8.39
Mrs. Anjana Somany		
Remuneration	23.19	-
Sitting fee paid	-	0.45
Commission	0.68	5.00
Rent paid	2.90	0.48
Mrs. Minal Somany		
Remuneration	27.15	29.13
Rent paid	30.08	26.15
Mr. G.G. Trivedi		
Remuneration	123.17	116.51

Notes to the Consolidated Balance Sheet and the Statement of Profit and Loss

Particulars	(₹ in Lakhs)	
	31.03.2017	31.03.2016
Mr. T.R. Maheshwari		
Remuneration	93.21	30.16
Advance Given	-	30.00
Outstanding at the year-end:		
Advance Receivable	30.00	30.00
Mr. Ambrish Julka		
Remuneration	21.65	20.72
G.L. Sultania & Co.		
Consultancy fee	6.00	6.00
Ishiv India Solutions Pvt. Ltd.		
Purchase of goods	543.20	147.86
Services received	7.32	11.31
Outstanding at the year-end:		
Trade Payable	44.95	37.54
Wolkem India Limited		
Purchase of goods	15.56	16.45
Outstanding at the year-end:		
Trade Payable	-	1.13
Shree Cement Limited		
Purchase of goods	23.80	-
Biba Apparels Private Limited		
Sale of goods	24.10	35.64
Outstanding at the year-end:		
Trade Receivable	0.26	-
Advance received against supply	-	0.81
Ashiana Housing Limited		
Sale of goods	327.83	-
Outstanding at the year-end:		
Trade Receivable	35.06	-
Yogi Cerachem Private Limited		
Purchase of goods	67.58	109.46
Outstanding at the year-end:		
Trade Payable	7.75	41.57
Vidres India Ceramics Private Limited		
Purchase of goods	5,717.19	1,442.79
Outstanding at the year-end:		
Trade Payable	538.94	583.19

Notes to the Consolidated Balance Sheet and the Statement of Profit and Loss

28.14 Additional Information to the Consolidated Financial Statement:

Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount (₹ in lakhs)	As % of consolidated net profit & loss	Amount (₹ in lakhs)
Parent:				
Somany Ceramics Limited	97.05%	50,584.09	92.50%	8,608.80
Subsidiaries (Indian):				
SR Continental Limited	0.27%	140.69	0.47%	43.53
Somany Global Limited	0.14%	71.15	0.01%	0.57
Amora Tiles Pvt. Ltd.	3.38%	1,763.93	3.34%	311.25
Somany Fine Vitrified Pvt. Ltd.	5.14%	2,679.57	3.53%	328.45
Somany Sanitaryware Pvt. Ltd.	2.10%	1,095.57	1.16%	108.04
Somany Excel Vitrified Pvt. Ltd.	0.26%	134.24	(0.03%)	(2.79)
Minority Interests in all subsidiaries	(5.21%)	(2,714.14)	(3.94%)	(366.39)
Associates (Indian):				
Vintage Tiles Pvt. Ltd.	0.55%	287.95	1.74%	161.98
Commander Vitrified Pvt. Ltd.	0.55%	284.41	0.26%	24.04
Acer Granito Pvt. Ltd.	0.29%	151.90	0.67%	62.31
Vicon Ceramic Pvt. Ltd.	0.06%	29.41	0.33%	30.65
Sudha Somany Ceramics Pvt Limited	(0.01%)	(7.19)	(0.08%)	(7.19)
Joint Venture (Indian):				
Somany Keraben Pvt. Ltd.	0.00%	0.13	(0.01%)	(0.98)
Total Eliminations	(4.56%)	(2,378.30)	0.05%	4.57
Total	100.00%	52,123.41	100.00%	9,306.83

28.15 The previous year's figures have been regrouped, rearranged wherever consider necessary.

As per our report of even date

For **LODHA & CO.**

Chartered Accountants
(ICAI FRN. NO.: 301051E)

N. K. LODHA

Partner
M.NO.85155

Place: Chandigarh
Date: 24th May, 2017

For and on behalf of Board of Directors

SHREEKANT SOMANY

Chairman & Managing Director
DIN: 00021423

T.R. MAHESHWARI

Dy. Chief Executive Officer &
Chief Financial Officer

Place: New Delhi
Date: 24th May, 2017

ABHISHEK SOMANY

Managing Director
DIN: 00021448

AMBRISH JULKA

DGM (Legal) & Company Secretary

Notes

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Shreekant Somany
Mr. Abhishek Somany
Mrs. Anjana Somany
Mr. R.K. Daga
Mr. Salil Singhal
Dr. Y.K. Alagh
Mr. G.L. Sultania
Mr. Ravinder Nath
Mr. Siddharath Bindra

CHIEF EXECUTIVE OFFICER

Mr. G.G. Trivedi

DY. CHIEF EXECUTIVE OFFICER & CHIEF FINANCIAL OFFICER

Mr. T.R. Maheshwari

DGM (LEGAL) & COMPANY SECRETARY

Mr. Ambrish Julka

BANKERS

Punjab National Bank
Kotak Mahindra Bank
HDFC Bank
IDBI Bank

AUDITORS

Lodha & Company
Chartered Accountants

REGISTERED OFFICE

82/19, Bhakerwara Road, Mundka
New Delhi- 110041
Email: marketing@somanyceramics.com

CORPORATE OFFICE

F-36, Sector 6, Noida (U.P)- 201301
Phone: 0120-4627900

CIN: L40200DL1968PLC005169

WEBSITE

www.somanyceramics.com

PLANTS

Haryana

Kassar Works
P.O- Kassar-124507, Bhadurgarh
Distt. Jhajjar, Haryana

Gujarat

Kadi Works
14, G.I.D.C, Industrial Estate,
Kadi - 382715
Distt. Mehsana, Gujarat

SUBSIDIARY COMPANIES

SR Continental Ltd.
Somany Global Ltd.
Amora Tiles Pvt. Ltd.
Somany Sanitary Ware Pvt. Ltd.
Somany Fine Vitrified Pvt. Ltd.
Somany Excel Vitrified Pvt. Ltd.

ASSOCIATE COMPANIES

Vintage Tiles Pvt. Ltd.
Commander Vitrified Pvt. Ltd.
Acer Granito Pvt. Ltd.
Vicon Ceramic Pvt. Ltd.
Sudha Somany Ceramics Pvt. Ltd.



Corporate Office

F-36, Sector 6, Noida (U.P.) - 201301

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