

CERA

CSL/2017-18/212

July 29, 2017

BSE Limited Corporate Relationship Department 1 st Floor, New Trading Ring Rotunda Building, P J Towers Dalal Street, Fort Mumbai - 400 001. Scrip Code :532443 Scrip ID:CERASAN Fax:022-22722039/2061/2041/2037/3121	The National Stock Exchange of India Limited Exchange Plaza Bandra Kurla Complex Bandra (East) Mumbai - 400 051 Scrip Code : CERA Fax: <u>022-26598237/38 or 022-26598347/48</u>
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Dear Sir,

Sub: Annual Report 2016-17

Pursuant to Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 we enclose the Annual Report 2016 - 17 of the company as approved by the members of the company at their Annual General Meeting held on 27.07.2017. The Annual Report 2016 - 17 inter - alia contains:

- Balance Sheet as at 31.03.2017.
- Statement of Profit and Loss for the year ending 31.03.2017.
- Cash-flow Statement for the year ended 31.03.2017.
- Consolidated financial Statements.
- *Notice of annual general meeting.
- Directors Report for the year ended 31.03.2017.
- Auditors Report. *For the year ended 31.03.2017*

We hope, you will find above in order and take the same on records.

Thanking you,

Yours faithfully,
For **Cera Sanitaryware Limited**,



Narendra N. Patel
President & Company Secretary

Cera Sanitaryware Limited

Sales & Marketing Office: Madhusudan House, Opp. Navrangpura Telephone Exchange, Navrangpura, Ahmedabad 380 006
Tel: +91 79 26449781, 26449789 Fax: +91 79 26569259 Email: marketing@cera-india.com www.cera-india.com

Registered Office & Works: 9, GIDC Industrial Estate, Kadi 382715, District Mehsana, North Gujarat

CIN: L26910GJ1998PLC034400

ANNUAL REPORT 2016 - 17

INVENTING A BRIGHTER FUTURE

CERA

CERA Sanitaryware Limited



CE

CLASSY Admirably Skillful
and Graceful

EXQUISITE Pleasing Through
Beauty and Perfection



RA

RADIANT Emitting Light and
Glowing Brightly

AWESOME Inspiring Feelings of
Wonder and Awe

Board of Directors

Shri Vikram Somany	- Chairman and Managing Director
Smt. Deepshikha Khaitan	- Vice Chairperson (Non-Executive)
Shri Sajan Kumar Pasari	
Dr. K. N. Maiti	
Shri Lalit Kumar Bohania	
Shri Govindbhai P. Patel	
Shri J. K. Taparia	
Shri Atul Sanghvi	- Executive Director

Bankers

State Bank of India

Auditors

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

Registered Office

9, GIDC Industrial Estate, Kadi-382 715, Dist. Mehsana, Gujarat, India.
www.cera-india.com; Phone : (02764) 242329, 243000; Fax : (02764) 242465
E-mail : kadi@cera-india.com; CIN : L26910GJ1998PLC034400

Sales & Marketing Office

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

Works

- 1) Sanitaryware and Faucetware Plants :
9, GIDC Industrial Estate, Kadi-382 715, Dist. Mehsana, Gujarat.
- 2) Wind Farms :
 - a) Vill. Lamba & Patelka, Tal. Kalyanpur, Dist. Jamnagar, Gujarat.
 - b) Vill. & Tal. Kalyanpur, Dist. Jamnagar, Gujarat.
 - c) Vill. Kadoli, Tal. Abdasa, Dist. Kutch, Gujarat.
 - d) Vill. Jivapar (Anandpar), Tal. Chotila, Dist. Surendranagar, Gujarat.
 - e) Vill. Mota Gunda, Tal. Bhanwad, Dist. Devbhumi Dwarka, Gujarat.
 - f) Vill. Navagam, Tal. Bhanwad, Dist. Devbhumi Dwarka, Gujarat.

Registrar & Share Transfer Agent

MCS Share Transfer Agent Limited,
201, Shatdal Complex, 2nd Floor, Opp. Bata Show Room, Ashram Road, Ahmedabad - 380 009.

President & Company Secretary

Narendra N. Patel

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**Annual General Meeting at 11.30 a.m. on Thursday,
the 27th day of July, 2017 at the Registered Office.**

NOTICE

Notice is hereby given that the 19th Annual General Meeting of the Members of CERA SANITARYWARE LIMITED will be held at 11.30 a.m. on Thursday, the 27th day of July, 2017 at the Registered Office of the Company at 9, GIDC Industrial Estate, Kadi – 382 715, Dist. Mehsana, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Standalone and Consolidated financial statements of the Company for the year ended 31st March, 2017 including statement of Audited Profit and Loss and Cashflow Statement for the year ended 31st March, 2017, Balance Sheet as at that date and the Directors' and Auditors' Reports thereon.
2. To declare dividend on Equity Shares.
3. To appoint a director in place of Shri Atul Sanghvi (holding DIN – 00045903), who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Statutory Auditors and fix their remuneration.

“RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions of the Companies Act, 2013, read with Companies (Audit and Auditors) Rules, 2014, as amended from time to time, and pursuant to the recommendation made by the Audit Committee to the Board, N.M. Nagari & Co., Chartered Accountants (Firm Registration No. 106792W), Ahmedabad, be and are hereby appointed as the Statutory Auditors of the Company, in place of retiring auditors H.V. Vasa & Co, Chartered Accountants (Firm Registration No. 131054W), to hold office for a term of five consecutive years from the conclusion of this 19th Annual General Meeting, until the conclusion of the 24th Annual General Meeting of the Company, subject to ratification by members every year, as applicable, at such remuneration and out of pocket expenses, as may be decided by the Board of Directors of the Company.

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:

“RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 including any statutory modification(s) or re-enactment thereof for the time being in force, K. G. Goyal & Co., Cost Accountants appointed as Cost Auditors by the Board of Directors of the Company, as per the recommendation of Audit Committee to conduct the audit of the cost records of the Company for the financial year ended March 31, 2018, be paid the remuneration of ₹ 75,000/- p.a. plus out of pocket expenses and service tax, if any.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

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

“RESOLVED that Shri Jugal Kishore Taparia (holding DIN

07509049), who was appointed as an Additional Director of the Company by the Board of Directors w.e.f. 29.07.2016 in terms of Section 161 of the Companies Act, 2013 and Article 137 of the Articles of Association of the Company and whose term of office expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company (who will not retire by rotation) pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under including any amendment(s), modification(s), replacement(s) or re-enactment thereof for the time being in force read with Schedule IV to the Companies Act, 2013 to hold office for five consecutive years for a term up to 31st March 2022.”

7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special resolution:

“RESOLVED THAT approval of the members be and is hereby accorded in terms of Sections 196, 197, 198, 203, Schedule V and any other applicable provisions of the Companies Act, 2013 and rules made thereunder, including any amendment(s), modification(s), replacement(s) or re-enactment thereof for the time being in force for the re-appointment of and for the remuneration payable to Shri Atul Sanghvi (holding DIN 00045903) as “Executive Director” of the Company for a period of Three (3) years w.e.f. 01.04.2017 in terms of agreement entered into by the Board of Directors of the Company with Shri Atul Sanghvi.

RESOLVED FURTHER THAT Shri Atul Sanghvi, Executive Director will be liable to retire by rotation.

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

RESOLVED FURTHER THAT total remuneration payable to Shri Atul Sanghvi shall not exceed 5% of the net profit of the Company and total remuneration payable to all the working directors shall not exceed 10% of the net profit of the Company in any financial year, calculated in accordance with the provisions of Sections 196, 197, 198, 203, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder including any amendment(s), modification(s), replacement(s) or re-enactment thereof for the time being in force, if any to the extend with necessary approvals.

RESOLVED FURTHER THAT in the event of absence or inadequacy of profit in any financial year during the tenure of his appointment, total remuneration payable shall not exceed the maximum limit prescribed under Schedule V of the Companies Act, 2013 and rules made thereunder including any amendment(s), modification(s), replacement(s) or re-enactment thereof for the time being in force, if any to the extent with necessary approvals.

RESOLVED FURTHER THAT Shri Atul Sanghvi, Executive Director appointed herein above shall continue as an “Occupier” of the Company as defined under Section 2 of the Factories Act.

RESOLVED FURTHER THAT the Board of Directors of the

Company be and is hereby authorized to alter and / or vary the terms and conditions of the said appointment and / or agreement in such a manner as it deem fit including the maximum remuneration payable to the Executive Director in terms of Sections 196, 197, 198, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder including any amendment(s), modification(s), replacement(s) or re-enactment thereof for the time being in force, if any to the extent with necessary approvals.

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

"RESOLVED THAT approval of the members be and is hereby accorded in terms of Sections 196, 197, 198, 203, Schedule V and any other applicable provisions of the Companies Act, 2013 and rules made thereunder including any amendment(s), modification(s), replacement(s) or re-enactment thereof for the time being in force for the re-appointment of and for the remuneration payable to Shri Vikram Somany (holding DIN 00048827) as "Chairman and Managing Director" of the Company for a period of Five (5) years w.e.f. 01.07.2017 in terms of agreement entered into by the Board of Directors of the Company with Shri Vikram Somany.

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

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

RESOLVED FURTHER THAT total remuneration payable to Shri Vikram Somany shall not exceed 5% of the net profit of the Company and total remuneration payable to all the working directors shall not exceed 10% of the net profit of the company in any financial year, calculated in accordance with the provisions of Sections 196, 197, 198, 203, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder including any amendment(s), modification(s), replacement(s) or re-enactment thereof for the time being in force, if any to the extent with necessary approvals.

RESOLVED FURTHER THAT in the event of absence or inadequacy of profit in any financial year during the tenure of his appointment, total remuneration payable shall not exceed the maximum limit prescribed under Schedule V of the Companies Act, 2013 and rules made thereunder including any amendment(s), modification(s), replacement(s) or re-enactment thereof for the time being in force, if any to the extent with necessary approvals.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to alter and / or vary the terms and conditions of the said appointment and / or agreement in such a manner as it deem fit including the maximum remuneration payable to the Chairman and Managing Director, in terms of Sections 196, 197, 198, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder including any amendment(s), modification(s), replacement(s) or re-enactment thereof for the time being in force, if any to the extent with necessary approvals.

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

"RESOLVED THAT pursuant to the provisions of Section 197,198 and other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder including any amendment(s), modification(s), replacement(s) or re-enactment thereof for the time being in force, a sum not exceeding 1% p.a. of the net profits of the Company calculated in accordance with the provisions of Sections 198 of the Companies, Act 2013 and rules made thereunder, be paid to and distributed among the directors not in whole time employment of the Company in such manner, as the Board of Directors may from time to time determine and in default equally in each financial year of the company for a period of 5 years, commencing from 1st April, 2018 upto 31st March, 2023.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

Regd. Office :
9, GIDC Industrial Estate,
Kadi – 382 715
4th May, 2017
CIN : L26910GJ1998PLC034400

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

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in aggregate not more than ten percent (10%) of total share capital of the company.
2. Members are requested to notify immediately the change of address, if any, to the Company or MCS Share Transfer Agent Limited, Registrar and Share Transfer Agent.
3. The Register of Members and Share transfer book of the Company will remain closed from 12th July, 2017 to 19th July, 2017 (both days inclusive).
4. The Board of Directors has recommended a dividend of Rs. 12/- (240%) per fully paid equity share of Rs. 5/- each for the year ended 31.03.2017.
5. Members / Proxies should bring the attendance slip sent herewith duly filled in for attending the meeting.
6. Members are requested to send their queries at least ten days before the date of the meeting so that the information can be made available at the meeting.
7. Statement pursuant to provisions of Section 102 of the Companies Act, 2013 is annexed hereto.
8. The Company has transferred the unpaid or unclaimed dividends up to the financial year 2008-09 to the Investor Education and Protection Fund (the IEPF) established by the Central Government. Members who have not encashed their dividend warrants for the financial year 2009-10 onwards are advised to write to the Company immediately claiming dividends declared by the Company.

9. Pursuant to the provisions of Section 124, 125 of the Companies Act, 2013 and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 notified by the Ministry of Corporate Affairs and its amendment made from time to time, Company has issued Newspaper advertisement on 1st December, 2016 and Company has send individual notices to the shareholders on 29th November, 2016 for transfer of all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more, such shareholders' shares would be transferred to the Investor Education and Protection Fund (IEPF). Shareholders are requested to note that shares transferred to IEPF, including all benefits accruing on such shares, if any can be claimed back from the IEPF Authority after following the procedure prescribed under the said rules.
10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company or to the registrar.
11. Shareholders holding shares in Electronic Form may note that their bank account details as furnished by their depositories to the Company will be printed on their dividend warrants as per the applicable regulations of the depositories and the Company will not entertain any direct request from such shareholders for deletion of / change in such bank details. Shareholders who wish to change such bank account details are, therefore, requested to advise their Depository Participants about such change, with complete details of bank account.
12. Annual Report 2016-17 along with notice of the AGM, Attendance Slip, Proxy Form and process instructions and the manner of conducting E-voting is being sent electronically to all the members whose email IDs are registered with the Company / Depository Participant(s). For members who request for a hard copy and for those who have not registered their email address, physical copies of Annual Report are being sent through the permitted mode. Members who have not registered their email address are requested to get their email address registered with the Company / Depository Participants and update the same, if required.
13. All the documents, if any, referred to in this notice and explanatory statement are available for inspection of the members at the registered office of the Company on any working day except Saturday, between 10:00 a.m. to 1:00 p.m. up to the conclusion of this meeting.
14. Voting through electronic means
In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the company is pleased to provide members facility to exercise their right to vote at the 19th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL). The members shall refer to the detailed procedures on e-voting attached herewith.
15. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com
16. Members are required to vote only through the electronic system or through ballot at Annual General Meeting only and in no other form. In the event a member casts his votes through both the processes, the votes in the electronic system would be considered and the ballot vote would be ignored.
17. The remote e-voting period commences on 24th July, 2017 (10:00 am) and ends on 26th July, 2017 (5:00 pm). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 20th July, 2017 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
18. The e-voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 20th July, 2017.
19. A member may participate in the Annual General Meeting even after exercising his right to vote through e-voting, but shall not be allowed to vote again.
20. Shri Umesh Parikh, partner of Parikh Dave & Associates, Companies Secretaries, (Membership No. FCS: 4152) has been appointed as the Scrutinizer to scrutinize the e-voting process and voting process at AGM in a fair and transparent manner.
21. The scrutinizer shall, immediately after the conclusion of voting at the Annual General Meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the company and make, not later than three days of conclusion of the meeting, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing who shall countersign the same.
22. The Results will be declared on receipt of Scrutinizer's Report. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.cera-india.com and on the website of CDSL immediately and communicated to the NSE and BSE.
23. Shri Narendra N. Patel, Compliance Officer of the Company, "Madhusadan House", Opp. Navrangpura Telephone Exchange, Ahmedabad - 380 006, shall be responsible for addressing all the grievances in relation to this Annual General Meeting including e-voting. His contact details are **E-mail:** hemal.sadiwala@cera-india.com, **Phone No.** 079-26449781.
24. **MEMBERS HOLDING EQUITY SHARES IN ELECTRONIC FORM AND PROXIES THEREOF, ARE REQUESTED TO BRING THEIR DP ID AND CLIENT ID FOR IDENTIFICATION.**

25. Brief resume of directors, who are proposed to be appointed / re-appointed at this Annual General Meeting are given below:

Name of Director	Shri Jugal Kishore Taparia	Shri Atul Sanghvi	Shri Vikram Somany
Date of Birth	11.03.1948	16.05.1962	26.08.1949
Date of Appointment	29.07.2016	01.04.2014	27.11.2001
Brief Resume and Nature of expertise in specific functional areas	Finance and Accounts	Marketing and Commercial	Industrialist
List of other Directorships	Anjani Tiles Limited	Indian Council of Sanitaryware Manufactures Anjani Tiles Limited	Asopalav Plantations Pvt Ltd
Chairman / Member of the Committees of the Board of other Companies	-	-	-
Disclosure of relationship between Director InterSe	Not Related to any Director at any time	Not Related to any Director at any time	Smt. Deepshikha Khaitan, Director is a daughter of Shri Vikram Somany.
Shareholding in the Company	-	18	1045847

Statement pursuant to provisions of Section 102 the Companies Act, 2013.

Item No. 4

H.V. Vasa & Co., Chartered Accountants were appointed as Auditors at 18th Annual General Meeting ('AGM') held on 29th July, 2016 to hold the office of the Auditors up to the conclusion of the 19th Annual General Meeting and hence, they would retire at the conclusion of this AGM.

As per second proviso to Section 139(2) of the Companies Act, 2013 ('the Act'), a transition period of three years from the commencement of the Act is provided to appoint a new auditor when the existing Auditor's firm has completed terms of Five consecutive years. Accordingly, the existing Auditors H.V. Vasa & Co. has completed term of five consecutive years and as per the said requirements of the Act, N.M. Nagri & Co, Chartered Accountants are proposed to be appointed as auditors from the conclusion of 19th AGM till the conclusion of the 24th AGM (AGM of Financial year 2021-22), subject to ratification by members every year, as may be applicable.

N.M. Nagri & Co, Chartered Accountants, have consented to the said appointment and confirmed that their appointment, if made, would be within the limits specified under Section 141(3)(g) of the Act. They have further confirmed that they are not disqualified to be appointed as statutory auditors in terms of the provisions of the proviso to Section 139(1) and Section 141(3) of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014.

The Board of Directors recommends the ordinary resolution as per item No. 4 of the accompanying notice for approval of the members of the Company.

None of the Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested, financially or otherwise in the resolution as per item No. 4 of the notice.

Item No. 5

The Board on the recommendation of the Audit Committee has approved the appointment and remuneration of the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending March 31, 2018.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at item No. 5 of the notice for ratification of the remuneration payable to the Cost Auditors for the financial year ended March 31, 2018.

The Board of Directors recommends the ordinary resolution as per item No. 5 of the accompanying notice for approval of the members of the Company.

None of the Directors or Key Managerial Personnel of the company or their relatives are concerned or interested financially or otherwise in the said resolution as per item no.5 of the Notice.

Item No. 6

The Board of Directors at its meeting held on 29th July, 2016 has appointed Shri Jugal Kishore Taparia as Additional Director (Independent) of the Company w.e.f. 29th July, 2016 under section 161 of the Companies Act, 2013 and Article 137 of the Articles of Association of the Company. He is commerce graduate, Chartered Accountant and fellow member of the Institute of Chartered Accountant of India. He is having rich experience of more than 25 years in the field of Finance, Accounts and Administration.

He does not hold either by himself or by other persons any shares in the Company.

According to the provisions of Section 161 of the Companies Act, 2013, he will hold office as an Additional Director only up to the date of this Annual General Meeting. As required under Section 160 of the Companies Act, 2013, notice has been received from a member signifying his intention to propose the appointment of Shri Jugal Kishore Taparia as a Director along with the deposit of requisite amount.

In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Shri Jugal Kishore Taparia being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term up to 31st March, 2022.

In the opinion of the Board, Shri Jugal Kishore Taparia fulfills the conditions specified in the Companies Act, 2013, rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for appointment as Independent Director of the Company. He is independent of the management of the Company.

The Board considers that his experience and expertise would be of immense benefit to the Board and the Company and it is desirable

to continue to avail the services of Shri Jugal Kishore Taparia as an Independent Director. Accordingly, the Board recommends the ordinary resolution as per item no. 6 of the accompanying notice for appointment of Shri Jugal Kishore Taparia as an Independent Director for passing by the members of the Company.

The disclosure under Regulation 36 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 is provided in the Notes to this Notice.

Except Shri Jugal Kishore Taparia, none of your Directors or key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise in the resolution as per the item No. 6 of the notice.

Item No. 7

Shri Atul Sanghvi was appointed as Executive Director of the Company for a period of three years w.e.f. 1.04.2014. His term came to an end on 31.03.2017. Upon recommendation of the Nomination and Remuneration Committee, Shri Atul Sanghvi has been re-appointed as Executive Director of the Company for a further period of three (3) years w.e.f. 01.04.2017, by the Board of Directors at their meeting held on 07.02.2017 subject to the approval of members of the Company at the general meeting.

Shri Atul Sanghvi, designated as Executive Director, shall discharge duties and functions as specified in the agreement executed with him subject to the superintendence, direction and control of the Board of Directors and / or Chairman and Managing Director of the Company. The Company has entered into an agreement on 16.02.2017 with Shri Atul Sanghvi for his appointment as Executive Director.

Shri Atul Sanghvi, Executive Director shall be liable to retire by rotation.

However, Shri Atul Sanghvi shall not exercise the powers as Executive Director, which are required to be exercised by the company in general meeting and / or by Board of Directors.

Shri Atul Sanghvi, Executive Director will continue as an "Occupier" of the Company as defined under Section 2 of the Factories Act.

The principle terms and conditions of appointment of Shri Atul Sanghvi, Executive Director are as follows:

1. **Period of Appointment:** Three (3) years w.e.f. 01.04.2017.

2. Remuneration

- i) Basic Salary: In the range of ` 3,80,000/- - ` 6,00,000/- per month, w.e.f. 01.04.2017.
- ii) Perquisites:

Category – A

- a) Accommodation: Free furnished housing accommodation and / or house rent allowance as per rules of the Company.
- b) Medical benefit: Medical benefit / Medical Allowance including medical reimbursement and Mediclaim for self and family subject to one month's salary in a year or three months' salary over a period of three years.
- c) Leave Travel Concession: For self and family once in a year to and fro any place in India in accordance with the Rules of the company.
- d) Club Fees: Annual fee of one club. This, however, will not include admission and life membership fee.
- e) Insurance: Personal Accident Insurance of an amount annual premium of which does not exceed ` 6,000/-

- f) Bonus: As per rules of the Company as applicable to other executives/employees of the Company.
- g) Special Allowance: As may be decided by Board of Directors and / or the Chairman and Managing Director.
- h) Performance Incentive: As may be decided by Board of Directors and/or Chairman and Managing Director.

Category – B

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

Category – C

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

Others:

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

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

However, total remuneration payable to Shri Atul Sanghvi shall not exceed 5% of the net profit of the Company and total remuneration payable to all working directors shall not exceed 10% of the net profit of the Company in any financial year, calculated in accordance with the provisions of Sections 196, 197, 198, 203, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder or any amendment(s), modification(s), replacement(s) or re-enactment thereof from time to time. In the event of absence or inadequacy of profit in any financial year during the tenure of his appointment, total remuneration payable shall not exceed the maximum limit prescribed under Schedule V of the Companies Act, 2013 and rules made thereunder or any amendment(s), modification(s), replacement(s) or re-enactment thereof from time to time, if and to the extent with necessary approvals.

3. The terms and conditions of the said appointment and / or agreement may be altered or varied from time to time by the Board as it may, in its discretion deem fit, including the maximum remuneration payable to the Executive Director in accordance with Sections 196, 197, 198, 203, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder or any amendments made thereafter in this regard from time to time.
4. If at any time Shri Atul Sanghvi ceases to be a Director of the Company for any cause whatsoever, he will cease to be the Executive Director.
5. If at any time Shri Atul Sanghvi ceases to be in the employment of the Company for any cause whatsoever, he will cease to be a Director and/ or Executive Director of the Company and if at

anytime Shri Atul Sanghvi ceases to be a Director and/ or Executive Director for any cause whatsoever, he will cease to be in the employment of the Company.

6. Shri Atul Sanghvi, Executive Director, may resign from the service of the Company by giving three months' notice in advance. Similarly, the Company has the right to terminate his service as Executive Director at any time by giving three months' notice in writing or salary in lieu thereof.

A copy of agreement entered into with Shri Atul Sanghvi is open for inspection at the registered office of the company between 10.00 a.m. to 1.00 p.m. on any working day except Saturday upto the date of this Annual General Meeting.

Appointment of Shri Atul Sanghvi as Executive Director and remuneration payable to him is approved by the Nomination and Remuneration Committee by a resolution at the meeting held on 07.02.2017.

The Board of Directors recommends the Special resolution as per item No. 7 of the accompanying notice for approval of the members of the Company.

Except, Shri Atul Sanghvi, none of your directors or Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise in the said resolution as per item No. 7 of notice. The disclosure under Regulation 36 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 is provided at Notes to this Notice.

This explanatory statement also be regarded as a disclosure under any other Acts, Rules and Regulations.

Item No. 8

Shri Vikram Somany was appointed as Chairman and Managing Director of the Company for a period of three years with effect from 01.07.2014. His term comes to an end on 30.06.2017.

Upon recommendation of Nomination and Remuneration Committee, Shri Vikram Somany has been re-appointed as Managing Director and designated as Chairman and Managing Director of the Company for a period of Five (5) years with effect from 01.07.2017 by the Board of Directors at their meeting held on 4th May, 2017, subject to the approval of members of the Company at the General Meeting.

Shri Vikram Somany as Chairman and Managing Director shall discharge duties and functions subject to the superintendence, direction and control of the Board of Directors of the Company. The Company has entered into an agreement on 6th May, 2017 with Shri Vikram Somany for his re-appointment as Chairman and Managing Director.

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

However, Shri Vikram Somany shall not exercise the powers as Chairman and Managing Director, which are required to be exercised by the Company in general meeting and / or by Board of Directors.

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

1. **Period of Appointment:** Five (5) years w.e.f. 01.07.2017.

2. **Remuneration**

- 1) **Basic Salary:** In the range of ₹ 16,00,000/- - ₹ 35,00,000/- per month w.e.f. 01.07.2017. The next increment of salary will be due w.e.f. 01.04.2018.

- 2) **Perquisites:**

Category – A

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

Category – B

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

Category – C

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

Others

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

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

However, total remuneration payable to Shri Vikram Somany shall not exceed 5% of the net profit of the Company and total remuneration payable to all the working directors shall not exceed 10% of the net profit of the company in any financial

year, calculated in accordance with the provisions of Sections 196, 197, 198, 203, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder or any amendment(s), modification(s), replacement(s) or re-enactment thereof for the time being in force, if and to the extent with necessary approvals. In the event of absence or inadequacy of profit in any financial year during the tenure of his appointment, total remuneration payable shall not exceed the maximum limit prescribed under Schedule V of the Companies Act, 2013 and rules made thereunder or any amendment(s), modification(s), replacement(s) or re-enactment thereof from time to time, if and to the extent with necessary approvals.

3. The terms and conditions of the said appointment and / or agreement may be altered and varied from time to time by the Board as it may, in its discretion deem fit, including the maximum remuneration payable to the Chairman and Managing Director in accordance with Sections 196, 197, 198, 203, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder or any amendments made thereafter in this regard from time to time.
4. If at any time Shri Vikram Somany ceases to be a Director of the Company for any cause whatsoever, he will cease to be the Chairman and Managing Director.
5. Shri Vikram Somany, Chairman and Managing Director may resign from the service of the Company by giving three months' notice in advance.

A copy of agreement entered into with Shri Vikram Somany is open for inspection at the registered office of the Company between 10.00 a.m. to 1.00 p.m. on any working day except, Saturday upto the date of this Annual General Meeting.

Appointment of and remuneration payable to Shri Vikram Somany is approved by the Nomination and remuneration committee by resolution at the meeting held on 4th May, 2017.

The Board of Directors recommends the Special resolution as per item No. 8 of the accompanying notice for approval of the members of the Company.

Except, Shri Vikram Somany and Smt. Deepshikha Khaitan, none of your Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise in the said resolution as per item No. 8 of notice. Shri Vikram Somany is the father of Smt. Deepshikha Khaitan, Director. The disclosure under Regulation 36 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 is provided at Notes to this Notice.

This explanatory statement also be regarded as a disclosure under any other Acts, Rules and Regulations.

Item No. 9

Section 197(1) of the Companies Act, 2013, and/or Articles of Association of the Company, provides that in the case of the directors who are not in the whole-time employment of the Company, the shareholders, may by Special Resolution, authorize the payment of commission.

The role of non-whole-time Directors is significant in achieving good performance and establishment of good governance. The responsibility of the non-whole-time Directors has increased considerably over the years. In view of the dynamic changes in Company law and the corporate governance norms, there is a greater demand of non-whole time Directors in terms of time and preparation for the Board and Committee meetings. Keeping in view the requirement in terms of time and quality on the part of the

non-whole time Directors, it is necessary to remunerate them appropriately.

Considering the same, the members of the Company at their Annual General Meeting held on 12.09.2012 have approved the payment of 1% commission to the directors not in whole time employment of the Company, for a period of 5 years from 01.04.2013 to 31.03.2018. As such the same may be renewed for further period of 5 years w.e.f 01.04.2018.

Accordingly, the directors other than the Whole Time Directors be paid commission not exceeding 1% of the net profits of the Company, calculated in accordance with the provisions of Sections 198 and other applicable provisions, if any of the Companies Act, 2013 and rules made thereunder for a period of 5 years from 01.04.2018. This amount will be distributed among all or some of the non working Directors in such manner, as the Board of Directors may from time to time determine and in default equally, in each financial year.

The Board of Directors recommends the Special resolution as per item No. 9 of the accompanying notice for approval of the members of the Company.

All the Directors except Shri Atul Sanghvi or Key Managerial Personnel of the Company or their relatives, are concerned or interested financially or otherwise in the resolution as per item no. 9 of the Notice.

Regd. Office :
9, GIDC Industrial Estate,
Kadi – 382 715
4th May, 2017
CIN : L26910GJ1998PLC034400

By Order of the Board of Directors

Narendra N. Patel

President & Company Secretary

Procedure on e-voting

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 24th July, 2017 (10:00 am) and ends on 26th July, 2017 (5:00 pm). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 20th July, 2017, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) - Members who have not updated their PAN with the Company / Depository Participant are requested to use the sequence number which is printed on Address Sticker indicated in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. - If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

(viii) After entering these details appropriately, click on “SUBMIT” tab.

(ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN of Cera Sanitaryware Ltd. on which you choose to vote.

(xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES / NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.

(xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.

(xvii) If Demat account holder has forgotten the log in password then enter the User ID and Image Verification Code and click on Forgot Password & enter the details as prompted by the system.

(xviii) Shareholders can also use Mobile app - "m-Voting" for e-voting. M-Voting app is available on IOS, Android & Windows based Mobile. Shareholders may log in to m-Voting using their e voting credentials to vote for the company resolution(s).

(xix) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.

- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.

- After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.

- The list of accounts linked in the log in should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

Directors' Report

To
The Members,

The Directors have pleasure in submitting the Annual Report together with the Statement of Accounts of your Company for the year ended 31st March, 2017.

Performance

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

	(` in lacs)	
	Year ended March 31, 2017	Year ended March 31, 2016
Profit before Depreciation and Taxes & Exceptional item	17393.58	14578.40
Deducting there from Depreciation of	1811.86	1631.98
Profit before Tax	15581.72	12946.42
Deducting there from taxes of:		
- Current Year	5318.23	3943.12
- Deferred Tax	131.77	656.88
Profit after Tax	10131.72	8346.42
Add: Balance brought forward from previous year	8000.00	5000.00
Amount available for Appropriations	18131.72	13346.42
The proposed appropriations are:		
1. Proposed Dividend	-	1170.53
2. Tax on Proposed Dividend	-	244.67
Add : Tax on Dividend - Excess Provision	6.38	-
3. General Reserve	-	3931.22
4. Balance carried forward	18131.72	8000.00
Total	18138.10	13346.42

Transfer to Reserves

The Company has not transferred any amount to General Reserve in the current year (previous year ` 3931.22 Lacs) in compliance with Revised AS-4 effective financial year 2016-17.

Highlights / Performance of the Company

Turnover of the Company for the year increased by 10% to ` 1009.17 Cr as compared to ` 917.24 Cr previous year.

Profit before tax for the year increased by 20% to ` 155.82 Cr as compared to ` 129.46 Cr previous year.

Profit after tax for the year increased by 21% to ` 101.32 Cr as compared to ` 83.46 Cr previous year.

The Directors are pleased to inform you that your Company has continued to grow in 2016-17 due to brand CERA's increasing popularity and customer preference, backed by distribution strength, product quality, brand equity and after-sales service.

Sanitaryware Unit

During the year, the plant had run at its optimum capacity. The focus of your Company now is shifting towards premiumization by producing more of high value items like one-piece WCs, etc., thus maximizing its optimum capacity.

Your company has been constantly upgrading its technology for continuous improvement in productivity and quality.

Faucetsware Unit

In the Faucetware plant too, technology upgradation has been helping your company in productivity and quality.

Several new ranges of faucets were conceived and launched in the market, which are now helping in driving the sales.

Bathware Unit

Your Company has continued to market wellness range, consisting of shower panels, shower rooms, steam cubicles and whirlpools, and products like kitchen sinks and mirrors.

Tiles Unit

Your Company continued to spread its market reach in tiles. The JV with Anjani Tiles Limited has further strengthened its market penetration in South.

CERA Home Upgrade

Your Company expects that the renovation of bathrooms would go up in the coming years. To tap this growing business vertical, your Company has commenced CERA Home Upgrade in select cities of Ahmedabad, Mumbai, Pune and Bengaluru. It would be expanded to more cities.

Joint Ventures

Your company has entered into a Joint Venture with Anjani Tiles Limited at Andhra Pradesh with 51% Equity and 54% Preference Share holding in aggregate amounting to ` 26.78 Cr. (Previous Year ` 19.64 Cr.) for producing Vitrified Floor Tiles of 10000 Sq. Mtr. per day. The commercial production of tiles from this plant has started from 1st April 2016.

Green Energy Unit

As a part of national policy and Green initiative, company has stabilized power cost by generation of electricity through non-conventional sources for captive use.

The installed capacity of Non-conventional Energy unit of the company now stands at 12.825 M.W.

The non-conventional Wind and Solar Power has produced 2,16,11,931 KWH for captive use against 2,03,46,390 KWH in the previous year.

Packaging Unit

Your Company has entered into Joint Venture for packaging unit for manufacture of corrugated boxes with an equity of 51%.

Dubai & Sharjah operations

Company has started Showroom in Dubai at main Sanitaryware market to have sale and display of Company's products. In addition

to this Company has opened warehousing facility at Sharjah to cater UAE market and appointed dealers having CERA display gallery.

Conservation of energy, technology absorption and foreign exchange earnings and outgo

Conservation of energy

The Company has two sources of its main energy, viz. Natural Gas — GAIL and Sabarmati Gas Ltd., for operating its sanitary ware plant. The pricing and quantity of the gas are based on the availability, international pricing and the contract into with these suppliers by the company. For energy conservation, the company has installed fuel efficient burners to control gas consumption and in addition to this, every effort is done to adapt any technological developments in energy conservation by the company.

The second energy, viz. electricity, required for running the machineries, is supplied by the local Discom. To compensate within the energy consumption by way of electricity, your Company has set up Wind Turbines of 11.825 MW and 1.00 MW Solar Plant which generates about 90% of the requirements and it is being offset against monthly consumption of the energy bill.

Technology absorption and foreign exchange earnings and outgo

The information on technology absorption and foreign exchange earnings and outgo stipulated under Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, is annexed herewith as a separate Annexure-I.

Subsidiary Company

Anjani Tiles Limited became subsidiary of the Company w.e.f. 23rd November, 2015. It has started commercial production from 1st April, 2016. There are no associate companies within the meaning of Section 2(6) of the Companies Act, 2013 ("Act"). Further there has been no material change in the nature of business of the subsidiary.

The Company does not have any material subsidiary. The Policy on Material Subsidiary framed by the Board of Directors of the Company is available on Company's website at the link <https://www.cera-india.com/corporate/policy-for-determining-material-subsubsidiary>.

Those Shareholders who are interested in obtaining a copy of the audited annual accounts of the subsidiary company may write to the Company.

In terms of proviso to sub section (3) of Section 129 of the Act, the salient features of the financial statement of the subsidiary Company is set out in the prescribed form AOC - 1 is attached herewith as a separate Annexure – II.

Particulars of contracts or arrangements with related parties

All transactions entered into with Related parties as defined under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the financial year were in the ordinary course of business and on an arm's length basis.

There were no materially significant related Party transactions made by the Company with Directors, Key Managerial Personnel or other designated Persons which may have a Potential Conflict with the interest of the Company at large. All related party transactions

were placed before the Audit Committee and also the Board for approval. The Policy on related Party transactions as approved by the Board is uploaded on the Company's website i.e. www.cera-india.com.

The particulars of contracts or arrangements with related Parties as per Section 188(1) of the Companies Act, 2013 including arm's length transactions as per Form No. AOC - 2 are enclosed as separate Annexure – III.

Corporate Social Responsibility

Your Company has always laid emphasis on progress with social commitment. We believe strongly in our core values of empowerment and betterment of not only the employees but also our communities. Following this principle the Company had laid the foundation of a comprehensive approach towards promoting and facilitating various aspects of our surrounding communities.

The Board has approved a policy for Corporate Social Responsibility and same has been uploaded on the website i.e. www.cera-india.com

As required under Section 135 of the Companies Act, 2013 and to demonstrate the responsibilities towards Social upliftment in structured way, the Company has formed a Policy to conduct the task under CSR, during the year.

The report on Corporate Social Responsibility (CSR) Activities along with Annexure as per Rule 8 of Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed as a separate Annexure – IV.

Directors' Responsibility Statement

In compliance of Section 134 (5) of the Companies Act, 2013, the Directors of your Company confirm:

- ❖ that in the preparation of annual accounts, the applicable accounting standards have been followed and there are no material departures;
- ❖ that such accounting policies have been selected and applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2017 and of the Profit of the Company for the year ended on that date.
- ❖ that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- ❖ that the annual accounts have been prepared on a going concern basis.
- ❖ that internal financial controls have been laid down to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- ❖ that proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Managerial Remuneration and Employees

Details required pursuant to Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 are enclosed as a separate Annexure –V.

Details of employees required pursuant to Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 is enclosed as a separate Annexure – VI.

Company has not offered its shares to its employees under ESOS during the year under review.

Company has not sanctioned loan to any of its employees for purchase of company's shares under any scheme.

Number of Meetings of the Board

The Board of Directors, during the financial year 2016-17 duly met 5 times on 03.05.2016, 12.07.2016, 29.07.2016, 13.10.2016 and 07.02.2017 in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.

Extract of Annual Return

The details forming part of the extract of the annual return in Form No. MGT-9 is annexed herewith as a separate Annexure - VII.

Corporate Governance and Management Discussion and Analysis

Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, report on Corporate Governance along with the Auditors' statement on its compliance and Management discussion and Analysis have been included in this Annual Report as per separate annexure -VIII and annexure -A respectively.

Business Responsibility Reporting

As required under Regulation 34(2)(F) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, Business Responsibility Report forms part of the Directors' Report and is enclosed as separate Annexure IX.

Particulars of Loans, guarantees or investments u/s 186.

The loans if any, made by the Company are within the limits prescribed u/s 186 of the Companies Act, 2013 and no guarantee or security is provided by the Company.

Details of Investments covered u/s 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

Risk Management Policy

The Board has approved and implemented risk management Policy of the Company including identification and element of risks.

The Risk Management is overseen by the Audit Committee / Board of Directors of the Company on a continuous basis. The Committee oversees Company's process and policies for determining risk tolerance and review management's measurement and comparison of overall risk tolerance to established levels. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuous basis. For details please refer to the Management Discussion and Analysis enclosed as separate Annexure-A to this report.

Audit Committee

The Company has constituted Audit Committee. For details please refer Corporate Governance Report attached as a separate Annexure- VIII.

Internal Control System and its adequacy

The Company has internal control system commensurate with the size, scale and complexity of its business operations. The scope and functions of Internal Auditor are defined and reviewed by the Audit committee. The Internal Auditor reports to the Chairman of the Audit Committee. The Internal Auditor assesses opportunities for improvement of business processes, systems and controls, to provide recommendations, which can add value to the organization.

Dividend

Your Directors recommend a dividend of ` 12/- per share (240%) (Previous year ` 9/- per share (180%) on 1,30,05,874 equity shares of ` 5/- each fully paid for the year ended 31.03.2017, to be paid subject to approval by the members at the ensuing Annual General Meeting.

During the year, the unclaimed dividend pertaining to the financial year ending 2008-09 were transferred to the Investor Education and Protection Fund.

Share Capital

The paid up Equity Share Capital as on 31st March, 2017 was ` 650.29 Lacs. During the year under review the Company has not issued any equity shares. As on 31st March, 2017 the Share Capital was ` 650.29 Lacs.

No shares with differential voting rights, stock or sweat equity shares were issued by the Company during the year under review.

Exchequer

The Company has contributed ` 166.65 Cr. to the exchequer by way of excise duty, customs duty, service Tax, income tax, VAT, sales tax and other fiscal levies.

Deposits

The Company has discontinued its Fixed Deposit Scheme from the Financial Year 2012-13. Despite efforts to identify and repay the unclaimed deposits, the total amount of Fixed Deposit matured and remaining unclaimed with the Company as on 31st March 2017 was ` 1.34 Lacs.

The Company has not accepted fixed deposit from the public falling within the ambit of Section 73 of the Companies Act, 2013 and The Companies (Acceptance of Deposits) Rules, 2014. There have been no default in repayment of deposits or payment of interest thereon during the year.

Finance

During the year under review, the Company repaid loans of ` 890.30 Lacs to Financial Institutions and Banks.

Directors

Members at the Annual General Meeting held on 22-08-2014 have appointed Shri Sajan Kumar Pasari, Shri Govindbhai P. Patel and Shri Lalit Kumar Bohania as Independent Directors of the Company to hold office for five consecutive years for a term up to 31st March, 2019 (they will not retire by rotation).

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and there has been

no change in the circumstances which may affect their status as Independent director during the year under review. The Company keeps informed independent directors about changes in the Companies Act, 2013 and rules from time to time and their role, duties and responsibilities.

Shri Jugal Kishore Taparia (DIN 07509049) was appointed as Additional Director (Independent) on the Board of the Company w.e.f. 29th July, 2016 to hold office up to the ensuing Annual General Meeting. Shri Jugal Kishore Taparia is proposed to be appointed as Independent Director for five consecutive years at the ensuing Annual General Meeting of the Company.

Shri Atul Sanghvi (DIN 00045903) is due to retire at the end of the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Shri Ashok Chhajed ceased to be a director of the company w.e.f. 23.04.2016 on his resignation.

The Board of Directors has re-appointed Shri Atul Sanghvi as Executive Director for a period of three years w.e.f. 01.04.2017 and Shri Vikram Somany as Chairman and Managing Director for five years w.e.f. 01.07.2017.

Brief resumes of the Directors who are proposed to be appointed/reappointed at the ensuing Annual General meeting, as required as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is provided in the notice convening the Annual General Meeting of the Company.

Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Rules made thereunder, Schedule - IV of the Act and SEBI (LODR) Regulations, 2015, the Board has carried the evaluation of its own performance, individual Directors, its Committees and Key Managerial Personnel, on the basis of attendance, contribution and various criteria as recommended by the Nomination and Remuneration Committee of the Company.

The performance of each of the non-independent directors (including the chair person) was also evaluated by the Independent Directors at the separate meeting held of Independent Directors of the Company.

Policy on Directors appointment and remuneration

Criteria determining the qualifications, positive attributes and independence of Directors

Independent Directors

- Qualifications of Independent Director

An Independent director shall possess appropriate skills, qualifications, experience and knowledge in one or more fields of finance, law, management, marketing, administration, corporate governance, operations or other disciplines related to the company's business.

- Positive attributes of Independent Directors

An independent director shall be a person of integrity, who possesses knowledge, qualifications, experience, expertise in any specific area of business, integrity, level of independence from the Board and the Company etc. Independent Directors are appointed on the basis of requirement of the Company, qualifications & experience, expertise in any area of business, association with the Company etc. He should also devote sufficient time to his professional obligations for informed and

balanced decision making; and assist the company in implementing the best corporate governance practices.

- Independence of Independent Directors

An Independent director should meet the requirements of Section 149(6) of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

Other Directors and Senior Management

The Nomination and Remuneration Committee shall identify and ascertain the qualifications, expertise and experience of the person for appointment as Director or at Senior Management level and recommend to the Board his / her appointment.

The Company shall not appoint or continue the employment of any person as Whole-time Director or Senior Management Personnel if the evaluation of his performance is not satisfactory.

Other Details are disclosed in the Corporate Governance Report under the head Nomination and Remuneration Committee and details of Remuneration (Managing Director / Whole Time Director(s) and non-executive directors).

Remuneration / commission from Holding or Subsidiary Company

Managing Director or Whole Time Director is not receiving any remuneration / commission from any Holding Company or Subsidiary Company.

Remuneration Policy

It is separately disclosed in the Corporate Governance Report attached as a separate Annexure – VIII to this Report.

Auditors and their Observations

H.V. Vasa & Co., Statutory Auditors of the Company retire at the end of the ensuing Annual General Meeting.

As per second proviso to Section 139(2) of the Companies Act, 2013 ('the Act'), a transition period of three years from the commencement of the Companies Act, 2013, is provided to appoint a new auditor, when the existing Auditor's firm has completed terms of Five consecutive years. Accordingly, the existing Auditors H.V. Vasa & Co has completed term of five consecutive years and as per the said requirements of the Act, N.M. Nagri & Co., Chartered Accountants are proposed to be appointed as auditors from the conclusion of 19th AGM till the conclusion of the 24th AGM (AGM of Financial year 2021-22), subject to ratification by members every year, as may be applicable.

The Audit Committee and the Board of Directors recommend the appointment of N.M. Nagri & Co., Chartered Accountants, as statutory auditors of the Company from the conclusion of the 19th AGM till the conclusion of 24th AGM, to the shareholders.

The Auditors' Report and Secretarial Audit Report to the members for the financial year under review does not contain any qualification, reservation or adverse remark or disclaimer.

The Statutory Auditors have not reported any fraud during the year under review.

Cost Auditors

Company has appointed K.G.Goyal & Co., as Cost Auditors for conducting cost audit for the year 2017-18.

Secretarial Audit

Pursuant to provisions of Section 204 of Companies Act, 2013 and rules made there under, the Company has appointed Umesh Parikh and Associates, Practicing Company Secretaries to undertake the Secretarial Audit of the Company for the year 2017-18.

The Secretarial Audit Report given by Umesh Parikh and Associates, Company Secretaries in practice is annexed with this report.

Insurance

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

Industrial Relations

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

Your Company has taken adequate steps for the health and safety of its employees, as required under the Gujarat Factories Rules, 1963. The Company has not received any complaint under The Sexual Harassment of women at Workplace (prevention, prohibition and redressal) Act, 2013 and the Company has organized three workshops under the said Act.

Material Changes Affecting Financial Position of the Company

No material changes or commitments, affecting the financial position of the Company have occurred between the end of the financial year of the company to which the financial statements relate, i.e. 31st March, 2017 and the date of the Board's Report.

Change in nature of business

No changes has been made in nature of business carried out by the Company during the financial year 2016-17.

Orders passed by Regulatory Bodies or Courts

No regulatory body or court or tribunal has passed any significant and material orders impacting the going concern status and operations of the Company.

Vigil Mechanism

The company has implemented Vigil Mechanism. For details please refer Corporate Governance Report attached as a separate Annexure-VIII.

Appreciation

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

For and on behalf of the Board of Directors,

Ahmedabad.
4th May, 2017

Vikram Somany
Chairman and Managing Director

Annexure - A to the Directors' Report

Management Discussion and Analysis

CERA continued to be one of the fastest growing home solutions brands this year too, with its topline crossing ` 1000 crores – an important milestone in the history of your company.

Though there was a temporary slow-down in its sales immediately after the demonetisation, your company was quick to recover and get back to its growth track.

CERA's growth can be attributed to:

1. high tech manufacturing facilities – CERA has constantly upgraded its technological edge in its manufacturing capabilities. The latest additions in its sanitaryware plant was robotic glazing. Similarly, the robotic glazing helps in productivity and quality and also minimizes wastage. In the faucetware plant, robotic grinding, high pressure die casting (HPDC) have been installed. The robotic grinding helps in proper finish of complex products, while HPDC is used for production of handles in zinc alloy.
2. constant brand promotion - CERA continued its advertising in several prominent national and regional general entertainment television channels. It helped CERA maintain top of mind recall of its brand name among its target audience – architects, designers, developers, consultants, trade partners and consumers.
3. wide distribution – CERA continued its efforts to reach out to under-penetrated towns with full force.
4. customer care – CERA Care, its customer care wing, was constantly on its toes, making any after-sales service easy.

Sprucing up its product ranges in its faucets and tiles also helped CERA maintain its growth.

CERA opened expanded CERA Style Studios, its touch and feel experience centres, in Kolkata and Kochi. Ahmedabad, Mumbai, Bengaluru, Chennai, Thiruvananthapuram, Chandigarh and Hyderabad already had fully operational CERA Style Studios.

Several new CERA Style Galleries, the experience centres owned and managed by CERA's dealers, also came up in the current year.

CERA also introduced innovative CERA Style Studio on Wheels, a novel idea of taking the company's products to the door steps of architects, designers, developers and consultants. It received encouraging response and is now operational in several cities.

Bollywood style and fashion icon actress Sonam Kapoor continued as CERA Brand ambassador. She enthusiastically participated in the annual dealer meet of CERA and gave away awards to winning dealers.

Your company was awarded Trusted Brand for both Sanitaryware and Tiles by Reader's Digest.

ISVEA, Italian luxury designer sanitaryware, with which your company has an exclusive strategic alliance, has commenced penetration in India in the luxury segment.

Your Company has made an exclusive tie up with Monaco-based concealed cistern manufacturer, Siamp.

Your Company also implemented SAP through international consultancy firm.

a) Industry Structure and Developments

The industry structure remains unchanged, with unorganized sector at the bottom and international brands at the top, while your Company is firmly footed in the mid segment.

b) Opportunities and Threats

The government's emphasis on affordable housing would be a boon for your Company's growth in the coming years.

More companies entering sanitaryware may pose a threat to your company's prospects. However, your company's 37-years of brand promotion, distribution strength and product quality are helping it ward off any such threat.

c) Outlook

Your Company has been a preferred partner of CREDAI (Confederation of Real Estate Developers Associations of India), the apex body of developers, for the last four years. Your company also works closely with influencers and their associations like IIA (Indian Institute of Architects), IIID (Institute of Indian Interior Designers) and IPA (Indian Plumbing Association).

With the affordable housing segment getting a boost from the government and CREDAI announcing launch of several housing projects in affordable segment, the outlook for your company's rapid growth looks bright.

d) Risks and Concerns

Any drastic change in Government policy may affect your Company.

e) Internal Control Systems and their adequacy

The Company has an adequate system of internal financial controls with reference to the financial statements and also relating to the purchase of stores, raw materials, plant & machineries, equipment and various components and for the sale of goods commensurate with the size of the Company and the nature of business.

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

The internal auditors monitor and evaluate the efficacy and adequacy of internal control system in the company, its compliance with operating systems, accounting procedures and policies. Based on the report on the internal audit function, necessary corrective actions in the respective areas are taken and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the audit committee of the board.

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

g) Material Developments in Human Resources, Industrial Relations, Environment, Health & Safety

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

Your Company continues to invest in training and development of its employees and has been organizing various training programmes from time to time. CERA's manpower strength as on March 31, 2017 stands at 2335.

The company is ISO 9001, 14001 and BS 18001 certified. Your Company is also a member of Indian Green Building Council (IGBC), promoted by Confederation of Indian Industry (CII).

Ahmedabad.
4th May, 2017

Vikram Somany
Chairman and Managing Director

Annexure - B to the Directors' Report

Corporate Social Responsibility (CSR)

Empowering Society; Empowering Ourselves

Real progress occurs when privileges are balanced with the responsibilities towards society. Your Company has always laid emphasis on progress with a social commitment. We believe strongly in our core values of empowerment and betterment of not only the employees but also our communities. Following this principle, Late Shri Vidush Somany our Executive Director had laid the foundation of a comprehensive approach towards promoting and facilitating various aspects of our surrounding communities.

Vidush Somany Education Programme

Education is an important prerequisite for the development of our communities. The youth holds the potential of bringing about fundamental changes in our society. This potential can be unleashed with proper educational facilities.

The **Vidush Somany Education Programme** was launched with the aim of empowering young students by facilitating basic education of high standards. With the support of Government schools, the Programme has been successful in benefitting nearly 1200 plus students in Kadi Town and Vill. Kundal, Mehsana district of Gujarat during the year. Understanding the need of the new generation of students, basic training in computer skills and other courses have been provided to primary schools in Kadi and surrounding areas.

An important aspect of this overreaching Programme is to facilitate and augment the basic formal education provided to students in Government schools. With the approval of District Education Officer (Primary), Mehsana District, the Programme holds special coaching classes for school students of classes from 3rd to 10th standard in Kadi and Kundal at no extra charges. The special classes are conducted within the school premises by qualified tutors supported under the Programme with an emphasis towards providing personal attention and hence limiting each batch to 30 students only. The special classes offer additional training to students in the subjects of Mathematics, Science, Social Science, English, Skill Development and Elementary Computer skills. Under the aegis of the Programme, five Municipal schools in Kadi and nearby village Kundal have been provided with about 125 computers and associated accessories like printers and mouse pads along with tables, chairs and stationery for providing quality education in basic computer skills to young students of primary classes. Conducted by qualified instructors appointed under the Programme, the computer education facilities are helping the students gain access to higher skills and knowledge opportunities. The Programme also supports the setting up of more computer education facilities in Mehsana district in the near future. For encouraging education for girls, exclusive classes are also held for girl students from 7.30 am to 10.30 am & 3 pm to 4 pm, while classes for boys are held from 7.30 am to 9.30 am & 3 pm to

6.30 pm scattered in different locations. Facilitating the young students in all aspects including availability of stationary items, the Programme provides educational support and from the nutritional point of view as well by providing regular refreshments. On keeping light to the development of health & nutrition for young students, Cera arranged a Health Checkup Camp at Kadi for school and nearby children. Cera also arranged Health camp for adults.

During the financial year CERA has undertaken following projects:

- Committed to contribute ` 1.50 Cr. (Paid ` 1.11 Cr. during F.Y. 2016-17) towards construction of new patients ward at Bhagyoday Hospital kadi in memory of late Shri Vidush Somany for the welfare of poor and needy patients of Kadi & from nearby area.
- Undertaken plantation and maintenance on road divider about 11 K.M. from Chhatral to Kadi.
- Divyanagri project run by Brahmakumari's for upliftment of children from slum area.
- Continued the contribution to ISKON Food Relief Foundation which provides mid-day meals to 1001 per day to needy children for a year and to ROTARY CLUB – Kolkata.
- Scholarship to the students of Sarva Vidhyalaya Kelavani Mandal – Kadi.
- Patronizing NGOs like Shreemad Rajchandra Aatma Tatva Research Centre for distribution of gifts on various festivals.

The Programme also supports the children of Kadi workers in realizing their aspirations of higher education. Recognizing their potential and aspirations, the Programme has encouraged meritorious students of Kadi by offering education expenses for their higher education in the fields of Engineering, Medical and Pharma.

Cera has contributed the CSR activity for women empowerment at Vill. Kundal & Kadi location towards conducting stitching classes with well experienced professional tutor, sewing machines, materials and accessories. This year we have explored other women empowerment activities at Bhavpura location, Kadi like cooking, beauty parlor, hand embroidery, basic computer courses and making of low cost sanitary napkins through latest technology for distribution at free of cost to poor & needy ladies to improve their hygiene level. We have empowered 750 plus women in these programmes. Currently 100 ladies are undergoing the empowerment activities aided through Cera.

Ahmedabad.
4th May, 2017

Vikram Somany
Chairman and Managing Director

Annexure - I to the Directors' Report

Disclosure of particulars with respect to Information on Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo stipulated under Section 134 (3) (m) of the Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules 2014 and forming part of the Report of the Board of Directors for the year ended 31st March, 2017.

A. Energy Conservation

Discussed in main report

B. Technology Absorption

Externally added Silicaless Sanitary Ware Body

Research and Development (R & D)

1. Specific areas in which R & D is carried out : The Company's Research & Development Unit recognized by the Department of Scientific and Industrial Research (DSIR), Government of India, since 1989 has been relentlessly working for the improvement in quality of sanitary ware products, cost reduction through the use of new and cheaper raw materials, waste materials, changes incorporated in their quality specifications, minimizing wastes and losses at different stages of production, recycling of unfired and fired wastes generated in production as well as pollution abatement to keep the company ahead of market competition.

Some innovative R&D activities carried out and commenced commercial production during the year under report are:

- ❖ An Opaque Glaze named as "Snow White" developed earlier and voted as the product of the year in Sanitary ware category for two successive years since 2011 in a row has been further upgraded through replacement of costly zircon opacifier by cheaper one and still maintaining the highest quality standard. The said glaze has been further modified to suit to the diversified demands of sanitary ware production.
- ❖ Several dark colored glazes have been developed utilizing colorants/stains from indigenous sources through import substitution and also commenced commercial production minimizing several teething problems.
- ❖ Development of a new cost effective body utilizing increased quantity of fired waste (pitcher) in the body composition and commenced commercial production during the year under report. The said development has thus helped not only the consumption of increased quantity of solid wastes but also in conserving the same quantity of fresh raw materials for future use.
- ❖ Development of an Antimicrobial Glaze, utilizing the indigenously developed antimicrobial material available in the market and its up-scaling activity leading to commercial production has been completed and the product has been tested several times and found to be the best.
- ❖ Development of a new and innovative crack resistant body utilizing a new and an unconventional raw material initiated at R & D sometimes back has been completed successfully with promising result. The said body and also other bodies incorporating indigenous raw materials are under trial in the pilot plant. On successful completion of pilot plant production, the said bodies would be introduced for commercial production.
- ❖ The Company has launched a project titled "Waste Minimization and Waste Utilization Program" and lots of measures have been taken to arrest wastage in solid, liquid and gaseous forms as well as electricity at different stages of production as a continuous program. Simultaneously, the generated wastes of body and glaze are benefited and used in production on regular basis. Necessary infrastructure has also been created to continue the activities in future.

The most innovative work done in this of 2017 is the development of a sanitary ware Body in which there is no externally added Silica. The body is under extensive trial in the pilot plant. The said body would further cut down the production cost of the ingredient i.e. Silica which will be no longer necessary for body production and in its place entire quantity of pitcher powder would be utilized. The pitcher is a waste material and the entire quantity of waste material would be utilized in the production.

Technology for developing new and innovative designs.

2. Benefit derived as a result : With the introduction of new and cheaper raw materials from new sources and import substitution of raw materials, colors and other inputs, the cost of production is expected to reduce further.
3. Future plan of action :
- To minimize imports through utilization of raw materials and other inputs from indigenous sources for better inventory management and cost reduction.
 - To develop various eco-friendly glazes matching to the international standards of quality.
 - To initiate further innovation in the areas of development of bodies and glazes as R & D is a never ending process for making improvement in both once-fired and refire recovery as well as energy conservation.
 - The modernization of entire R&D division is under progress through replacement of old and obsolete equipment by new equipment with change in the layout of building.
 - A series of matt glazes were also developed. Products were also made in dual colors.
 - A superfine fire clay sanitary ware body was developed and introduced in production to produce thin-rim wash basins.
 - Chemical Laboratory was set up to analyze raw materials and also Sanitary ware bodies.
 - A stamping ink was developed to apply on fired pieces.
 - A plastic Than Clay was introduced in production along with other clays.
 - New Composition for different type of colour glazes were developed to enhance the surface quality of fired pieces.
 - Several new vendors were developed and introduced for supply of various colours and chemicals.
 - To improve the existing products aesthetic glaze features of the products, we planned to introduce Robotic glazing for the green products which not only will improve the uniformity of the glazing but it will reduce the manual handlings of green pieces also. Through robotic glazing we will be able to optimize the glaze consumption also. Uniform glaze surface of the products increase the aesthetic appearance and gloss of the product significantly.
4. Expenditure on R & D
- a) Capital : ₹ 160.85 Lacs
 - b) Recurring : ₹ 89.32 Lacs
 - c) Total : ₹ 250.17 Lacs
 - d) Total R & D Expenditure as a percentage of total turnover : 0.24%

C. Foreign Exchange earnings and outgo

The Company has continued to maintain focus and avail of export opportunities based on economic considerations. Foreign Exchange used and earned by the Company during the year is as under :

Total foreign exchange used	: ₹ 7225.42 Lacs
Total foreign exchange earned	: ₹ 956.26 Lacs

Annexure - II to the Directors' Report

Form AOC – 1

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries / associate Companies / joint ventures

Part "A" : Subsidiaries

Sr.No.	Particulars	Details	Details
1.	Name of the Subsidiary	ANJANI TILES LIMITED	PACKCART PACKAGING LLP
2.	Date since when Subsidiary was acquired	23.11.2015	24.06.2016
3.	Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	Period ending on 31 st March, 2017	Period ending on 31 st March, 2017
4.	Reporting Currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries	N.A.	N.A.
5.	Share Capital	` 50,00,00,000/-	` 1,78,00,000/-
6.	Reserves & surplus	` (-)3,50,70,462/-	` (-)47,93,739/-
7.	Total Assets	` 113,69,85,851/-	` 4,64,75,438/-
8.	Total Liabilities	` 67,20,56,013/-	` 3,34,69,177/-
9.	Investments	Nil	Nil
10.	Turnover	` 60,38,61,402/-	` 3,36,82,375/-
11.	Profit before Taxation	` 17,08,295/-	` (-)47,93,739/-
12.	Provision for Taxation	` 3,67,78,727/-	Nil
13.	Profit / Loss after Taxation	` (-) 3,50,70,432/-	` (-)47,93,739/-
14.	Proposed Dividend	Nil	Nil
15.	Extent of Shareholding (in percentage)	Equity 51% Preference 54.20%	Share 51 %

Notes:

- The Anjani Tiles Limited has commenced its commercial operations w.e.f. 1st April, 2016
- No Subsidiary has been liquidated or sold during the year.

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 Associates/ Joint Ventures	
1.	Latest Audited Balance Sheet Date	N.A.
2.	Date on which the Associates or Joint Venture was associated or acquired	
3.	Shares of Associates/ Joint Ventures held by the Company on the year end	
	No	
	Amount of Investment in Associates/ Joint Ventures	
	Extent of Holding (in percentage)	
4.	Description of how there is significant influence	
5.	Reason why the Associate/ Joint Venture is not consolidated	
6.	Net worth attributable to shareholding as per latest audited Balance Sheet	
7.	Profit / Loss for the year	
	i. Considered in Consolidation	
	ii. Not Considered in Consolidation	

Note: No Associates or Joint Venture has been liquidated or sold during the year.

For and on behalf of
H. V. Vasa & Co.
Firm Registration No. : 131054W
Chartered Accountants
Tushar H. Vasa
Proprietor
Membership No. 16831
Place : Ahmedabad
Date : 4th May, 2017

Rajesh B. Shah
CFO & COO (Fin. & Comm.)
Narendra N. Patel
President & Company Secretary

Vikram Somany Chairman and Managing Director
Deepshikha Khaitan Vice Chairperson and Director
Dr. K. N. Maiti Director
Govindbhai P. Patel Director
J. K. Taparia Director
Atul Sanghvi Executive Director

Annexure - III to the Directors' Report

Form No.AOC-2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8 (2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts / arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1) Details of contracts or arrangements or transactions not at arm's length basis

(a)	Name(s) of the related party and nature of relationship	
(b)	Nature of contracts / arrangements / transactions	
(c)	Duration of the contracts / arrangements/ transactions	
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
(e)	Justification for entering into such contracts or arrangements or transactions	
(f)	Date (s) of approval by the Board	
(g)	Amount paid as advances, if any;	
(h)	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	

NOT APPLICABLE

2) Details of material contracts or arrangements or transactions at arm's length basis

(a)	Name(s) of the related party and nature of relationship	Madhusudan Industries Ltd. Directors interested	Swadeshi Fan Industries Ltd. Directors interested	Dr. K. N. Maiti Holding place of profit	Smt.Smiti Somany Holding of office	Smt.Pooja Jain Somany Holding of office
(b)	Nature of contracts / arrangements / transactions	Leasing of Property Reimbursement of Expenses	Reimbursement of Expenses	Professional Director - Consultancy Fees	Holding Place of Profit	Holding Place of Profit
(c)	Duration of the contracts / arrangements/ transactions	01-07-2013 to 31-01-2018	As and When actual payment made	01-04-2016 to 31-03-2021	Till termination	Till termination
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Monthly lease Rent of ` 940852/-	No formal contract	As per AGM notice dated 03-05-2016. Monthly consultancy fees ranging from ` 400000/- to ` 625000/-	As per AGM notice dated 22-07-2011	As per AGM notice dated 22-07-2011
(e)	Date (s) of approval by the Board, if any,	Every Board meeting held after payment & 02-02-2015	Every Board meeting held after payment	03-05-2016 (AGM approval date 29-07-2016)	21-07-2011 (AGM approval date 06-09-2011)	21-07-2011 (AGM approval date 06-09-2011)
(f)	Amount paid as advances, if any;	Deposits ` 2091300/-	NA	NA	NA	NA

The other details are mentioned in Note no.39 of attached Financial Statements for the year ended 31-03-2017

For and on behalf of the Board of Directors

Ahmedabad
4th May, 2017

Vikram Somany
Chairman and Managing Director

Annexure - IV to the Directors' Report

Corporate Social Responsibility (CSR)

[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014]

1. A brief outline of the Company's CSR policy, including :
 overview of the projects or programs proposed to be undertaken and a reference to the weblink to the CSR policy and projects or programs
 CSR policy of the company is available at web link : <http://www.cera-india.com/corporate/corporate-social-responsibility-policy>
 Projects to be undertaken : education, health, woman empowerment
2. The Composition of the CSR Committee.
 Shri Vikram Somany – Chairman
 Shri Atul Sanghvi – Member
 Smt. Deepshikha Khaitan – Member
 Shri J.K.Taparia – Member
3. Average net profit of the Company for last three financial years : ₹ 11009.92 Lacs
4. Prescribed CSR Expenditure (Two percent of the amount as in item 3 above) :
 The Company was required to spend towards CSR. : ₹ 220.20 Lacs

5. Details of CSR spent during the financial Year :
 - a) Total amount to be spent for financial year : ₹ 289.96 Lacs (Including ₹ 69.76 Lacs amount unspent of previous year)
 - b) Amount unspent, if any : ₹ NIL
 - c) Manner in which the amount spent during the financial year is detailed below : (₹ in Lacs)

Sr. No.	CSR Project or Activity identified	Sector in Which the project is covered	Projects or Programs (1) local area or other (2) Specify the state and district where projects or programs was undertaken	Amt. outlay (Budget) project or programs wise	Amt. spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) overheads	Cumulative expenditure upto to the reporting period	Amount spent : Direct or through implementing agency
1	2	3	4	5	6	7	8
1.	Scholarship to Meritorious Students; Educational Support for 6 Schools	Literacy	Kadi, Kundal (Gujarat)	44.00	41.28 (Direct Expenditure)	41.28	Direct
2.	Medical Assistance; Health Camps and Yoga Facility	Healthcare Kidney awareness	Kadi Ahmedabad (Gujarat)	120.00	117.85 (Direct Expenditure)	117.85	Direct
3	Women Empowerment	Upliftment/ Women Empowerment	Kadi, Kundal (Gujarat)	3.00	2.56 (Direct Expenditure)	2.56	Direct
4	Drinking Facility; Provision of Computers; Furniture Distribution	Educational Support Facilities	Kadi, Ahmedabad (Gujarat)	3.00	2.89 (Direct Expenditure)	2.89	Direct
5	Food to Needy	Eradicating Hunger & Poverty	Kolkata, Kadi (Gujarat & West Bangal)	50.00	47.86 (Direct Expenditure)	47.86	Direct
6	Rural Development	Environment conservation	Kolkata Kadi (Gujarat & West Bangal)	72.00	70.49 (Direct Expenditure)	70.49	Direct
7	Night Shelter Facility to Needy	Facility for Child Health	Kolkata (West Bangal)	8.00	7.87 (Direct Expenditure)	7.87	Direct
	TOTAL			300.00	290.80	290.80	

6. In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.
 The company has fully spent and undertaken various projects mentioned above. The projects are running on continuous basis.
7. A responsibility statement of the CSR committee that the implementation and monitoring of CSR policy is in compliance with CSR objectives and policy of the company.
 The implementation and monitoring of CSR policy is in compliance with CSR objectives and policy of the company.

S.C. Kothari
Chief Executive Officer

Vikram Somany
Chairman - CSR Committee

Annexure - V to the Directors' Report

Details as per Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Sr.No.	Particulars																							
i.	The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year.	<table style="width: 100%; border: none;"> <tr> <td colspan="2" style="text-align: center;">Wholetime Directors</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td style="text-align: center;">CMD</td> <td style="text-align: center;">ED</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td style="text-align: center;">62x</td> <td style="text-align: center;">17x</td> <td></td> <td></td> <td></td> <td></td> </tr> </table>					Wholetime Directors						CMD	ED					62x	17x				
Wholetime Directors																								
CMD	ED																							
62x	17x																							
ii.	The % increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any in the financial year.	Wholetime Directors		KMPs																				
		CMD	ED	CEO	CFO	CS																		
		10%	10%	10%	10%	10%																		
iii.	The % increase in the median remuneration of employees in the financial year.	13.33%																						
iv.	The number of permanent employees on the rolls of Company.	2335																						
v.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	The percentage increase in the salaries of the employees other than the managerial personnel in the last financial year is 10%-13.33% as against an increase of 10% in the salary of the chairman and managing director & executive director (Managerial Personnel as defined under the Act). Annual increase in remuneration is based on different grades, industry pattern, qualifications & experience, responsibilities shouldered and individual performance of managerial personnel and other employees.																						
vi.	Affirmation that the remuneration is as per the remuneration policy of the company.	Remuneration is as per the remuneration policy of the company.																						

Ahmedabad.
4th May, 2017

Vikram Somany
Chairman and Managing Director

Annexure - VI to the Directors' Report

Details of employees as per Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report for the year ended 31st March, 2017.

A. Names of top 10 Employees and Employees employed through out the year and were in receipt of remuneration of not less than ₹ 1.02 Crore during the year:

Sr. No.	Name & Age (Years)	Designation/ Nature of Duties	Remuneration (₹)	Qualifications & Experience (Years)	Date of commencement of employment	Last Employment, Name of employer, Post held and period (Years)	Equity shares held with spouse & dependent children (in %)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Shri Vikram Somany (67 years)	Chairman and Managing Director	5,05,89,327	B.Sc., FCMI (U.K.) (42 years)	13.08.2002	Madhusudan Industries Limited Chairman cum Managing Director (1 year)	18.36
2	Shri Subhash Chandra Kothari (72 years)	C E O	3,01,98,234	B.Com., LLB, FCA (43 years)	12.09.2012	Cera Sanitaryware Ltd. (Whole Time Director) (24 Years)	0.05
3	Shri Atul Sanghvi (55 years)	Executive Director	1,76,08,969	MBA (Marketing) (33 years)	18.01.1999	Grasim Industries Ltd. Cement Division GM (Marketing) (11 years)	0.00
4	Shri Abbey Rodrigues (46 years)	Sr. V.P (Marketing)	1,09,50,643	B.Com., PGDMSM (23 years)	09.12.1996	Deluxe Sanitary Appliances Sales Executive (1.5 years)	0.00
5	Shri P. K. Shashidharan (58 years)	Sr. V.P. (Marketing)	1,08,22,893	M.A. (English) (37 years)	15.10.1991	Mudra Commu. Ltd. Sr. Media Executive (12 Years)	0.00
6	Shri Vivek Tewari (49 years)	President (Works)	81,01,719	M.Tech., MBA (25 years)	03.12.2013	HSIL Ltd., Associate VP (works) (5 years)	0.00
7	Shri Rajesh B. Shah (58 years)	CFO / COO (Fin. & Comm.)	78,70,915	B.Com., ACA (31 years)	05.04.2005	Madhusudan Ind. Ltd. G.M (Finance) (20 years)	0.00
8	Shri Jaydeep N. (47 years)	General Manager	68,04,544	M.A (Philosophy) (23 years)	15.06.2006	Global Trade Point (Partner) (4 years)	0.00
9	Shri B.K.Patodia (67 years)	Executive Vice President	57,05,677	B.Com (Hons.) FCA, ACS (37 years)	21.07.1987	Practicing Company Secretary (2 Years)	0.00
10	Shri G.V. Chowdary (51 years)	Asst. General Manager	46,22,313	B.Com.MBA, (24 years)	23.09.2002	Kataria Plus Ltd., Area Manager (1 Year)	0.00

B. Names of Employees employed for part of the year and were in receipt of remuneration of not less than ₹ 8,50,000/- per month:

Sr. No.	Name & Age (Years)	Designation/ Nature of Duties	Remuneration (₹)	Qualifications & Experience (Years)	Date of commencement of employment	Last Employment, Name of employer, Post held and period (Years)	Equity shares held with spouse & dependent children (in %)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Nil							

Notes :

- Gross remuneration as above includes Salary, Incentives, Company's contribution to Provident Fund, Leave Encashment, Leave Travel Reimbursement, Medical Expenses Reimbursement, House Rent Allowance, Housing Accommodation and Monetary value of perquisites calculated in accordance with the provisions of Income Tax Act, 1961 and Rules made there under.
- Shri Vikram Somany is a father of Smt. Deepshikha Khaitan, director of the Company. No other employee as stated above, is relative of any director or manager of the company.
- Of the above, Shri Vikram Somany- C M D & Shri Atul Sanghvi – E D are on contractual employment and others are permanent employees.

Annexure - VII to the Directors' Report

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2017

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

I. REGISTRATION AND OTHER DETAILS:

- i) CIN : L26910GJ1998PLC034400
ii) Registration Date : 17.07.1998
iii) Name of the Company : Cera Sanitaryware Limited
iv) Category / Sub-Category of the Company : Public Limited Company
v) Address of the Registered office and contact details : 9, GIDC Industrial Estate, Kadi 382715, Dist. Mehsana.
Phone : (02764) 242329, 243000 Fax (02764) 242465
vi) Whether listed Company ? Yes / No : Yes
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any : MCS Share Transfer Agent Limited, 201, Shatdal Complex, 2nd floor,
Opp. Bata Show Room, Ashram Road, Ahmedabad – 380 009.
Phone No. : 079-26580461, Email ID : mcsstaahmd@gmail.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:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Sanitaryware, Tiles, Bathroom accessories & products, Faucetsware	239 (NIC 2008)	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl.No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/Associate	% of shares held	Applicable Section
1	Anjani Tiles Limited <u>Registered Office Address:</u> Eguvarajupalem Village Chillakur Mandal Gudur, Andhra Pradesh- 524410	U26990AP2015PLC096439	Subsidiary	51% (equity) 54.20% (Pref.)	2(87)
2	Packcart Packaging LLP Survey No. 226, Kadi Chhatral Highway Mouje : Budasan, Taluka:Kadi, Mahesana 382715	AAG-1067	Subsidiary	51%	2(87)

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

i) Category-wise Share Holding

	Category of Shareholders	No. shares held at the beginning of the year				No. shares held at the end of the year				% change during the Year
		Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
(A)	Shareholding of Promoter and Promoter Group									
1	Indian									
(a)	Individuals/ Hindu Undivided Family	2855203	0	2855203	21.95	2855203	0	2855203	21.95	0
(b)	Central Government/ State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	4265436	0	4265436	32.80	4265436	0	4265436	32.80	0.00
(d)	Financial Institutions/ Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Any Others(Specify)	0	0	0	0.00	0	0	0	0.00	0.00
	Sub Total(A)(1)	7120639	0	7120639	54.75	7120639	0	7120639	54.75	0

	Category of Shareholders	No. shares held at the beginning of the year				No. shares held at the end of the year				% change during the Year
		Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
2	Foreign									
(a)	Individuals (Non-Residents Individuals/ Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Financial Institutions/ Banks	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Any Others(Specify)	0	0	0	0.00	0	0	0	0.00	0.00
	Sub Total(A)(2)	0	0	0	0.00	0	0	0	0.00	0.00
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	7120639	0	7120639	54.75	7120639	0	7120639	54.75	0
(B)	Public shareholding									
1	Institutions									
(a)	Mutual Funds/ UTI	603605	500	604105	4.64	1077338	500	1077838	8.29	3.65
(b)	Financial Institutions / Banks	239795	5300	245095	1.88	65902	5300	71202	0.55	-1.33
(c)	Central Government/ State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Insurance Companies	0	0	0	0.00	636365	0	636365	4.89	4.89
(f)	Foreign Institutional Investors	1801461	0	1801461	13.85	898968	0	898968	6.91	-6.94
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Any Other (specify) - Foreign Body Corporate	351000	0	351000	2.70	351000	0	351000	2.70	0.00
	Sub-Total (B)(1)	2995861	5800	3001661	23.08	3029573	5800	3035373	23.34	0.27
2	Non-institutions									
(a)	Bodies Corporate	258411	7850	266261	2.05	252516	7850	260366	2.00	-0.05
(b)	Individuals									
I	Individual shareholders holding nominal share capital up to ` 1 lakh	1240349	411859	1652208	12.70	1412933	387993	1800926	13.85	1.15
II	Individual shareholders holding nominal share capital in excess of ` 1 lakh	793940	0	793940	6.10	625985	0	625985	4.81	-1.29
(c)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Any Other (specify)									
I	Hindu Undivided Family	72751	400	73151	0.56	48390	400	48790	0.37	-0.19
II	Non Resident Individuals	48614	1500	50114	0.39	63321	1500	64821	0.50	0.11
III	Trusts	47900	0	47900	0.37	48974	0	48974	0.37	0.00
	Sub-Total (B)(2)	2461965	421609	2883574	22.17	2452119	397743	2849862	21.90	-0.27

	Category of Shareholders	No. shares held at the beginning of the year				No. shares held at the end of the year				% change during the Year
		Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
(B)	Total Public Shareholding (B)= (B)(1)+(B)(2)	5457826	427409	5885235	45.25	5481692	403543	5885235	45.25	0
	TOTAL (A)+(B)	12578465	427409	13005874	100.00	12602331	403543	13005874	100.00	
(C)	Shares held by Custodians and against which Depository Receipts have been issued									
1	Promoter and Promoter Group	0	0	0	0.00	0	0	0	0.00	0.00
2	Public	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total (C)	0	0	0	0.00	0	0	0	0.00	0.00
	GRAND TOTAL (A)+(B)+(C)	12578465	427409	13005874	100.00	12602331	403543	13005874	100.00	0.00

(ii) Shareholding of Promoters

Sr. No.	Name of the shareholder	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total shares of the company	% of Shares pledged / encumbered to total shares	No. of Shares	% of total shares of the company	% of Shares pledged / encumbered to total shares	
1	VIKRAM INVESTMENT CO. LTD.	2900275	22.30	0.00	2900275	22.30	0.00	0.00
2	MADHUSUDAN HOLDINGS LTD.	7500	0.06	0.00	7500	0.06	0.00	0.00
3	VIKRAM SOMANY	945847	7.27	0.00	1045847	8.04	0.00	0.77
4	REKHA COMMERCIAL LTD.	532388	4.09	0.00	532388	4.09	0.00	0.00
5	TRISURE PROMOTIONS & TRADINGS LTD.	484400	3.72	0.00	484400	3.72	0.00	0.00
6	SMITI SOMANY	1542240	11.86	0.00	1342240	10.32	0.00	-1.54
7	SUVINAY TRADING & INVESTMENT CO. LTD.	259420	1.99	0.00	259420	1.99	0.00	0.00
8	VIKRAM SOMANY	100000	0.76	0.00	0.00	0.00	0.00	-0.77
9	VENUGOPAL HOLDINGS LTD.	63388	0.48	0.00	63388	0.49	0.00	0.00
10	DEEPSHIKHA KHAITAN	39116	0.30	0.00	239116	1.84	0.00	1.54
11	GANGA SOMANY	28000	0.22	0.00	28000	0.22	0.00	0.00
12	POOJA JAIN SOMANY	200000	1.54	0.00	200000	1.54	0.00	0.00
13	MADHUSUDAN INDUSTRIES LTD.	18065	0.14	0.00	18065	0.14	0.00	0.00
	TOTAL	7120639	54.75	0.00	7120639	54.75	0.00	0.00

(iii) **Change in Promoters' Shareholding (please specify, if there is no change)**

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	7120639	54.75	7120639	54.75
	25.10.2016 (InterSe Transfer Between Two Promoters)	100000	0.77	7120639	54.75
	02.01.2017 (InterSe Transfer between two promoters)	200000	1.54	7120639	54.75
	At the end of the year			7120639	54.75

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

Sr. No.	For Each of the top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	HDFC STANDARD LIFE INSURANCE COMPANY LIMITED Purchase : Cumulative Holdings – 22.04.2016-175000, 20.05.2016-175698, 27.05.2016- 176848, 03.06.2016-177669, 17.06.2016-179349, 24.06.2016-180193, 30.06.2016-180427, 08.07.2016-204046, 22.07.2016-229782, 5.08.2016-254782, 09.09.2016-256722, 23.09.2016-306722, 07.10.2016-609992, 02.12.2016-609613, 23.12.2016-608162, 27.01.2017-607134, 10.2.2017-607162, 24.02.2017-607310, 03.03.2017-612339, 31.03.2017-630739. Sale : Cumulative Holdings-30.09.2016-306653, 14.10.2016-609792, 28.10.2016-609462, 16.12.2016-606031, 06.01.2017 - 607130, 17.02.2017-601014, 10.03.2017-611318.	0	0	630739	4.85
2	DSP BLACKROCK MICRO CAP FUND & DSP BLACKROCK SMALL AND MID CAP FUND * Purchase : Cumulative Holdings-08.04.2016 -368889, 22.04.2016-491389, 25.11.2016-511261	205889	1.59	511261	3.93
3	NALANDA INDIA EQUITY FUND LIMITED No Change	371558	2.86	371558	2.86
4	INDIA 2020 II INVESTORS LIMITED Purchase : Cumulative Holding 31.03.2017 – 300868	0	0	300868	2.31
5	MIRAE ASSET EMERGING BLUECHIP FUND Purchase Cumulative Holdings –07.10.2016-168340, 28.10.2016-191340, 13.01.2017-192102, 20.01.2017-199802, 10.02.2017-204897, 17.02.2017-208009, 03.03.2017-208727, 10.03.2017-210832.	0	0	210832	1.62
6	VIJAY KEDIA Sale : Cumulative Holdings –22.07.2016-247373, 29.07.2016-236716, 05.08.2016-230607, 12.08.2016-230000, 19.08.2016-226865, 26.08.2016-225000, 09.09.2016-220000, 16.09.2016-218226, 23.09.2016-218000, 30.09.2016-217927, 07.10.2016-200000.	250000	1.92	200000	1.54
7	FRANKLIN INDIA SMALLER COMPANIES FUND Purchase : Cumulative Holdings-29.04.2016- 49332, 20.05.2016-49594, 27.05.2016-49852, 03.06.2016-50300, , 07.10.2016-170300, 18.11.2016-178831, 25.11.2016-190300, 02.12.2016-194989 Sale : Cumulative Holdings -15.07.2016-45300	0	0	194989	1.50
8	MALABAR INDIA FUND LIMITED Sale Cumulative Holdings –07.10.2016-220061, 04.11.2016- 219262, 11.11.2016-218948, 31.03.2017-191475	230061	1.77	191475	1.47
9	INDIA 2020 FUND II LIMITED * Sale : Cumulative Holdings- 31.03.2017-171403	472271	3.63	171403	1.32
10	RAHUL RAM KUMAR RATHI Sale : Cumulative Holdings- 30.09.2016-112270, 07.10.2016-104529, 28.10.2016-79958	113529	0.87	79958	0.61

* Shareholding is consolidated based on Permanent Account Number (PAN) of the shareholder

(v) Shareholding of Directors and Key Managerial Personnel

Sr. No.	For each of the Directors and KMPs	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Shri Vikram Somany	1045847	8.04	1045847	8.04
2	Shri Sajan Kumar Pasari 20.10.2016-2200 (Sale) 21.10.2016-6244 (Sale)	245140	1.88	236696	1.82
3	Smt. Deepshikha Khaitan 02.01.2017 - 200,000 (Inter-Se transfer between two promoters)	39116	0.30	239116	1.84
4	Shri Ashok Chhajer*	600	0.00	N.A	N.A
5	Shri Lalit Kumar Bohania	0	0.00	0	0.00
6	Shri Govindbhai P. Patel	0	0.00	0	0.00
7	Dr. K. N. Maiti	0	0.00	0	0.00
8	Shri Jugal Kishore Taparia #	N.A	N.A	0	0
9	Shri Atul Sanghvi	18	0.00	18	0.00
10	Shri S. C. Kothari	6754	0.05	6754	0.05
11	Shri Rajesh B. Shah	252	0.00	2	0.00
12	Shri Narendra N. Patel	0	0.00	0	0

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment (Amount in `)				
Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	35,08,42,321	0	0	35,08,42,321
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	35,08,42,321	0	0	35,08,42,321
Change in Indebtedness during the financial year				
Addition	0	0	0	0
Reduction	-90,32,351	0	0	-90,32,351
Net Change	-90,32,351	0	0	-90,32,351
Indebtedness at the end of the financial year				
i) Principal Amount	34,18,09,970	0	0	34,18,09,970
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	34,18,09,970	0	0	34,18,09,970

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount (`)
		Vikram Somany	Atul Sanghvi	
1	Gross salary			
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	4,54,64,500	1,64,65,601	6,19,30,101
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961.	0	0	0
(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0
2	Stock Option	0	0	0
3	Sweat Equity	0	0	0
4	Commission			
	- as % of Profit	0	0	0
	- Others, specify as a % on sales	0	0	0
5	Others, specify (perq + PF)	51,24,827	11,43,368	62,68,195
	Total (A)	5,05,89,327	1,76,08,969	6,81,98,296
	Celling as per Act	8,03,40,911	8,03,40,911	16,06,81,822

B. Remuneration to other directors:

Sl. no.	Particulars of Remuneration	Name of Directors					Total Amount (`)
		Ashok Chhajed*	Sajan Kumar Pasari	Govindbhai P. Patel	Lalit Kumar Bohania	Jugal Kishore Taparia #	
1	Independent Directors						
•	Fee for attending board / committee meetings	0	30,000	20,000	30,000	20,000	1,00,000
•	Commission	0	2,00,000	2,00,000	2,00,000	2,00,000	8,00,000
•	Others, please specify	0	0	0	0	0	0
	Total (1)	0	2,30,000	2,20,000	2,30,000	2,20,000	9,00,000
2	Other Non-Executive Directors	** Dr. K. N. Maiti			Smt. Deepshikha Khaitan		
•	Fee for attending board / committee meetings			20,000	50,000		70,000
•	Commission			2,00,000	2,00,000		4,00,000
•	Others, please specify			0	0		0
	Total (2)			2,20,000	2,50,000		4,70,000
	Total (B)=(1+2)						13,70,000
	Total Managerial Remuneration						6,95,68,296
	Overall Ceiling as per the Act						17,67,50,070

C. Remuneration to key managerial personnel other than MD / Manager / WTD

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			Total Amount (`)
		CEO	CS	CFO	
1	Gross salary				
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2,55,40,320	36,84,604	67,94,307	3,60,19,231
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0	0
(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0	0
2	Stock Option	0	0	0	0
3	Sweat Equity	0	0	0	0
4	Commission				
	- as % of profit	0	0	0	0
	- others. specify...	0	0	0	0
5	Others, please specify (Perq + PF)	46,57,914	7,41,272	10,76,608	64,75,794
	Total	3,01,98,234	44,25,876	78,70,915	4,24,95,025

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES : NIL

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
B. DIRECTORS					
C. OTHER OFFICERS IN DEFAULT					

* Ceased to be a director w.e.f. 23.04.2016.

** Dr. K.N. Maiti is also paid consultancy fee of ` 5500000/- as Ceramic Scientist.

Shri Jugal Kishore Taparia appointed as Additional Director (Independent) w.e.f. 29th July, 2016.

Ahmedabad.
4th May, 2017

Vikram Somany
Chairman and Managing Director

Annexure - VIII to the Directors' Report

CORPORATE GOVERNANCE REPORT

(As required under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

1) Company's Philosophy

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

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

2) Board of Directors

The Board comprises of a Chairman and Managing Director, a Vice Chairperson (Non - Executive), an Executive Director, 4 (Four) Independent Directors and 1 (One) Non-Executive Director.

The Company did not have any pecuniary relationship or transactions with the Non-Executive Directors during the period under review.

During the year, 5 (five) Board Meetings were held on 03.05.2016, 12.07.2016, 29.07.2016, 13.10.2016 and 07.02.2017.

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

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

Sr. No.	Name of Director	Category of Directorship	No. of Board Meetings attended	Attendance At last AGM	No. of Other director-ship	No. of Other Committee Membership
1.	Shri Vikram Somany	Chairman and Managing Director Promoter Director	5	YES	1	—
2.	Smt. Deepshikha Khaitan	Vice Chairperson Non-Executive Promoter Director	5	YES	3	—
3.	Shri Sajjan Kumar Pasari	Non-Executive Independent Director	3	NO	9	—
4.	Dr. K N Maiti	Non-Executive Director	2	YES	—	—
5.	Shri Govindbhai P Patel	Non-Executive Independent Director	2	YES	—	—
6.	Shri Lalit Kumar Bohania	Non-Executive Independent Director	3	NO	13	—
7.	Shri J. K. Taparia*	Non-Executive Independent Director	2	Yes	1	—
8.	Shri Atul Sanghvi	Executive Director	5	YES	2	—

* Shri J.K. Taparia appointed as Additional Director (Independent) w.e.f. 29th July, 2016

The Company provides the information as set out in Regulation 17 read with Part A of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the Board and the Board Committees to the extent it is applicable and relevant. Such information is submitted either as part of the agenda papers in advance of the respective meetings or by way of presentations and discussions during the meeting.

Shri Vikram Somany is the father of Smt. Deepshikha Khaitan, none of the other Directors are related to any other Director on the Board in term of definition of 'relative' as per the Companies Act, 2013.

All Independent Directors are experienced and competent from their respective field. They actively participate in the Board and Committee which gives significant value addition in the decision making process. Familiarization programs imparted to independent directors is posted on company's website www.cera-india.com

Performance Evaluation:

Pursuant to the provisions of the Companies Act, 2013 and Regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee. The Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of the specific duties, obligations and governance were also evaluated.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgement, safeguarding the interest of the Company and its shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors, who also reviewed the performance of the Secretarial Department. The Directors expressed their satisfaction with the evaluation process.

Independent Directors' Meeting:

During the year under review, the Independent Directors met on 10.03.2017 inter alia, to discuss:

- Evaluation of the performance of Independent directors, Non-Independent Directors, Executive Director, the Board of Directors as a whole and Key Managerial Personnel;
- Evaluation of the performance of the Chairman and Managing Director of the Company, taking into account the views of the Executive and Non-Executive Directors.
- Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

Prohibition of Insider Trading:

In Compliance with the SEBI Regulations on Prevention of Insider Trading, the Company has framed a Code of Conduct to avoid any insider trading and it is applicable to all the Directors, Promoters, Senior Managerial Personnel and other connected persons of the Company who are expected to have

access to the unpublished price sensitive information relating to the Company. The Code lays down guidelines, which advises them on procedure to be followed and disclosures to be made, while dealing in the shares of the Company.

Code of Conduct

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

Risk management Policy

The Board of directors has framed, approved and implemented Risk Management Policy of the Company including identification and element of risks.

3) Audit Committee

The Audit Committee, consists of 5 (Five) directors, namely Shri J. K. Taparia - Chairman (Independent), Shri Govindbhai P. Patel (Independent), Shri Vikram Somany, Shri Sajan Kumar Pasari (Independent) and Shri Lalit Kumar Bohania (Independent). During the year, 4 (four) Audit Committee Meetings were held on 30.04.2016, 12.07.2016, 13.10.2016 and 07.02.2017.

Terms of reference

The role and terms of reference of the Audit Committee cover the matters specified for Audit Committees under regulation 18 and Part – C of Schedule - II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013.

Name of Director	No. of Meetings	
	Held	Attended
Shri Vikram Somany	4	2
Shri Sajan Kumar Pasari	4	1
Shri Lalit Kumar Bohania	4	2
Shri Govindbhai P. Patel	4	3
Shri J. K. Taparia	4	2

4) Nomination and Remuneration Committee

The Nomination and Remuneration Committee, consists of 4 (Four) directors namely, Shri Govindbhai P. Patel – Chairman (Independent), Shri Vikram Somany, Shri Lalit Kumar Bohania (Independent), Shri Sajan Kumar Pasari (Independent) and Shri J.K. Taparia (Independent).

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

The Committee also decides the fixed component and performance linked incentives, performance criteria, service contracts, notice period, severance fees etc. of the remuneration package of working directors, as may be necessary. During the year under review, 3 (Three) Nomination and Remuneration Committee Meetings were held on 03.05.2016, 12.07.2016 and 07.02.2017.

Name of Director	No. of Meetings	
	Held	Attended
Shri Govindbhai P. Patel	3	-
Shri Vikram Somany	3	3
Shri Lalit Kumar Bohania	3	3
Shri Sajan Kumar Pasari	3	3
Shri J. K. Taparia	3	-

Independent Directors are appointed and their performance is evaluated based on the criteria such as knowledge, qualifications, experience, expertise in any area, integrity, level of independence from the Board and the Company, number of meetings attended, familiarization programs attended, time devoted etc. Executive Directors are appointed on the basis of requirement of the Company, qualifications & experience, association with the Company, loyalty etc. Executive Directors are preferably promoted from within the Company based on above criteria.

The committee recommends appointment of directors to the Board.

5) Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee, consists of 4 (Four) directors namely, Shri Vikram Somany – Chairman, Shri J. K. Taparia (Independent), Shri Atul Sanghvi and Smt. Deepshikha Khaitan.

The Committee formulate and recommend to the Board, a Corporate Social Responsibility Policy and monitor and review the same and determine implementation process / execution of CSR policy.

Disclosures of contents of Corporate Social Responsibility as required under The Companies (Corporate Social Responsibility Policy) Rules, 2014 is attached as a separate annexure.

During the year under review, two meetings were held on 03.05.2016 and 13.10.2016.

6) Remuneration Policy

Remuneration of employees largely consists of basic remuneration and perquisites.

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

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

7) Details of remuneration for the year ended 31.03.2017

(i) Managing Director / Whole-time Director(s)

Name and Designation	Remuneration (`)	Perquisites and Retirement benefits (`)	Commission (`)
Shri Vikram Somany Chairman and Managing Director	4,54,64,500	51,24,827	—
Shri Atul Sanghvi Executive Director	1,64,65,601	11,43,368	—

Performance incentive to the whole time Directors are based on the sales achieved and operating profit of the Company on the basis of the criteria decided by the Nomination and Remuneration Committee /Board of Directors/Chairman and Managing Director from time to time.

The Company has entered into contract with the above directors. Whole-time Directors' appointment is for a period of 3/5 years. The Whole Time Directors' may resign from the service of the Company by giving three months' notice

in advance. The Company has the right to terminate the service of Whole Time Director/s except Chairman and Managing Director at any time by giving three months' notice in writing or salary in lieu thereof.

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

Presently, there is no operational Employees Stock Option Scheme in the Company. ESOS does not form a part of contract with the Directors of the Company.

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

(ii) Non-Executive Directors

The company has passed the resolution at the Annual General Meeting held on 12.09.2012 for the payment of commission not exceeding 1% p.a. of the net profit of the Company. The commission is to be distributed among the directors not in whole time employment of the Company in such manner, as the Board of directors may determine from time to time. The commission will be paid to the Non-Executive Directors on approval of accounts by the members of the Company at ensuing AGM. The details of commission to be paid and sitting fees paid to them for the year 2016-17 are as under:

Name	Sitting Fees ([₹])	Commission ([₹])
Shri Sajjan Kumar Pasari	30,000	2,00,000
Dr. K.N. Maiti	20,000	2,00,000
Shri Lalit Kumar Bohania	30,000	2,00,000
Shri J. K. Taparia	20,000	2,00,000
Shri Govindbhai P. Patel	20,000	2,00,000
Smt. Deepshikha Khaitan	50,000	2,00,000
TOTAL	1,70,000	12,00,000

Dr.K.N. Maiti is also paid consultancy fees of ` 55,00,000/- as ceramic scientist as per the approval of Nominations and Remuneration Committee.

(iii) Shareholding of Non-Executive Directors

Name	No. of Shares held	% of total shareholding
Shri Sajjan Kumar Pasari	236696	1.82
Dr. K. N. Maiti	Nil	Nil
Shri Lalit Kumar Bohania	Nil	Nil
Shri J. K. Taparia	Nil	Nil
Shri Govindbhai P. Patel	Nil	Nil
Smt. Deepshikha Khaitan	239116	1.84

8) Share Transfer Committee

In accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board had delegated the powers of share transfers to the Share Transfer Committee. In order to expedite the process of share transfers / transmissions / splits / consolidation, the Committee meets at least once in 10-15 days.

The Share transfer committee, consists of three directors namely Shri Atul Sanghvi–Chairman, Shri Govindbhai P. Patel and Dr. K. N. Maiti.

Share Transfer Agent

The Company has appointed MCS Share Transfer Agent Limited, a SEBI registered Share Transfer Agent as Registrar and Share Transfer Agent.

9) Stakeholders Relationship Committee

The Stakeholders Relationship Committee, consists of three directors namely Shri Govindbhai P. Patel – Chairman, Shri Atul Sanghvi and Dr. K. N. Maiti.

All investor complaints, which can not be settled at the level of Company Secretary and Compliance Officer, are forwarded to the Stakeholders Relationship Committee for final settlement.

During the year 2016-17, the Company had received 10 complaints from the Shareholders.

All the complaints received from the Shareholders were resolved. There is no complaint pending as of 31.03.2017, which is not attended / replied by the Company.

The Company confirms that there were no share transfers lying pending as on date which were received upto 31.03.2017 and all requests for dematerialization and re-materialization of shares as on that date were confirmed / rejected into the NSDL / CDSL system.

During the year, one meeting was held on 30.04.2016.

Shri Narendra N Patel – President and Company Secretary is a compliance officer.

10) General Body Meetings

The last three Annual General Meetings were held as under:

Financial Year ended	Date	Time	Venue
31.03.2016	29.07.2016	11.30 a.m.	9, GIDC Industrial Estate Kadi- 382 715, Dist. Mehsana.
31.03.2015	30.07.2015	11.30 a.m.	9, GIDC Industrial Estate Kadi-382 715, Dist. Mehsana.
31.03.2014	22.08.2014	11.00 a.m.	9, GIDC Industrial Estate Kadi-382 715, Dist. Mehsana.

During last three annual General Meetings, following special resolutions were passed:

- Appointment of Shri Atul Sanghvi as Executive director. (Annual General Meeting dated 22.08.2014)
- Appointment of Shri Vikram Somany as Chairman and Managing Director. (Annual General Meeting dated 22.08.2014)

Special Resolution u/s 180(1)(a) of the Companies Act, 2013 was passed on 22.08.2014 by voting through Postal Ballot. Voting details was as under:

	No. of Votes	% of Total Votes
No. of Votes in favour of the Resolution	7814211	99.99
No. of Votes against the resolution	618	0.01

Shri Umesh Parikh, partner of Parikh Dave and Associates, practicing Company Secretaries conducted the Postal Ballot exercise. No special resolution is proposed to be conducted through Postal Ballot as on date.

11) Means of Communication

- Quarterly results are published in leading daily newspapers viz. Financial Express / The Economic Times / Times of India and a local language newspaper viz. The Economic Times/ JaiHind/ Divya Bhaskar /Financial Express. The annual results (Annual Reports) are circulated to all the members of the Company either electronically or in physical form.
- Management Discussion & Analysis forms part of this Annual Report, which is also being posted to all the members of the Company.
- The official news releases, if any, are given directly to the press and simultaneously to the Stock Exchanges.
- The Company sends its financial results, Shareholding pattern and other information to BSE Limited and National Stock exchange of India Limited. They upload this information on their websites. i.e. www.bseindia.com and www.nseindia.com. The said information is also available on the company's website www.cera-india.com.
- Occasionally presentations are made to the institutional investors and/or analysts. Information which is published is only provided to them and only general outlook or future plans are shared with them. Such presentations or communications are posted on the website of the company www.cera-india.com.

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

Date and Time : 27th July, 2017 @ 11.30 a.m.
 Venue : 9, GIDC Industrial Estate,
 Kadi – 382 715, Dist. Mehsana.

2. Financial Calendar 2017-18 (tentative) :

Annual General Meeting By 3rd / 4th week of
 September, 2018

Results for quarter ending By 15th day of

June 30, 2017 August, 2017
 September 30, 2017 November, 2017
 December 31, 2017 February, 2018
 March 31, 2018 (Audited) By 29th May, 2018

3. Book Closure date 12th July, 2017 to 19th July, 2017. (both days inclusive)**4. Dividend Payment**

Dividend for the year ended 31.03.2017 will be paid to the members whose names will appear in the register of members of the Company, on 19th July 2017 after giving effect to all valid transfer of shares in physical form lodged with the Company on or before 11th July, 2017 at the end of business hours, and in respect of shares held in Demat form, the members whose names appear on the statement of beneficial ownership furnished by NSDL and CDSL at the end of business hours on 11th July, 2017.

Dividend will be paid within 30 days from the date of approval by the members at the Annual General Meeting either by posting of dividend warrants or by direct credit in to the members' bank accounts.

In accordance with the Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations

2015, the Board of Directors has adopted Dividend Distribution Policy and same is placed on the website of the Company.

5. Transfer of Shares to Investor Education and Protection Fund

Pursuant to the provisions of Section 124, 125 of the Companies Act, 2013 and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 notified by the Ministry of Corporate Affairs and its amendment made from time to time, Company has issued Newspaper advertisement on 1st December, 2016 and Company has send individual notices to the shareholders on 29th November, 2016 for transfer of all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more, such shareholders' shares would be transferred to the Investor Education and Protection Fund. Shareholders are requested to note that shares transferred to IEPF, including all benefits accruing on such shares, if any can be claimed back from the IEPF Authority after following the procedure prescribed under the said rules.

6. Listing on Stock Exchanges

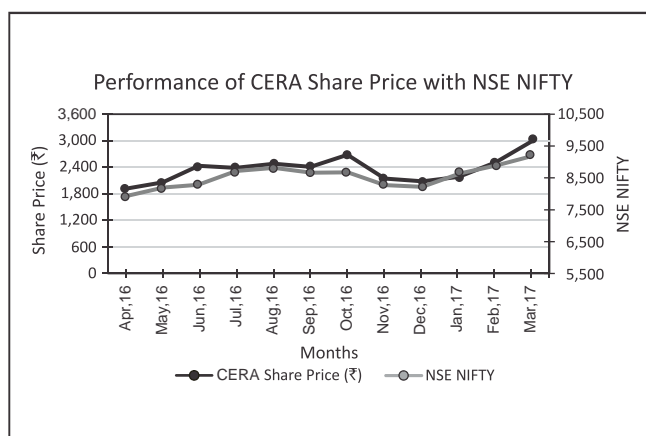
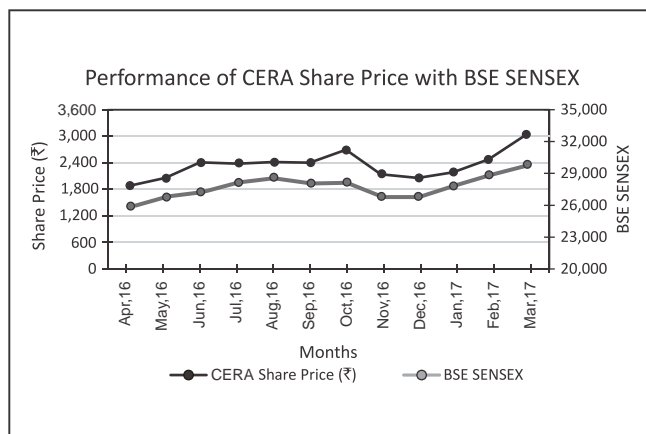
The Company's shares are listed at BSE Limited, 1st Floor, New Trading Ring, Rotunda Building, P J Towers, Dalal Street, Fort, Mumbai - 400 001 and National Stock Exchange of India Limited, Exchange Plaza, Bandra Kurla Complex, Bandra (East) Mumbai – 400 051. The company has paid listing fees for the year 2016-17 and 2017-18 to the Stock Exchanges.

BSE Limited
 Scrip Code : 532443 Scrip ID : CERASAN

National Stock Exchange of India Limited
 Trading Symbol : CERA.

7. Share price at BSE and NSE

Month	BSE		NSE	
	High (`)	Low (`)	High (`)	Low (`)
April, 2016	1852.00	1750.00	1850.00	1742.40
May, 2016	2095.00	1820.00	2100.00	1821.30
June, 2016	2429.00	2009.15	2429.00	2003.00
July, 2016	2525.00	2325.00	2520.00	2335.00
August, 2016	2450.00	2310.05	2474.40	2320.00
September, 2016	2469.00	2320.00	2500.00	2300.10
October, 2016	2694.00	2352.00	2718.70	2351.00
November, 2016	2759.00	1853.15	2780.00	1852.20
December, 2016	2268.80	1880.00	2273.30	1880.45
January, 2017	2212.75	1990.00	2225.00	1989.10
February, 2017	2605.00	2160.00	2610.00	2148.00
March, 2017	3130.00	2330.00	3315.00	2324.00



8. Registrar and Share Transfer Agent

Entire Share Transfer and dematerialization / rematerialization job is assigned to R & T Agent, MCS Share Transfer Agent Limited, a SEBI registered Share Transfer Agent. Request for Share transfer, dematerialization and rematerialization should be sent directly to MCS Share Transfer Agent Limited, 201, Shatdal Complex, 2nd Floor, Opp. Bata Show Room, Ashram Road, Ahmedabad-380 009. Shareholders have option to open their accounts with either NSDL or CDSL as the Company has entered into agreements with both of these depositories.

9. Share Transfer System

The share transfer/s is normally effected within a period of 10-15 days from the date of receipt, provided the documents being complete in all respects. The Company has formed Share Transfer Committee of directors, which meets atleast once in 10-15 days for effecting transfer of shares and other related matters.

10. Distribution of Shareholding as on 31.03.2017

Shares	No. of Shareholders	Total No. of Shares
1	500	18,223
501	1000	311
1001	2000	132
2001	3000	36
3001	4000	13
4001	5000	10
5001	10,000	25
10,001	50,000	22
50,001	1,00,000	7
1,00,001 And above		19
Total	18,798	1,30,05,874

11. Pattern of Shareholding as on 31.03.2017

Sr. No.	Category	No. of Shares	(%)
1.	NRIs	64,821	0.50
2.	FIIIs	8,98,968	6.91
3.	Financial Institutions/Banks/ Insurance Companies/Trust	7,56,541	5.82
4.	Mutual Funds	10,77,838	8.29
5.	Foreign Body Corporate	3,51,000	2.70
6.	Promoters	71,20,639	54.75
7.	Bodies Corporate	2,60,366	2.00
8.	Indian Public	24,75,701	19.03
	Total	1,30,05,874	100.00

12. Dematerialisation of Shares as on 31.03.2017

As on 31.03.2017, 96.90% of the Company's total shares representing 1,26,02,331 Shares were held in dematerialized form and the balance 3.10% representing 4,03,543 shares were in paper form.

The ISIN Number in NSDL and CDSL is "INE739E01017".

13. Secretarial Audit for reconciliation of Capital

Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 a practicing company secretary carried out the Secretarial Audit for all the quarters of Financial Year 2016-17. The Audit Reports confirms that there is no discrepancy in the issued, listed and admitted capital of the Company.

14. There are no outstanding Global Depository Receipts or American Depository Receipts or warrants or convertible instruments in the company.

15. Plant Locations

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

- Sanitaryware and Faucetware Plants :
9, GIDC Industrial Estate, Kadi - 382 715,
Dist. Mehsana, Gujarat.

2. Wind Farms :

1. Village Patelka & Lamba, Taluka Kalyanpur, District Jamnagar, Gujarat.
2. Village & Taluka Kalyanpur, District Jamnagar, Gujarat.
3. Village Kadoli, Taluka Abdasa, District Kutch, Gujarat.
4. Village-Jivapar (Anandpar), Taluka-Chotila, Dist-Surendranagar, Gujarat.
5. Village-Mota Gunda, Taluka-Bhanwad, Dist-Devbhumi Dwarka, Gujarat.
6. Village-Navagam, Taluka-Bhanwad, Dist-Devbhumi Dwarka, Gujarat.

16. Address for Correspondence

The Company's Registered Office is situated at 9, GIDC Industrial Estate, Kadi-382715, District Mehsana, Gujarat. Shareholders' correspondence should be addressed either to the Registered Office of the Company as stated above or Ahmedabad Office at "Madhusudan House", Opp. Navrangpura Telephone Exchange, Ahmedabad - 380006 or to the Registrar and Share Transfer Agent, MCS Share Transfer Agent Limited, 201, Shatdal Complex, 2nd Floor, Opp. Bata Show Room, Ashram Road, Ahmedabad-380009. Contact No. 079-26580461, Email : mcsahmd@gmail.com.

The Company has partly adopted non-mandatory requirements.

13) Other Disclosures

1. There were no transactions of material nature with the directors or the management or their subsidiaries or relatives etc. during the year, which could have potential conflict with the interests of the Company at large.
2. There were no instances of non-compliance, penalty or strictures imposed on the company by Stock Exchanges, SEBI or other statutory authority of any matter related to the capital market, during the last three years.
3. Vigil Mechanism (Whistle Blower Policy)

The Company has implemented a Vigil Mechanism (Whistle Blower Policy) and is posted on the Company's website i.e. www.cera-india.com and no person is denied access to the Audit Committee.
4. The Company has partly adopted non-mandatory requirements. The company has Chairman and Managing Director. The company is having unmodified audit opinion. The Internal Auditor may report directly to the audit committee.
5. The company has no material subsidiary. The Policy on Material Subsidiary framed by the Board of Directors of the Company is available on Company's website at the link <https://www.cera-india.com/corporate/policy-for-determining-material-subsiary/>.

6. Related Party Transactions

All transactions entered into with Related parties as defined under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the financial year were in the ordinary course of business and on an arm's length basis and approved by the Audit Committee and the Board of Directors. There were no materially significant transactions with related parties during the financial year which were in the conflict of interest of the Company.

The Board has approved a policy for related party transactions which has been uploaded on the website of the Company i.e. www.cera-india.com.

7. Commodity Risk or Foreign Exchange Risk

The Company is not dealing in any activity which may have commodity price risk or Foreign Exchange risk or undertaken hedging activities.

8. CEO and CFO certification

As per Regulation 17(8) and Part – B of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a certificate from CEO and CFO has been obtained.

9. The company has issued reminders to the Shareholders for the shares issued in physical form in past, which remained unclaimed. The details of the same were as under:

	Number of share holders	Number of equity shares
Aggregate number of shareholders and shares outstanding as on April 1, 2016.	380	62,170
Number of shareholders who approached the Company for shares during the year.	27	7,770
Number of shareholders to whom shares were issued during the year.	27	7,770
Aggregate number of shareholders and shares outstanding as on March 31, 2017.	353	54,400

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

Ahmedabad.
4th May, 2017

Vikram Somany
Chairman and Managing Director

Annexure IX to the Directors' Report

Business Responsibility Report

The Directors present the Business Responsibility Report of the Company for the financial year ended on March 31, 2017.

Section A [General Information about the Company]:

1	Corporate Identity Number (CIN) of the Company	L26910GJ1998PLC034400
2	Name of the Company	Cera Sanitaryware Limited
3	Address of the Registered Office of the Company	9, GIDC Industrial Estate, Kadi-382 715, Dist. Mehsana, Gujarat, India.
4	Website	www.cera-india.com
5	Email id	ppavu@cera-india.com
6	Financial year reported	2016-17
7	Sector(s) that the Company is engaged in (industrial activity code-wise):	239 (NIC 2008)
8	Key products/Services:	Sanitaryware, Tiles, Bathroom accessories & products, Faucetware, Generation of Electricity through Green Energy for captive use.
9	Locations where business activity is undertaken by the Company	Sanitaryware and Faucetware plants are located at Kadi Dist. Mehsana Gujarat. Wind farms of the Company are located in six various places in Gujarat, India. The Company's businesses and operations are spread across different geographies across the Country.
10	Markets served by the Company – Local/State/National/International	The Company has a significant presence nationally and globally.

Section B [Financial Details of the Company]:

1	Paid-up Capital (INR)	650.29 Lacs
2	Total turnover (INR)	100917.02 Lacs
3	Total profit after taxes (INR)	10131.72 Lacs
4	Total Spending on Corporate social Responsibility (CSR) as percentage of Profit after tax (%)	The Company has spent ` 290.80 Lacs towards CSR expenditure for the F.Y.2016-17 which is 2.87% of Net Profit.
5	List of Activities in which expenditure in 4 of above has been incurred	1) Healthcare 2) Education, 3) Rural development 4) Eradicating Hunger etc. Annual Report on CSR activities is attached as Annexure IV to the Directors' Report.

Section C [Other Details]:

- Does the Company have any Subsidiary Company / Companies?
Yes, the Company has one Subsidiary Company as on 31st March, 2017.
- Do the subsidiary Company / companies participate in the BR initiatives of the parent Company?
The company encourages subsidiary to adopt its policies and practices.
- Do any other entity / entities that the Company does business with participate in the BR initiatives of the Company?
It is difficult to establish the extent of support in the company's BR Initiatives.

Section D: BR Information

- Details of Director/Directors responsible for BR:
 - Details of the Director/Directors responsible for implementation of the BR Policy/policies:
 - DIN Number: 00045903
 - Name: Shri Atul Sanghvi
 - Designation: Executive Director
 - Details of the BR head:
 - DIN Number: 00045903
 - Name: Shri Atul Sanghvi
 - Designation: Executive Director
 - Telephone: (02764) 242329, 243000
 - Email ID: asanghvi@cera-india.com
- Principle-wise (as per NVGs) BR Policy/Policies:**
 - Business should conduct and govern themselves with Ethics, Transparency and Accountability
 - Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
 - Businesses should promote the well-being of all employees
 - Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized
 - Businesses should respect and promote human rights
 - Businesses should respect, protect, and make efforts to restore the environment
 - Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner
 - Businesses should support inclusive growth and equitable development
 - Businesses should engage with and provide value to their customers and consumers in a responsible manner

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

Sr. No.	Questions	Business Ethics P1	Product life responsibility P2	Employee well being P3	Stakeholder Engagement P4	Human Rights P5	Environment P6	Policy Advocacy P7	Community Development P8	Customer Value P9
1	Do you have a policy/policies for?	Y This forms part of the Code of Conduct of the Company which is applicable to Board of Directors and Senior Managerial Personnel	Y The policy is part of the Company's Environment, Health and Safety Policy.	Y Certain policies form part of the Code of Conduct for employees. There are various policies for the benefit of the employees which are issued by the Human Resources Department of the Company from time to time.	Y The Company does not have a specific policy, this principle forms part of the CSR Policy.	Y This policy is for internal circulation to the employees of the Company and some portion is part of the Code of Conduct of the Company.	Y The policy relating to the Environmental matters	NA -	Y The Company has a CSR Policy	Y The Company has Policy on Customer care
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	NA	Y	Y
3	Does the policy confirm to any national/international standards?	The Company is abiding by various Laws while framing the policies. The Company takes into account the best practices and national/international standards.								
4	Has the policy been approved by the Board? If yes, has it been signed by MD/Owner/CEO/ appropriate Board Director?	All statutory policies are approved by the Board of Directors, whereas other policies are approved by the Chief Executive Officer/ Executive Director or the respective business/unit head.								
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	NA	Y	Y
		The policies are implemented and being reviewed regularly by the respective business/unit head.								
6	Indicate the link for the policy to be viewed online?	www.cera-india.com								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes, Code of conduct, CSR Policy, Whistler Blower Policy, Dividend Distribution policy etc are available on Company's website, the other policies are for the internal purpose.								
8	Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	NA	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?	Yes, respective business/unit heads attend to any grievances pertaining to their department and address the grievances. The Company has formed a Stakeholders' Relationship Committee to redress any grievances of shareholders and investors. Product related grievances are also resolved by the respective business heads and customer care department of the Company.								
10	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	The policies are evaluated from time to time and updated whenever required, CSR Expenditure is audited by the Company's Statutory Auditors.								

2a. If answer to S. No. 1 against any principle, is 'No', please explain why: (Tick up to 2 options).

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

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.

The Business Responsibility performance of the Company is regularly monitored by the Company and reviewed by the Chief Executive Officer /Executive Director and respective departmental heads.

b) Does the Company publish BR or sustainability Report? What is the hyperlink for viewing this report? How frequently is it published?

The Business Responsibility Reporting is applicable to the Company for the first time w.e.f. 1st April, 2016 as per SEBI (LODR) Regulations, 2015. The BR Report is a part of the Annual Report of the Company. The Report is uploaded on the Company's website – www.cera-india.com.

Section E [Principle-wise Performance]:

Principle 1: [Business should conduct and govern themselves with Ethics, Transparency and Accountability]

The Board of Directors has approved a Code of Business Conduct and Ethics, which is applicable to all Board Members and senior management personnel of the Company. This is reviewed and reported annually.

The Company also has a Whistle Blower Policy approved by the Board and is applicable to all employees of the Company, which serves as mechanism for its Directors and Employees to report any genuine concerns or suspected fraud without fear of reprisal and thus ensures the Company to uphold its high standard. The Code of Business Conduct and Whistler blower policy is posted on the Company's website.

The details of shareholders complaints received and resolved during the financial year are reported along with quarterly results published and also given in the Corporate Governance report of this Annual Report.

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

Three of the Products of the Company, which are designed considering environment concerns, risks and opportunities.

- A) Sanitaryware
- B) Faucetsware
- C) Tiles and Bathroom products

The Company is committed to attainment of environmental and economic benefits from efficient use of energy, water, chemicals and waste reduction. The Company ensures fulfilment of all compliance obligations (legal requirements and other requirements) that relate to products and services, environmental aspects and occupational health & safety.

Company's manufacturing units are ISO 9001, 14001 and BS 18001 certified.

The company is committed to environment sustainability. It constantly works towards reduction and optimal utilization of energy, water, raw material, logistics etc. by incorporating new techniques and innovative ideas. As consumption per unit depends on the product mix, there are no specific standards to ascertain reduction achieved at each product level. The Company has also set up wind farms and solar plant.

The Company is constantly trying to develop WC and other products which operate with minimum consumption of water.

The Company has identified approved vendors for procuring materials and a Standard Operating Procedure is in place for sourcing raw materials. This includes sample approvals, performance trials, plant audit and regulatory clearances. Majority procurement of materials is from the approved manufacturers.

The Company procures goods and services from the local and small producers for its manufacturing premises and offices. It improves operational efficiency and helps save on transportation costs, inventory management and helps in risk mitigation. Adequate guidance and counselling are also provided to them about system and procedures for regulated markets.

The majority of waste generated in the Company's operations is recycled and balance is disposed off safely. Manufacturing facility has its own Effluent Treatment Plant, which ensures discharge of waste below the norms prescribed by respective pollution control boards.

Principle 3 [Businesses should promote the well-being of all employees.]:

- 1. Please indicate the Total number of employees – 2335
- 2. Please indicate the Total number of employees hired on temporary/ contractual/casual basis - 1015

3. Please indicate the Number of permanent women employees - 82
4. Please indicate the Number of permanent employees with disabilities- 13
5. Do you have an employee association that is recognized by management? - Yes
6. What percentage of your permanent employees is members of this recognized employee association? - 55%
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexualharassment in the last financial year and pending, as on the end of the financial year - Nil

S.N.	Category	No. of Complaints filed during the Financial year	No. of Complaints pending as on the end of the financial year.
1	Child Labour/Forced labour/Involuntary Labour	Nil	Nil
2	Sexual harassment	Nil	Nil
3	Discriminatory Employment	Nil	Nil

8. What percentage of your under mentioned employees were given safety and skill up-gradation training in the last year?- 20 employees - first aid training
 - a. Permanent Employees- 19
 - b. Permanent Women Employees - 01
 - c. Casual/Temporary/Contractual Employees- Contractual employees are given training - Yes
 - d. Employees with Disabilities - Nil

Principle 4 [Business should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized]:

The Company has mapped its key internal and external stakeholders. The Company recognise employees, business associates, joint venture partners, supplier, vendors, shareholders, investors, regulatory authorities and other government bodies as our key stakeholders.

The Company engages with its stakeholders on an ongoing basis. It is committed to the welfare of marginalized and vulnerable sections of the society and endeavours to meet the expectations of the said stakeholders.

The Company approach focuses on the development of communities around the vicinity of Company's plant. We have also developed innovative programmes to enhance livelihood of communities through education and skill development through CSR Activities, details of which are given as Annexure B of the Directors report.

The Employees are employed as per state government directive from time to time. The company invests in their skill development and upgradation, health check-ups and ensures other quality of life parameters. We have processes in place to ensure upholding of the rights of our employees and protect them against any form of discrimination.

Principle 5 [Businesses should respect and promote human rights]:

The Company remains committed to respect and protect human rights. The Company's Code of Business Conduct and the human resource practices cover most of these aspects. The Company does not hire child labour, forced labour or involuntary labour. The Company never discriminates between its employees. This extends to all areas of business operations.

No stakeholder complaints, relating to human rights, have been received in the past financial year.

Principle 6: [Business should respect, protect, and make efforts to restore environment]:

The Company is committed towards conservation of the environment and compliance with the requirements related to Environment, Health and Safety. The Company has been engaging and involving every stakeholder across the Company in creating a unique culture in Environment, Health and Safety.

The Company has launched a project titled "Waste Minimization and Waste Utilization Program" and lots of measures have been taken to arrest wastage in solid, liquid and gaseous forms as well as electricity at different stages of production as a continuous program. Simultaneously, the generated wastes of body and glaze are benefited and used in production on regular basis. Necessary infrastructure has also been created to continue the activities in future.

The Company's policy requires conduct of operations in such a manner, so as to ensure safety of all concerned, compliances of environmental regulations and preservation of natural resources. In line with the Company's commitment towards conservation of energy, all its units continue with their efforts aimed at improving energy efficiency through innovative measures, to reduce wastage and optimise consumption.

The Company's manufacturing units are ISO 9001, 14001 and BS 18001 certified.

As a part of national policy and Green (Green & Solar) initiative, Company has stabilized power cost by generation of electricity through non-conventional sources for captive use.

Initiatives taken by the Company towards technology and energy efficiency are mentioned in Directors' Report and as Annexure I to the Directors' Report.

The Company is committed to achieve all the norms within the limits for emission and discharge of air and water, as may be laid down by the regulators. The Company complies with pollution and environmental laws.

No show cause/ legal notices received from CPCB/SPCB during the financial year 2016-17.

Principle 7: [Business, when engaged in influencing public and regulatory policy, should do so in a responsible manner]

The Company is a member of

- a. Gujarat Chamber of Commerce & Industries
- b. Indian Council of Sanitaryware Manufacturers
- c. Indian Green Building Council Promoted by CII
- d. Preferred partner of CREDAI (Confederation of Real Estate Developers Associations of India)
- e. Kadi Industrial Association

From time to time the Company has been raising various issues relating to Ceramic Industries through above mentioned association.

The Company's scientists/ executives are active participants in meetings with statutory agencies and help in evolving new standards for finished products and raw materials for human safety and environmental protection.

Principle 8: [Businesses should support inclusive growth and equitable development]:

The Company has taken various CSR initiatives for support and development of society. The report on the CSR projects carried by the Company is annexed as Annexure B of the Director's Report.

The Company has always strived to provide better health, education and vocational skills to the people in or around its manufacturing units. The Company extends its social responsibility by engaging its strategic and trust based community development interventions.

An amount of ₹ 290.80 Lacs was spent towards various CSR projects during the financial year 2016-17 and people in the cities like Kadi, Kundal, Ahmedabad in the state of Gujarat and Kolkata in the state of West Bengal were benefited. The amount spent on various CSR activities is mentioned in the Annual Report as Annexure IV to the Directors' Report.

The internal teams reviews and ensure the implementation of the projects undertaken.

Principle 9 [Businesses should engage with and provide value to their customers and consumers in a responsible manner]:

Most of the customer complaints are appropriately addressed and resolved. As on the end of the financial year, there was negligible percentage of unresolved complaints.

There are no cases in relation to unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year.

The Company displays all product information on the product label, which is mandatory and as may be required by law for the use of the products by the consumers.

Consumer Satisfaction Surveys are being conducted periodically to assess the consumer satisfaction levels and consumer's trends.

Ahmedabad.
4th May, 2017

Vikram Somany
Chairman and Managing Director

AUDITOR'S COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

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

We have examined the compliance of conditions of Corporate Governance by Cera Sanitaryware Limited, for the financial year ended on 31st March, 2017, as stipulated in Chapter IV of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the said Company with Stock Exchanges.

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

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

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

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

Tushar H. Vasa
Proprietor
Membership No. 16831

Place : Ahmedabad
Date : 4th May, 2017

**DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL
WITH THE COMPANY'S CODE OF CONDUCT**

This is to certify that the Company has laid down Code of Conduct for Board Members and Senior Management of the Company.

Further certified that the Members of the Board of Directors and Senior Management personnel have affirmed having complied with the Code applicable to them during the year ended 31st March, 2017.

For **Cera Sanitaryware Limited**

S. C. Kothari
Chief Executive Officer

Place : Ahmedabad
Date : 4th May, 2017

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Cera Sanitaryware Limited
CIN:L26910GJ1998PLC034400
9,GIDC Industrial Estate,
Kadi, Mehsana- 382715

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **CERA SANITARYWARE 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 the Company'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 March 31, 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 March 31, 2017 according to the provisions of:

- 1) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- 2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- 3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- 4) 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;
- 5) 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 as the Company has not issued any shares / securities during the year under review;

- (d) The Securities and Exchange Board of India (Share Based Employees Benefits), Regulations, 2014 -Not Applicable as the Company has not issued any Shares / options to the Directors /Employees under the said Regulations during the year under review;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 -Not Applicable as the Company has not issued any debt securities during the year under review;
- (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 as the Company has not delisted its Equity Shares from any Stock Exchanges during the year under review;
- (h) The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 -Not Applicable as the Company has not bought – back any of its securities during the year under review;
- (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We have also examined compliance with the applicable Standards / Clauses / Regulations of the following:

- (i) Secretarial Standards with respect to the Meetings of the Board of Directors and Committee Meetings of the Board (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India.
- (ii) The Uniform Listing Agreement entered into by the Company with National Stock Exchange of India Limited and BSE Limited.

During the Audit period under review, the Company has complied with all material aspects of the applicable provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above.

We further report that :

During the audit period under review there were no specific laws which were exclusively applicable to the Company / Industry. However, having regard to the Compliance system prevailing in the Company and on examination of relevant documents and records on test - check basis, the Company has complied with the material aspects of the following significant laws applicable to the Company being engaged in the manufacturing activities:

1. Factories Act, 1948;
2. Acts prescribed under prevention and control of pollution;
3. Acts prescribed under Environmental protection.

We further report that:

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 Board that took place during the year under review were carried out in compliance of the provisions of Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and 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.

Decisions at the meetings of Board of Directors/ Committees of the Company were carried unanimously. We were informed that there were no dissenting views of the members on any of the matters during the year that were required to be captured and recorded as part of the minutes.

We further report that:

Based on the review of compliance mechanism established by the Company, the information provided by the Company, its officers and authorized representatives during the conduct of the audit and compliance certificate(s) placed before the Board Meeting, 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 general laws, rules, regulations and guidelines such as Labour Laws, The Trade Marks Act, 1999, The Indian Copyright Act, 1957, The Patents Act, 1970.

We further report that:

The Compliance by the Company of the applicable financial laws like Direct and Indirect Tax laws, has not been reviewed in this Audit since the same have been subject to the review by the Statutory Auditor(s) and other designated professionals.

We further report that:

During the audit period under review, there were no instances of:

- a) Public/Right issue of shares/ debentures/sweat equity, etc.
- b) Redemption / buy-back of securities.
- c) Obtaining the approval from Shareholders under Section 180 of the Companies Act, 2013.
- d) Merger / amalgamation / reconstruction, etc.
- e) Foreign technical collaborations.

For Umesh Parikh & Associates
Company Secretaries

Umesh Parikh
Proprietor

Place : Ahmedabad
Date : April 28, 2017

FCS No. 4152
C P No.: 2413

Note: This report is to be read with our letter of even date which is annexed as **Annexure – A** and forms an integral part of this report.

ANNEXURE - A

To,
The Members,
CERA SANITARYWARE LIMITED
CIN:L26910GJ1998PLC034400

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 process 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 process and practices followed by us 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. Wherever 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 the management. Our examination was limited to the verification of procedure 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 Umesh Parikh & Associates
Company Secretaries

Umesh Parikh
Proprietor

Place : Ahmedabad
Date : April 28, 2017

FCS No. 4152
C P No.: 2413

Independent Auditors' Report

To,
The Members of Cera Sanitaryware Limited

We have audited the accompanying standalone financial statements of **CERA SANITARYWARE 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 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 of 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 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 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.

Emphasis of Matter

We draw attention to the following matter in the Notes to the financial statements:

Note 44 to the financial statements which states that the company has changed method of valuing closing stock of Raw-materials, Packing Materials, Stores, Chemicals and Traded Goods as at 31-3-2017 to "Cost or Net Realisable Value Whichever is lower" following Weighted Average Method which was earlier FIFO method. The change in the method of inventory valuation has resulted in increase of ` 5286385/- in the consumption and decrease of profits by ` 5286385/-.

Report on Other Legal and Regulatory Requirements

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 Companies Act, 2015, we give in the Annexure - A, a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.

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 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) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; 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 Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 35 to the financial statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, 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 the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management.

For, H. V. Vasa & Co.
Chartered Accountants
Firm Reg. No. 131054W
Tushar H. Vasa
(Proprietor)
Membership No. 16831

Place : Ahmedabad
Date : 4th May, 2017

The Annexure – A referred to in "Report on Legal and Other Regulatory Requirements" paragraph 1 of the Our Report of even date to the members of CERA SANITARYWARE LIMITED on the accounts of the company for the year ended 31st March, 2017.

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

1. In respect of its fixed assets :
 - (a) The company has maintained proper records, showing full particulars including quantitative details and situation of its fixed assets.
 - (b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and the nature of its assets. No material discrepancies between the book records and the physical inventory have been noticed in respect of the assets physically verified.
 - (c) The title deeds of immovable properties are held in the name of the company.
2. As explained to us, inventories have been physically verified by the management at reasonable intervals during the year. As per the explanations given to us, there was no material discrepancies noticed on physical verification of inventories as compared to book records.
3. According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has granted loan unsecured to its subsidiary company covered in the register maintained under Section 189 of the Companies Act, 2013 and with respect to the same :
 - a) In our opinion the terms and conditions of grant of such loan are not, prima facie, prejudicial to the Company's interest.
 - b) The schedule of repayment of principal and payment of interest has been stipulated and the repayment of the principal amount and interest are regular.
 - c) There is no overdue amount in respect of loans granted to such companies.
4. According to the information and explanations given to us, the company has complied with the provisions of Section 185 and 186, wherever applicable, in respect of loans, investments, guarantees and securities given by the company.
5. In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and rules framed thereunder, where applicable. According to the information and explanations given to us, in this regard, no order under the aforesaid sections has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the company.
6. We have broadly reviewed the books of account maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148 of the Companies Act, related to the maintenance of manufacture of certain products, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
7. (a) According to the records of the company, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service Tax, duty of Customs, duty of Excise, value added tax, cess and other statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st of March, 2017 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, following disputed statutory dues have not been deposited on account of disputed matters pending before appropriate authorities are as under :

Sr. No.	Name of Statute	Nature of Dues	Amount ` (Lacs)	Period to which the amount relates (F.Y)	Forum where dispute is Pending
1	Income-tax Act, 1961	Income-tax	4.43	2004-05	Hon'ble Gujarat High Court
2	Income-tax Act, 1961	Income-tax	95.03	2010-11	Commissioner of Income-tax (Appeals) & Income-tax Appellate Tribunal
3	Income-tax Act, 1961	Income-tax	81.20	2011-12	Commissioner of Income-tax (Appeals)
4	Income-tax Act, 1961	Income-tax	8.68	2012-13	Commissioner of Income-tax (Appeals)

8. The company has not defaulted in repayment of loans or borrowing to a financial institution, bank, government or dues to debenture holders, if any.
9. In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were raised. The Company has not raised any money during the year by way of initial or further public offer.
10. In our opinion and according to the information and explanations given to us, no fraud on or by the Company by its officers or employees has been noticed or reported during the year.
11. According to the information and explanations given to us, the managerial remuneration has been paid or provided in accordance with the requisite approval mandated by the provisions of section 197 read with schedule V to the Companies Act 2013.
12. The Company is not a Nidhi Company and hence clause 3 (xii) of the Companies (Auditor's Report) Order 2016 is not applicable.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Companies Act 2013, where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with 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.

For, H. V. Vasa & Co.
Chartered Accountants
Firm Reg. No. 131054W
Tushar H. Vasa
(Proprietor)
Membership No. 16831

Place : Ahmedabad
Date : 4th May, 2017

The Annexure – B referred to in “Report on Legal and Other Regulatory Requirements” of the Our Report of even date to the members of CERA SANITARYWARE LIMITED on the accounts of the company for the year ended 31st March, 2017.

Report on the Internal Financial Controls 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 Cera Sanitaryware 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 (the “Guidance Note”). 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.

Auditors 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 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 and 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 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, 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 procedure selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 details, 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 financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorities 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 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 stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For, H. V. Vasa & Co.
Chartered Accountants
Firm Reg. No. 131054W
Tushar H. Vasa
(Proprietor)
Membership No. 16831

Place : Ahmedabad
Date : 4th May, 2017

Balance Sheet as at 31st March, 2017

Particulars	Note No.	As at 31st March, 2017	As at 31st March, 2016
I EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital	1	65,029,370	65,029,370
(b) Reserves and Surplus	2	5,158,971,160	4,145,160,194
		5,224,000,530	4,210,189,564
2. Non - current Liabilities			
(a) Long-term Borrowings	3	-	53,353,535
(b) Deferred Tax Liabilities (Net)	4	357,105,586	343,928,721
(c) Other Long-term Liabilities	5	116,305,513	98,349,086
(d) Long-term Provisions	6	547,927,083	402,068,196
		1,021,338,182	897,699,538
3. Current Liabilities			
(a) Short-term Borrowings	7	288,456,435	208,458,483
(b) Trade Payables	8		
(i) Micro, Small & Medium Enterprises (Refer Note no. 42)		32,605,347	45,001,147
(ii) Others		731,660,715	528,569,182
(c) Other Current Liabilities	9	1,517,358,107	1,288,681,509
(d) Short-term Provisions	10	158,470,913	286,914,578
		2,728,551,517	2,357,624,899
Total		8,973,890,229	7,465,514,001
II ASSETS			
1. Non-current Assets			
(a) Fixed Assets			
(i) Tangible Assets	11	2,651,231,634	2,253,425,683
(ii) Intangible Assets	11	13,197,902	4,518,731
(iii) Capital Work-in-progress	11	1,603,477	42,405,556
(iv) Intangible Assets under development	11	-	-
(b) Non-current Investments	12	280,320,580	196,413,000
(c) Long-term Loans and Advances	13	601,888,541	367,798,075
		3,548,242,134	2,864,561,045
2. Current Assets			
(a) Current Investments	14	870,609,319	474,715,588
(b) Inventories	15	1,291,872,815	1,321,823,412
(c) Trade Receivables	16	2,207,081,143	1,884,291,890
(d) Cash and Bank Balances	17	553,934,772	593,917,379
(e) Short-term Loans and Advances	18	484,891,986	310,313,678
(f) Other Current Assets	19	17,258,060	15,891,009
		5,425,648,095	4,600,952,956
Total		8,973,890,229	7,465,514,001

Significant Accounting Policies

Notes to Accounts on Financial Statements

29 to 46

As per our report of even date attached

For and on behalf of

H. V. Vasa & Co.

Firm Registration No. : 131054W

Chartered Accountants

Tushar H. Vasa

Proprietor

Membership No. 16831

Place : Ahmedabad

Date : 4th May, 2017**Rajesh B. Shah**
CFO & COO (Fin. & Comm.)**Narendra N. Patel**
President & Company Secretary**Vikram Somany****Deepshikha Khaitan****Dr. K. N. Maiti****Govindbhai P. Patel****J. K. Taparia****Atul Sanghvi**

Chairman and Managing Director

Vice Chairperson and Director

Director

Director

Director

Executive Director

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

Particulars	Note No.	2016-17	2015-16
I Revenue from Sale of Goods	20	10,567,803,025	9,606,260,303
Less : Excise duty		476,100,433	433,857,494
Net Sales		10,091,702,592	9,172,402,809
II Other Income	21	104,141,086	99,706,515
III Total Revenue (I + II)		10,195,843,678	9,272,109,324
IV Expenses :			
Cost of Materials Consumed	22	709,824,666	762,059,096
Purchases	23	3,997,673,350	3,712,401,265
Changes in Inventories of Finished Goods, Stock-in-process and Stock-in-Trade	24	103,057,671	(67,072,962)
Employee Benefits Expenses	25	1,199,269,323	1,110,125,722
Finance Costs	26	34,398,341	54,622,852
Depreciation and Amortisation Expenses	11	181,185,453	163,197,795
Other Expenses	27	2,412,262,140	2,242,133,661
Total Expenses		8,637,670,944	7,977,467,429
V Profit before tax (III-IV)		1,558,172,734	1,294,641,895
VI Tax expense:			
(1) Current tax (including for earlier years)		531,823,135	394,312,181
(2) Deferred tax		13,176,865	65,687,819
		545,000,000	460,000,000
VII Profit for the period (V - VI)		1,013,172,734	834,641,895
VIII Earnings per equity share of face value of ₹ 5/- each			
Basic & Diluted	28	77.90	64.17
Significant Accounting Policies			
Notes to Accounts on Financial Statements	29 to 46		

As per our report of even date attached

For and on behalf of

H. V. Vasa & Co.

Firm Registration No. : 131054W

Chartered Accountants

Tushar H. Vasa

Proprietor

Membership No. 16831

Place : Ahmedabad

Date : 4th May, 2017**Rajesh B. Shah**
CFO & COO (Fin. & Comm.)**Narendra N. Patel**
President & Company Secretary**Vikram Somany****Deepshikha Khaitan****Dr. K. N. Maiti****Govindbhai P. Patel****J. K. Taparia****Atul Sanghvi**

Chairman and Managing Director

Vice Chairperson and Director

Director

Director

Director

Executive Director

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

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
A. Cash flow from operating activities		
Net Profit before tax	1,558,172,734	1,294,641,895
Adjusted for		
Depreciation	181,185,453	163,197,795
Foreign Exchange (loss) / gain	(3,267,856)	(782,704)
Provision for diminution in value of Investments	(319,524)	317,290
Interest Charged	32,939,274	51,310,842
Interest received	(38,613,962)	(30,690,288)
Dividend received	(8,955,336)	(10,100,277)
Foreign Exchange Variation (Income) / Loss	3,267,856	782,704
Profit on Sale of Investments	(14,812,982)	(14,234,518)
Amortisation of Lease hold Land	-	59,870
(Profit) / Loss on Sale of Fixed Assets (Net)	(4,252,057)	977,739
	147,170,866	160,838,453
Operating profit before working capital changes	1,705,343,600	1,455,480,348
Adjustment for changes in working capital		
Inventories	29,950,597	(62,909,474)
Trade and other Receivable	(322,789,253)	(272,061,806)
Short -term loans and advances	(174,578,308)	(58,124,439)
Other Current Assets	(1,367,051)	(13,236,493)
Long-term loans and advances	(96,550,383)	3,891,787
Trade Payable	190,695,733	87,019,132
Short Term Provision	13,076,645	22,622,634
Other Current Liabilities	264,353,366	289,948,092
Other Long Term Liabilities	17,956,427	5,654,890
	(79,252,227)	2,804,323
Cash generated from operations	1,626,091,373	1,458,284,671
Direct taxes paid	(523,504,331)	(299,659,187)
Net cash from operating activities: Total (A)	1,102,587,042	1,158,625,484
B. Cash flow from investing activities		
Purchase of fixed assets	(549,346,739)	(255,218,854)
Proceeds from sale of fixed assets	6,730,300	13,982,132
Purchase of Non Current Investment	(83,907,580)	(196,400,000)
Purchase of Current Investments	(770,684,567)	(320,624,099)
Sale of Current Investments	389,923,341	337,390,530
Interest received	38,613,962	30,690,288
Dividend received	8,955,336	10,100,277
Net cash used in investing activities: Total (B)	(959,715,947)	(380,079,726)
C. Cash flow from financing activities		
Proceeds from issue of share capital	-	-
Right issue expenses	-	-
Proceeds from borrowings/Repayment of Loan	(9,032,351)	(330,773,988)
Dividend paid	(117,052,866)	(81,286,713)
Tax on distributed profit	(23,829,211)	(16,548,023)
Interest paid	(32,939,274)	(51,310,842)
Net cash used in financing activities: Total (C)	(182,853,702)	479,919,566
Net changes in cash & cash equivalents (A+B+C)	(39,982,607)	298,626,192
Cash & cash equivalent-Opening Balance	593,917,379	295,291,187
Cash & cash equivalent-Closing Balance	553,934,772	593,917,379

As per our report of even date attached

For and on behalf of

H. V. Vasa & Co.

Firm Registration No. : 131054W

Chartered Accountants

Tushar H. Vasa

Proprietor

Membership No. 16831

Place : Ahmedabad

Date : 4th May, 2017**Rajesh B. Shah**
CFO & COO (Fin. & Comm.)**Narendra N. Patel**
President & Company Secretary**Vikram Somany****Deepshikha Khaitan****Dr. K. N. Maiti****Govindbhai P. Patel****J. K. Taparua****Atul Sanghvi**

Chairman and Managing Director

Vice Chairperson and Director

Director

Director

Director

Executive Director

Notes forming part of the Financial Statements as at 31st March, 2017

	As at 31st March, 2017	As at 31st March, 2016
1. Share Capital		
A Authorised, Issued, Subscribed & Paid up Share Capital		
Authorised		
2,00,00,000 (2,00,00,000) Equity Shares of ` 5/- each	100,000,000	100,000,000
Total	100,000,000	100,000,000
Issued, Subscribed & Paid Up		
1,30,05,874 (1,30,05,874) Equity Shares of ` 5/- each fully paid up	65,029,370	65,029,370
Total	65,029,370	65,029,370

Terms / rights attached to Equity Shares :

The Company has only one class of Equity Shares having a par value of ` 5/- per share. Each holder of Equity Shares is entitled to one vote per share and each equity share carries an equal right to dividend.

B Reconciliation of the number of Equity Shares outstanding is set out below :

Particulars	As at 31st March, 2017	As at 31st March, 2016
	No. of Shares	No. of Shares
Shares at the beginning of the year	13,005,874	13,005,874
Add : Issued during the year	-	-
Shares outstanding at the end of the year	13,005,874	13,005,874

C Details of shareholders holding more than 5% of the aggregate shares :

Name of Shareholder	As at 31st March, 2017	
	No. of Shares held	% of Holding
Vikram Investment Co. Ltd.	2,900,275 (2,900,275)	22.30% (22.30%)
Shri Vikram Somany	1,045,847 (1,045,847)	8.04% (8.04%)
Smt Smiti Somany	1,342,240 (1,542,240)	10.32% (11.86%)

	As at 31st March, 2017	As at 31st March, 2016
2. Reserves & Surplus		
a. Securities Premium Reserve		
As per last Balance Sheet	809,593,606	809,593,606
Add : On issue of shares	-	-
Balance at the end of the year	<u>809,593,606</u>	<u>809,593,606</u>
b. General Reserve		
As per last Balance Sheet	2,535,566,588	2,142,445,003
Add : Transferred from Profit & Loss Account	-	393,121,585
Balance at the end of the year	<u>2,535,566,588</u>	<u>2,535,566,588</u>
c. Profit & Loss Account		
As per last Balance Sheet	800,000,000	500,000,000
Add : Net Profit for the year	1,013,172,734	834,641,895
Less : Proposed Dividends (Refer Note no-45)	-	(117,052,866)
Tax on Dividend	-	(24,467,444)
Tax on Dividend - Excess Provision	638,232	-
Transfer to Reserves	-	(393,121,585)
Balance at the end of the year	<u>1,813,810,966</u>	<u>800,000,000</u>
Total	<u><u>5,158,971,160</u></u>	<u><u>4,145,160,194</u></u>
3. Long Term Borrowings		
Secured :		
Term Loans from Banks : (Refer Note no-9(a))		
(i) From State Bank of India	-	18,000,000
(Secured by mortgage of Fixed Assets situated at 9,GIDC Industrial Estate, Residential Colony at Kadi and charge by hypothecation of fixed assets at Kadoli, Lamba, Patelka and Kalyanpur windmills), Repayable in 20 quarterly installments, from November, 2012 to February, 2018.		
(ii) From Kotak Mahindra Bank Ltd.	-	35,353,535
(Secured by mortgage of Property at Acropolis mall, Ahmedabad), Repayable in 36 monthly installments, from December, 2014 to November, 2017.		
Total	<u>-</u>	<u>53,353,535</u>
4. Deferred Tax Liability (Net)		
Deferred Tax Liabilities on account of :		
Depreciation (including of earlier years)	383,560,814	365,210,931
Deferred Expenses	-	55,753
	<u>383,560,814</u>	<u>365,266,684</u>
Less : Deferred Tax Assets on account of :		
Expenses allowable on payment basis	26,455,228	21,337,963
Total	<u>357,105,586</u>	<u>343,928,721</u>
5. Other Long Term Liabilities		
Deposits by Dealers	114,082,707	95,344,144
Other liabilities	2,222,806	3,004,942
Total	<u>116,305,513</u>	<u>98,349,086</u>
6. Long Term Provisions		
Provision for Taxation	547,927,083	402,068,196
Total	<u>547,927,083</u>	<u>402,068,196</u>
7. Short Term Borrowings		
Secured :		
Working Capital Loans from Bank		
From State Bank of India	288,456,435	208,458,483
(Secured by hypothecation of current assets, windmills at Kadoli, Lamba, Patelka and Kalyanpur and mortgage of Fixed Assets situated at 9, GIDC Industrial Estate and Residential Colony, Kadi).		
Total	<u>288,456,435</u>	<u>208,458,483</u>

	As at 31st March, 2017	As at 31st March, 2016
8. Trade Payable		
Due to Micro, Small & Medium Enterprises (Refer Note no - 42)	32,605,347	45,001,147
Others	731,660,715	528,569,182
Total	764,266,062	573,570,329
9. Other Current Liabilities		
(a) Current maturities of long term debts (Refer Note no - 3)	53,353,535	89,030,303
(b) Unclaimed dividends*	7,291,531	5,988,378
(c) Unpaid matured deposits and interest accrued thereon	162,882	162,882
(d) Other payables**	1,456,550,159	1,193,499,946
Total	1,517,358,107	1,288,681,509
* Amount to be transferred to the Investor education and protection fund shall be determined on respective due dates.		
** Includes statutory dues, Advance received from customers, amounts payable to Employees.		
10. Short Term Provisions		
(a) Provision for employees' benefits	158,470,913	145,394,268
(b) Others		
- Proposed Dividend	-	117,052,866
- Tax on Dividend	-	24,467,444
Total	158,470,913	286,914,578

11. Fixed Assets

Description	Gross Block				Depreciation / Amortisation				Net Block	
	As at 1 st April 2016	Additions / Adjustments	Deductions / Adjustments	Balance as at 31 st March 2017	As at 1 st April 2016	For the Year	Deductions / Adjustments	Upto 31 st March 2017	As at 31 st March 2017	As at 31 st March 2016
(i) TANGIBLE ASSETS :										
a Owned Assets :										
Leasehold Land	1,166,554	-	59,944	1,106,610	-	-	-	-	1,106,610	1,166,554
Freehold Land	49,443,565	17,125,015	-	66,568,580	-	-	-	-	66,568,580	49,443,565
Buildings	835,880,283	182,253,767	-	1,018,134,050	261,294,315	48,725,380	-	310,019,695	708,114,355	574,585,968
Plant & Machinery	1,987,683,777	266,785,709	439,677	2,254,029,809	442,175,642	77,621,575	329,060	519,468,157	1,734,561,652	1,545,508,135
Furniture & Fixtures	139,369,696	86,622,574	4,159,768	221,832,502	84,846,442	36,646,459	2,918,696	118,574,205	103,258,297	54,523,254
Vehicles	62,379,514	23,092,229	8,707,853	76,763,890	34,181,307	12,666,176	7,705,733	39,141,750	37,622,140	28,198,207
b LEASED ASSETS :										
Vehicles (Transfer to Vehicles on Completion of Loan)										
Sub - Total (i)	3,075,923,389	575,879,294	13,367,242	3,638,435,441	822,497,706	175,659,590	10,953,489	987,203,807	2,651,231,634	2,253,425,683
(ii) INTANGIBLE ASSETS :										
Computer Software	29,386,850	14,436,551	443,907	43,379,494	24,868,119	5,525,863	212,390	30,181,592	13,197,902	4,518,731
Sub -Total (ii)	29,386,850	14,436,551	443,907	43,379,494	24,868,119	5,525,863	212,390	30,181,592	13,197,902	4,518,731
Total (i + ii)	3,105,310,239	590,315,845	13,811,149	3,681,814,935	847,365,825	181,185,453	11,165,879	1,017,385,399	2,664,429,536	2,257,944,414
(iii) Capital Work -in- Progress										
Previous Year	2,879,174,966	289,366,976	63,231,703	3,105,310,239	732,379,991	163,197,795	48,211,961	847,365,825	2,257,944,414	42,405,556

	As at 31st March, 2017	As at 31st March, 2016
12. Non Current Investments (Unquoted - At Cost)		
Trade Investment (Long Term)		
A. Investment in subsidiary		
Equity Shares :		
51,00,000 (51,00,000) Equity Shares of ` 10/- each fully paid of Anjani Tiles Limited	51,000,000	51,000,000
1% Cumulative Redeemable Preference Shares :		
2,16,80,000 (1,45,40,000) Preference Shares of ` 10/- each fully paid of Anjani Tiles Ltd.	216,800,000	145,400,000
Investment in Limited Liability Partnership		
Packcart Packaging LLP	9,078,000	-
Investment in Associates		
12 (Nil) Shares of AED 1000/- each fully paid of Cera Sanitaryware Ltd FZC-Sharjah	220,080	-
175 (Nil) Shares of AED 1000/- each fully paid of Cera Sanitaryware Trading LLC-Dubai	3,209,500	-
Sub-Total (A)	280,307,580	196,400,000
B. Other Non Current Investment		
Government securities (Deposited with Government Departments)		
National Savings Certificates	13,000	13,000
Sub-Total (B)	13,000	13,000
Total (A + B)	280,320,580	196,413,000

	As at 31st March, 2017	As at 31st March, 2016
13. Long Term Loans and Advances		
a. Capital Advances - Unsecured-considered good	167,090,067	74,630,688
b. Security Deposits - Unsecured-considered good	22,376,611	18,285,607
c. Advance Income Tax (including for earlier years)	412,421,863	274,881,780
Total	601,888,541	367,798,075
14. Current Investments (Unquoted-Non Trade)		
Investments in Mutual Funds (in Units)		
0.0000(15554838.3210) LIC MF saving Plus Fund - Regular-Daily Dividend plan	-	158,054,268
16526218.5070 (0.0000) LIC MF saving Plus Fund - Direct- Daily Dividend Plan	166,914,807	-
0.0000 (49458.1320) Kotak Equity Arbitrage Fund - Bi Monthly Dividend	-	999,900
0.0000 (81463.1270) SBI Arbitrage Opportunities Fund - Regular Plan Dividend	-	1,066,879
18598.8770 (18598.8770) HDFC Balanced Fund - Growth	1,999,900	1,999,900
233238.8390 (233238.8390) ICICI Balance Advantage Fund - Regular Dividend	6,124,852	6,124,852
0.0000 (200000.0000) Edelweiss Bal. Advantage Fund -Regular Growth (formerly JP Morgan India)	-	2,000,000
3768.9490 (3768.9490) Birla Sun life frontline Equity Fund - Growth - Regular Plan	600,000	600,000
21004.4180 (21004.4180) ICICI Prudential Focused Bluechip Equity Fund - Growth	600,000	600,000
26450.4680 (26450.4680) Kotak Select Focus Fund - Growth (Regular Plan)	600,000	600,000
83298.6260 (0.0000) IDFC Arbitrage Plus Fund Monthly Dividend (Regular Plan)	1,000,000	-
930965.7400 (0.0000) HDFC Balanced Fund Regular Plan Growth	30,000,000	-
29226.8180 (0.0000) ICICI Prudential Balance Fund - Growth	3,300,000	-
1837195.1170 (1837195.1170) HDFC Short Term Plan - Growth	50,000,000	50,000,000
1454166.9740 (760418.6870) Birla Sun Life Short Term Fund - Growth - Regular Plan	80,000,000	40,000,000
0.0000 (63212.4860) SBI Premier Liquid Fund -Regular Plan - Growth	-	150,000,000
39190.9390 (0.0000) SBI Premier Liquid Fund -Direct Plan - Growth	100,000,000	-
13926.3130 (0.0000) SBI Magnum Insta Cash Fund -Direct Plan Growth	50,044,389	-
2068712.3340 (0.0000) SBI Saving Fund - Direct Plan -Growth	51,882,271	-
9494369.4800 (0.0000) IDFC Corporate Bond Fund Regular Plan -Growth	100,000,000	-
3220041.5390 (0.0000) Kotak Medium Term Fund -Growth (Regular Plan)	40,000,000	-
709420.9890 (0.0000) L & T Short Term Income Fund -Growth	12,000,000	-
193813.4740 (0.0000) HSBC Income Fund - Short Term Plan - Growth	5,000,000	-
1433856.2130 (0.0000) HDFC Short Term Opputunities Fund -Regular Plan Growth	25,000,000	-
302519.6860 (0.0000) ICICI Prudential Short Term- Growth Option	10,000,000	-
1419333.0470 (0.0000) HDFC Medium Term Opportunities Fund -Regular Plan -Growth	25,473,000	-
1867078.9180 (0.0000) Kotak Medium Term Fund -Growth -Regular Plan	25,000,000	-
2001380.9530 (0.0000) IDFC Credit Opportunities Fund Regular Plan -Growth	20,000,000	-
1768440.4120 (0.0000) ICICI Prudential Income Opportunities Fund- Reg Growth	40,000,000	-
1914332.6210 (0.0000) HDFC Banking & PSU Debt Fund -Regular Fund - Growth	25,070,100	-
0.0000 (8789.9584) Kotak Floater Short Term -Growth (Regular Plan)	-	21,500,000
0.0000 (95193.8870) ICICI Prudential Liquid Plan -Growth	-	21,000,000
0.0000 (6969.0010) HDFC Liquid Fund Growth	-	20,500,000
	870,609,319	475,045,799
Less : Provision for diminution in the value of Investments	-	330,211
Total	870,609,319	474,715,588
15. Inventories		
a. Raw Materials and components	189,703,164	139,540,120
b. Stock-in-process	46,411,002	41,422,708
c. Finished goods	951,589,244	1,059,635,209
d. Stores and spares	104,169,405	81,225,375
Total	1,291,872,815	1,321,823,412
16. Trade Receivables (Unsecured-Considered Good)		
Outstanding over six months	169,730,758	139,161,615
Others	2,037,350,385	1,745,130,275
Total	2,207,081,143	1,884,291,890
17. Cash and Bank Balance		
A. Cash and Cash equivalents		
Cash on hand	614,121	1,356,716
Balances with banks in Current Accounts	61,128,177	201,956,175
Sub Total (A)	61,742,298	203,312,891
B. Other Bank Balances		
Restricted Deposits (Unclaimed Dividend)	7,291,531	5,988,378
Margin Money Deposits held as security against Borrowings*	22,701,027	21,599,017
Fixed Deposits with Banks & others *	462,199,916	363,017,093
Sub Total (B)	492,192,474	390,604,488
Total (A & B)	553,934,772	593,917,379
* Bank Fixed Deposits maturing after 12 months	66,245	8,472,126

	As at 31st March, 2017	As at 31st March, 2016
18. Short-term loans and advances (Unsecured-Considered Good)		
Balances with Customs and Central Excise Authorities	33,796,600	18,343,750
Others*	451,095,386	291,969,928
Total	484,891,986	310,313,678
* Includes advances to sundry creditors, employees and tax credits available.		
19. Other current assets		
Interest accrued and receivable	17,258,060	15,891,009
Total	17,258,060	15,891,009
	2016-17	2015-16
20. Revenue from Sale of Goods		
Revenue from Sale of Goods	10,567,803,025	9,606,260,303
Less : Excise duty	476,100,433	433,857,494
Net Sales	10,091,702,592	9,172,402,809
<u>Particulars of Sale of Products</u>		
Vitreous China Sanitaryware, Faucetware, Fittings, Tiles & Allied products	10,554,544,405	9,600,035,554
Others	13,258,620	6,224,749
Total	10,567,803,025	9,606,260,303
21. Other Income		
Interest Income	38,613,962	30,690,288
Dividend Income	8,955,336	10,100,277
Diminution of Investment Written Back	319,524	-
Net gain on sale of investments	14,812,982	14,234,518
Profit on Sale of Fixed Assets	4,252,057	-
Export Incentive	1,420,874	1,492,531
Claims Received	16,869,940	15,696,638
Miscellaneous Income	7,523,665	7,604,509
Items pertaining to Previous year, unspent liabilities & provisions no longer required written back (net)	11,372,746	19,887,754
Total	104,141,086	99,706,515
22. Cost of Materials Consumed		
Opening Stock	139,540,120	142,702,020
Add : Purchases (Net of Transfers)	759,987,710	758,897,196
	899,527,830	901,599,216
Less : Closing Stock	189,703,164	139,540,120
Total	709,824,666	762,059,096
<u>Particulars of Cost of Materials Consumed</u>		
Sand, Sandstone, Clays & Chemicals	238,738,032	283,511,274
Accessories & Fittings	22,132,786	28,874,176
Brass ingots and components	448,953,848	449,673,646
Total	709,824,666	762,059,096
23. Purchases		
Purchases	3,997,673,350	3,712,401,265
Total	3,997,673,350	3,712,401,265
<u>Particulars of Purchase of Products</u>		
Vitreous China Sanitaryware, Faucetware, Fittings, Tiles & Allied products	3,997,673,350	3,712,401,265

	2016-17	2015-16	
24. (Increase) / Decrease in Finished Goods and Stock-in-Process			
Stock at Commencement			
Finished Goods	1,059,635,209	1,001,802,175	
Stock-in-Process	41,422,708	32,182,780	
	<u>1,101,057,917</u>	<u>1,033,984,955</u>	
Stock at Close			
Finished Goods	951,589,244	1,059,635,209	
Stock-in-Process	46,411,002	41,422,708	
	<u>998,000,246</u>	<u>1,101,057,917</u>	
Total	<u>103,057,671</u>	<u>(67,072,962)</u>	
25. Employees Benefit Expenses			
Salaries, Wages and Bonus	1,069,892,029	981,555,592	
Contributions to Provident and other Funds	72,931,663	80,516,655	
Staff and Labour Welfare Expenses	56,445,631	48,053,475	
Total	<u>1,199,269,323</u>	<u>1,110,125,722</u>	
26. Finance Costs			
Interest Expenses			
Interest on term loans	10,192,979	19,977,648	
Interest others	22,746,295	31,333,194	
Other borrowing costs	1,459,067	3,312,010	
Total	<u>34,398,341</u>	<u>54,622,852</u>	
27. Other Expenses			
Stores, Spares, Chemicals and Packing Materials Consumed	272,653,995	310,274,072	
Excise Duty (Net of Opening Provision)	582,179	3,755,871	
Rent	65,211,489	51,577,201	
Power and Fuel consumed	156,381,507	312,581,090	
Repairs - Plant and Machinery	19,695,520	19,859,167	
Repairs - Building	7,930,340	11,160,996	
Repairs - Others	9,528,670	8,134,797	
Insurance	12,256,918	10,642,360	
Rates and Taxes	1,485,212	1,682,538	
Freight and Forwarding Expenses (Net)	417,912,899	394,809,768	
Brokerage, Commission and Discounts on Sales	569,384,096	511,527,326	
Publicity & Advertisement Expenses	325,861,911	256,909,015	
Research & Development Expenses	8,931,846	9,811,983	
Bad Debts / Amount written off	206,768	1,982,885	
Miscellaneous Expenses	510,041,434	316,966,173	
Foreign Exchange Fluctuation	3,267,856	782,704	
Loss on Sale / Discard of Fixed Assets (Net)	-	977,739	
Provision for diminution in the value of Investments	-	317,290	
Donation	5,529,500	738,151	
Corporate Social Responsibility (Refer Note - 40)	24,200,000	16,442,535	
Director's Commission	1,200,000	1,200,000	
Total	<u>2,412,262,140</u>	<u>2,242,133,661</u>	
28. Basic & Diluted EPS			
Basic & Diluted Earning per share			
Profit attributable to the shareholders (₹)	A	1,013,172,734	834,641,895
Weighted average number of Equity shares outstanding during the year	B	13,005,874	13,005,874
Nominal Value of Equity share (₹)		5.00	5.00
Basic Earning per share (F.V. ₹ 5/- per share) (₹)	A/B	77.90	64.17
Number of shares for Basic & Dilutive EPS			
Weighted average no. of Equity shares outstg. during the year for Basic EPS		13,005,874	13,005,874
Add :Dilutive potential Equity shares		-	-
Weighted average no. of Equity shares outstg. during the year for Dilutive EPS		13,005,874	13,005,874

		2016-17 (₹)	2015-16 (₹)		
29. Payments to the Auditors					
a. As Auditors		445,000	345,000		
b. For Taxation matters		280,500	140,000		
c. For Other services		378,450	226,850		
d. For Reimbursement of expenses		48,706	52,012		
Total		1,152,656	763,862		
30. Value of Imports on C.I.F. Basis					
		2016-17 (₹)	2015-16 (₹)		
1. Raw Materials and Chemicals		69,479,120	63,676,007		
2. Stores and Spare Parts & Fittings		43,741,382	21,921,598		
3. Capital Goods		16,476,355	2,052,271		
4. Purchases		585,240,803	746,417,717		
Total		714,937,660	834,067,593		
31. Value of Raw Materials, Stores & Spare Parts Consumed		2016-17			
		(₹)	%		
a. Raw Materials					
1. Imported		40,567,123 (71,609,054)	5.72% (9.40%)		
2. Indigenous		669,257,544 (690,450,042)	94.28% (90.60%)		
b. Stores & Spare Parts					
1. Imported		15,905,747 (16,685,248)	16.87% (16.38%)		
2. Indigenous		78,381,187 (85,176,189)	83.13% (83.62%)		
32. Expenditure in Foreign Currencies on account of		2016-17 (₹)	2015-16 (₹)		
1. Travelling		3,039,883	5,772,347		
2. Export Commission		1,571,341	1,469,499		
3. Bank Charges		416,508	338,693		
4. Technical know-how & Professional fees		2,354,407	2,963,391		
5. Others		221,914	198,713		
33. Unhedged Foreign Currency Exposure					
		2016-17		2015-16	
Particulars	Currency	Foreign Currency	Equivalent INR	Foreign Currency	Equivalent INR
Trade Payables	USD	18,593	1,204,756	27,693	1,834,653
Trade Payables	EUR	215	14,902	-	-
Advance from Customers	USD	18,008	1,166,918	24,499	1,623,024
Trade Receivable	USD	365,163	23,662,591	129,533	8,581,428
Advance to Suppliers	USD	369,171	23,920,699	362,076	23,987,079
Advance to Suppliers	EUR	10,479	725,452	44,737	3,376,015
Advance to Suppliers	GBP	2,134	173,317	-	-
Bank Balance in EEFC Account	USD	8,144	527,755	192,816	12,773,837

34. Earnings in Foreign Exchange	2016-17 (₹)	2015-16 (₹)
Exports of Goods on F.O.B. Basis	95,626,075	80,146,385

35. Contingent liability in respect of :

	As on 31-03-2017 (₹)	As on 31-03-2016 (₹)
a. Claims against the Company not acknowledged as debts (Net of Payments).	15,676,994	13,266,300
b. Letters of Credit opened and guarantees given.	97,614,634	138,319,477
c. Estimated amount of contracts remaining to be executed on capital account not provided for (Net)	253,560,302	204,448,069
d. Contribution as Capital to Cera Sanitaryware Trading LLC at Dubai. (1 AED = ` 18.04)	-	3,157,000

36. The company is receiving balance confirmations from various parties. Due adjustments will be made on receipt thereof, if necessary.

37. Lease of an asset whereby the lessor essentially remains the owner of the asset is classified as operating lease. The payments made by the company as lessee in accordance with operational leasing contracts or rental agreements are expensed proportionally during the lease or rental period respectively. These are generally cancellable and are renewable by mutual consent on mutually agreed terms.

38. Employee Benefits

Details of Employee Benefits as required by the Accounting Standard 15 (Revised) Employee benefits are as under:

1) Brief description of the plans :

The Company has various schemes for long-term benefits such as Provident Fund, Gratuity and Leave Encashment. In case of funded schemes, the funds are recognised by income tax authorities and administered through trustees/appropriate authorities.

The Company's defined contribution plans are Provident Fund (exempted employees) recognised by the Income Tax Authorities and administered through trustees. The company has no further obligation beyond making contributions and interest shortfall.

Further the pattern of investment for investible funds is as prescribed by the Government. Accordingly other related disclosures in respect of Provident Fund have not been made.

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

The Company's defined benefit plans also include Gratuity and leave Encashment for all its employees. Gratuity fund recognised by the Income Tax Authorities is administered through trustees. Liability for Defined Benefit Plan is provided on the basis of valuations, as at Balance sheet date, carried out by an independent actuary. The actuarial valuation method used by independent actuary for measuring the liability is the projected unit credit method.

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

	2016-17 (₹)	2015-16 (₹)
Provident fund	21,783,990	19,657,168
Employees' Pension Scheme	19,399,552	18,652,973
ESIC	10,825,761	11,399,667
Total	52,009,303	49,709,808

3) Disclosures for defined benefit plans based on actuarial reports as on 31st March, 2017

Particulars	2016-17		2015-16	
	Gratuity Funded Plan (`)	Leave Encashment Non-Funded Plan (`)	Gratuity Funded Plan (`)	Leave Encashment Non-Funded Plan (`)
Change in Defined Benefits Obligation				
Opening defined benefits obligation	132,928,492	61,441,750	107,982,554	51,065,283
Current service cost	13,486,491	8,747,218	12,158,550	7,358,648
Interest cost	9,969,637	4,608,131	8,662,272	4,096,415
Actuarial loss / (gain)	5,992,867	11,849,500	15,511,474	8,608,387
Benefits paid	(11,886,091)	(10,797,141)	(11,386,358)	(9,686,983)
Closing defined benefits obligation	150,491,396	75,849,458	132,928,492	61,441,750
Change in Fair value of Assets				
Opening fair value of plan assets	132,971,699		107,308,416	
Expected return on plan assets	9,972,877		9,611,205	
Actuarial gain / (loss)	230,600		(922,465)	
Contributions by employer	18,538,011		28,360,901	
Benefits paid	(11,886,091)		(11,386,358)	
Closing fair value of plan assets	149,827,096		132,971,699	
Movement in net liability recognized in Balance Sheet				
Net opening liability	(43,208)	61,441,750	674,138	51,065,283
P & L Charge	19,245,518	25,204,849	27,643,555	20,063,450
Contribution Paid	(18,538,011)	(10,797,141)	(28,360,901)	(9,686,983)
Closing Net (asset) / liability	664,299	75,849,458	(43,208)	61,441,750
Expenses recognized in the Profit and Loss Account				
Current Service cost	13,486,491	8,747,218	12,158,549	7,358,648
Interest on defined benefit obligation	9,969,637	4,608,131	8,662,272	4,096,415
Expected return on plan assets	(9,972,877)	-	(9,611,205)	-
Net actuarial loss / (gain) recognized in the current year	5,762,267	11,849,500	16,433,939	8,608,387
Total Expenses	19,245,518	25,204,849	27,643,555	20,063,450
Assets Information				
Government of India Securities	36.83%		32.67%	
Corporate Bonds	50.03%		53.62%	
Special Deposits Scheme	0.63%		0.74%	
Others / Insurance Co.	12.51%		12.97%	
Principal actuarial assumption				
Discount Rate (p.a.)	7.50%	7.50%	8.00%	8.00%
Expected rate of return on plan assets (p.a.)	7.50%		8.00%	
Annual Increase in Salary costs	6.00%	6.00%	6.00%	6.00%
Effect on the aggregate Service Cost & interest cost	-		-	
Effect on defined benefit obligation	-		-	

- (4) The Company has provided upto 31.03.2017 ` 758.49 Lacs (` 614.42 Lacs) being increment of discounted value of liability for unavailed leave of the employees determined as per Actuarial Valuation.

39. A) Details of Related party transactions during the year ended 31st March, 2017.

Type of Transaction	Subsidiaries	Associates	Key Management Personnel	Relatives of Key Management Personnel	Total
	(`)	(`)	(`)	(`)	(`)
Sales - Goods & Materials	-	17,705,855	-	-	17,705,855
	(-)	(-)	(-)	(-)	(-)
Purchase - Goods & Materials	628,532,000	-	-	-	628,532,000
	(-)	(-)	(-)	(-)	(-)
Purchase of Land	-	-	-	-	-
	(-)	(34,666,830)	(-)	(-)	(34,666,830)
Expenses - Remuneration	-	-	116,196,813	4,580,424	120,777,237
	(-)	(-)	(107,922,510)	(4,254,994)	(112,177,504)
Lease Rent / Rent	-	9,505,626	-	-	9,505,626
	(-)	(9,269,283)	(-)	(-)	(9,269,283)
Other Services	-	2,116,202	1,370,000	-	3,486,202
	(-)	(2,037,524)	(1,350,000)	(-)	(3,387,524)
Donation / Other Expenses	-	24,900,000	-	-	24,900,000
	(-)	(13,800,000)	(-)	(-)	(13,800,000)
Income - Interest received	2,496,575	-	-	-	2,496,575
	(-)	(-)	(-)	(-)	(-)
Finance - Loans Given	150,000,000	-	-	-	150,000,000
	(-)	(-)	(-)	(-)	(-)
- Loans Recovered	150,000,000	-	-	-	150,000,000
	(-)	(-)	(-)	(-)	(-)
- Rent Deposit paid	-	145,300	-	-	145,300
	(-)	(-)	(-)	(-)	(-)
- Investment in Shares	80,478,000	3,429,580	-	-	83,907,580
	(196,400,000)	(-)	(-)	(-)	(196,400,000)
Balance at the end of the year					
Rent Deposit	-	2,091,300	-	-	2,091,300
	(-)	(1,946,000)	(-)	(-)	(1,946,000)
Investment in Shares	276,878,000	3,429,580	-	-	280,307,580
	(196,400,000)	(-)	(-)	(-)	(196,400,000)

B) Names of related parties and description of relationship :

1. Subsidiary	Anjani Tiles Limited Packcart Packaging LLP	
2. Associates	Madhusudan Industries Ltd. Cera Foundation Indian Council of Sanitaryware Manufacturers Cera Sanitaryware Trading LLC, Dubai Cera Sanitaryware Limited FZC, Sharjah	Vikram Investment Co. Ltd. Swadeshi Fan Ind. Ltd. Madhusudan Holdings Ltd. Anjani Vishnu Holdings Ltd
3. Key Management Personnel	Vikram Somany S. C. Kothari Deepshikha Khaitan Jugal Kishore Taparia Govindbhai Patel	Sajan Kumar Pasari Lalit Kumar Bohania Atul Sanghvi Dr.K.N.Maiti Rajesh B. Shah Narendra N. Patel
4. Relatives of Key Management Personnel	Smiti Somany	Pooja Jain Somany

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

Particulars	2016-17 (`)	2015-16 (`)
Sales : Goods & Materials		
Cera Sanitaryware Ltd FZC	16,447,227	-
Anjani Vishnu Holdings Ltd.	1,258,628	-
Purchase : Goods & materials		
Anjani Tiles Ltd	594,321,057	-
Packcart Packaging LLP	34,210,943	-
Purchase : Land		
Anjani Vishnu Holdings Ltd.	-	34,666,830
Expenses		
Lease Rent / Rent		
Madhusudan Industries Ltd.	9,505,626	9,269,283
Other Services		
Madhusudan Industries Ltd.	1,885,002	1,692,030
Swadeshi Fan Industries Ltd.	220,700	206,100
Indian Council of Sanitaryware Manufacturers	10,500	10500
Cera Foundation	-	128,894
Donation		
Cera Foundation	24,900,000	13,800,000
Income : Interest Received		
Anjani Tiles Limited	2,496,575	-
Finance		
Investment in Shares		
Anjani Tiles Limited	71,400,000	196,400,000
Packcart Packaging LLP	9,078,000	-
Cera Sanitaryware Trading LLC	3,209,500	-
Cera Sanitaryware Limited FZC	220,080	-
Loans Given		
Anjani Tiles Limited	150,000,000	-
Loans Recovered		
Anjani Tiles Limited	150,000,000	-
Rent Deposit Paid		
Madhusudan Industries Ltd.	145,300	-

40. Corporate Social Responsibility (C S R)

Particulars	For the year ended 31 March, 2017 (`)	For the year ended 31 March, 2016 (`)
Gross amount required to be spent by the company on CSR activities @ 2% of average net profits as per section 135 of the Companies Act, 2013	22,019,847	18,009,758
Amount unspent of previous year *	6,976,553	5,547,481
Total to be spent	28,996,400	23,557,239
Amount spent during the year	29,080,428	16,580,686
Unspent during the year	-	6,976,553

* Included in Donation & CSR - Refer Note no-27

41. a) Anjani Tiles Limited, a company incorporated under the Companies Act, 2013; a Joint Venture Subsidiary company commenced manufacturing tiles from 1st April, 2016. As on 31st March, 2017, CERA has invested ` 510 Lacs in 51,00,000 Equity Shares and ` 2,168 Lacs in 21,680,000, 1% Cumulative Redeemable Preference Shares of ` 10/- each.
- b) The company has joined on 24th June, 2016, as 51% partner in Packcart Packaging LLP, manufacturing Corrugated Boxes.

The company purchases firm's entire production at the rate agreed between the parties. As on 31st March, 2017 the company's contribution as capital is ` 90.78 Lacs. The Limited Liability Partnership has incurred loss of ` 47.94 Lacs. The company has not provided for firm's loss of first year of business operations.

- c) The company has invested and participated to expand Company's business in UAE. Company has joined with 25% share in "Cera Sanitaryware Trading LLC", a limited liability company in UAE - Dubai, since 21st December, 2015 for Tiles, Flooring materials and sanitaryware trading.
- d) The company has invested and participated to expand Company's business in Sharjah. Company has 50% share in "Cera Sanitaryware Limited FZC", a limited liability company at Hamriyah Free Zone Authority of Government of Sharjah for Tiles, Flooring materials and sanitaryware trading.
42. Disclosure of trade payables as defined under the Micro, Small and Medium Enterprises Development Act, 2006 is based on the information available with the company regarding the status of the suppliers.

Particulars	2016-17	2015-16
a) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the year.		
i) Principal	32,605,347	45,001,147
ii) Interest	-	-
b) The amount of interest paid by the buyer in terms of section 16 along with the amount of the payment made to the 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 has been paid but beyond the appointed day during the year) but without adding the interest specified	-	-
d) The amount of interest accrued and remaining unpaid at the end of the year	-	-

43. Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016.

Particulars	SBN	Other Denomination	Total
Closing Cash Balance as on 8 th November, 2016	752,000	1,108,761	1,860,761
Add : Withdrawal from Bank	-	1,227,000	1,227,000
Add: Receipts for permitted Transaction	-	324,601	324,601
Less: Paid for permitted transaction	-	2,516,679	2,516,679
Less: Deposited in Bank Accounts	752,000	-	752,000
Closing Cash Balance as 30 th December, 2016	-	143,683	143,683

44. Change in Stock Valuation Method

The company has changed method of valuing closing stock of Raw-materials, Packing Materials, Stores, Chemicals and traded goods as at 31st March, 2017 to "Cost or Net Realizable Value whichever is lower" following Weighted Average Method which was earlier FIFO method.

The change in the method of Inventory valuation has resulted in increase of ₹ 5,286,385/- in the consumption and decrease of profits by ₹ 5,286,385/-.

45. Dividend Declaration for the year 2016-17

The Board has recommended dividend of ₹ 12/- Per Equity share of ₹ 5/- each – i.e. 240% (P.Y. ₹ 9/- per Equity share – i.e. 180%) for the year ended 31st March, 2017 subject to the approval of the shareholders at the Annual General Meeting.

In pursuance to amended Companies (Accounting Standards) Rules, 2016 effective financial year 2016-17 and revised Accounting Standard-4 on "Contingencies and Events occurring after Balance Sheet Date", the proposed dividend of ₹ 1560.70 Lacs and taxes of ₹ 317.72 Lacs thereon are not recognised as liability in the annual accounts of the financial year ending March 31, 2017.

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

As per our report of even date attached

For and on behalf of

H. V. Vasa & Co.

Firm Registration No. : 131054W

Chartered Accountants

Tushar H. Vasa

Proprietor

Membership No. 16831

Place : Ahmedabad

Date : 4th May, 2017

Rajesh B. Shah
CFO & COO (Fin. & Comm.)

Narendra N. Patel
President & Company Secretary

Vikram Somany Chairman and Managing Director

Deepshikha Khaitan Vice Chairperson and Director

Dr. K. N. Maiti Director

Govindbhai P. Patel Director

J. K. Taparia Director

Atul Sanghvi Executive Director

Annexure - I : Significant accounting policies and practices :**(Annexed to and forming part of the financial statements for the year ended 31st March, 2017)***** Basis of Accounting**

The Company has prepared these financial statements to comply in all material respects with the accounting standards notified u/s 133 of Companies Act, 2013 ('the Act') read together with Rule 7 of the Companies (Accounts) Rules, 2014, accounting standards issued by the Institute of Chartered Accountants of India (ICAI) and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting. The accounting policies have been consistently applied by the Company.

*** Use of Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and the disclosure relating to contingent liabilities as at the date of financial statements and reported amounts of income and expenses during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from those estimates. Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods affected.

*** Revenue Recognition:**

Revenue is recognized when consideration can be measured reliably and there exist reasonable certainty of its recovery.

(a) Sales

Revenue is recognized when significant risk and rewards of ownership of the goods have been passed on to the buyer.

- In case of Domestic Sales: On dispatch of products to customers.
- In case of Export Sales : On the basis of Bill of lading

Sales include excise duty and net of discounts, Vat and sales return, as applicable. Sales exclude self-consumption of products.

(b) Service Income

Service income is recognized as per the terms of contracts with the customers when the related services are performed or the agreed milestones are achieved and are net of service tax, wherever applicable

(c) Dividend Income

Dividend income is recognized when the unconditional right to receive the income is established.

(d) Interest Income

Interest income is recognized on time proportionate method

(e) Others

Other Income is accounted on accrual basis except where the receipt of income is uncertain.

*** Employee Benefits**

(a) Provident Fund is a defined contribution scheme and it is charged to revenue for the year when due.

(b) Contribution to approved Gratuity Fund is made of the present liability for future Gratuity as determined on an actuarial valuation. The Company has no further obligation except contribution to the fund

(c) Leave encashment is recognized on the basis of an actuarial valuation made at the end of each year.

*** Fixed Assets, Depreciation and Amortization**

(a) Fixed Assets transferred on demerger scheme are stated at cost-less accumulated depreciation. Acquisitions and additions are stated at cost. The Company capitalizes all costs relating to the acquisition and installation of Fixed Assets on net of MODVAT credits on the assets and adjustments arising from exchange rate variations attributable to the fixed assets are capitalized.

(b) Capital work in progress :

Projects under commissioning and other capital work in progress are carried at cost comprising direct cost, related incidental expenses and attributable interest. Depreciation on capital work in progress commences when assets are ready for their intended use and transferred from capital work in progress group to tangible fixed assets group.

(c) Assets acquired under hire purchase installment credit scheme, the cost of asset is capitalized while the annual financial charges at equated installments are charged to revenue.

(d) Depreciation for the year has been provided on carrying cost at the rates and manner prescribed in Schedule II of the Companies Act, 2013 as under:

- (i) On Plant & Machinery and Electric Plant & Installation on straight-line method, but on incremental cost arising on account of translation of foreign currency liabilities for acquisition of fixed assets and depreciation is provided as aforesaid over the residual life of the respective assets.
- (ii) On other assets on written down value method on the remaining life of the respective assets

(e) Leasehold land is amortized over the period of lease.

(f) The value of discarded Plant and Machinery has been written down to the lower of net book value and net realizable value.

(g) Intangible Assets : Expenditure on Computer Software is amortized on written down value method over the period of expected benefits not exceeding three years.

* **Inventories**

(a) The company has changed method of valuing closing stock of Raw-materials, Packing Materials, Stores, Chemicals and traded goods as at 31st March, 2017 to "Cost or Net Realizable Value whichever is lower" following Weighted Average Method which was earlier FIFO method. Cost comprises of value of materials (Net of CENVAT and Input Tax Credit Availed), other direct cost and apportioned overhead for bringing stocks to present condition.

(b) Stock-in-Process is valued at lower of cost and net realizable value.

(c) Finished goods are valued at lower of cost and net realizable value.

(d) Excise duty on goods manufactured by the Company and remaining in inventory is included as a part of valuation of finished goods.

* **Investments :**

Non-Current Investments are stated at cost. Current investments are carried at lower of cost and fair value. Provision for diminution in the value of non-current investments is made only if such a decline is other than temporary in the opinion of the management.

* **Leases:**

(a) Operating Lease :

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of Profit and Loss on a straight-line basis over the lease term.

(b) Finance Lease :

Leases under which the company assumes substantially all the risks and rewards of ownership are classified as finance leases. The lower of fair value of asset and present value of minimum lease rentals is capitalized as fixed assets with corresponding amount shown as lease liability. The principal component in the lease rental is adjusted against the lease liability and the interest component is charged to statement of profit and loss.

* **Foreign Currency Transactions**

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

Exchange differences arising in respect of fixed assets acquired from outside India were capitalized as part of fixed assets.

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

* **Borrowing Cost**

Borrowing costs that are attributable to the acquisition or construction of a qualifying assets are capitalized as part of the cost of such asset till the time the asset is ready for the intended use. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

* **Intangible Assets:**

Intangible assets are recognized if and only if it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of the asset can be measured reliably in accordance with the notified Accounting Standard-26.

* **Provisions and Contingent Liabilities:**

A provision is recognized 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 the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognized in the financial statements. A contingent asset is neither recognized nor disclosed in financial statement.

* **Taxation**

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

* **Earning per Share**

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

* **Impairment of Assets**

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

Independent Auditors' Report

To,
The Members of Cera Sanitaryware Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of CERA SANITARYWARE LIMITED (hereinafter referred to as "the Holding Company") and its subsidiary company (the Holding Company and its subsidiary company together referred to as "the Group"), its jointly controlled entities and associate companies; 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 prepared based on the relevant records (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 these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter 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 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. The Board of Directors of the Holding company is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of Consolidated Financial Statements. The respective Board of Directors of the companies / Designated Partners of Limited Liability Partnerships included in the Group and of its associates and jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 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 these 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 but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. 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 reports referred to in sub-paragraph (a) of the Other Matters paragraph 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, 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, its associates and jointly controlled entities as at 31st March, 2017, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to the following matter in the Notes to the financial statements:

Note 44 to the financial statements which states that the company has changed method of valuing closing stock of Raw-materials, Packing Materials, Stores, Chemicals and Traded Goods as at 31-3-2017 to "Cost or Net Realisable Value Whichever is lower" following Weighted Average Method which was earlier FIFO method. The change in the method of inventory valuation has resulted in increase of ₹ 5286385/- in the consumption and decrease of profits by ₹ 5286385/-.

Other Matters

We did not audit the financial statements / financial information of Anjani Tiles Ltd and Packcart Packaging LLP subsidiary and jointly controlled entity, whose financial statements / financial information reflect total assets of ₹ 118.35 Crores as at 31st March, 2017, total revenues of ₹ 63.75 Crore and net cash flows amounting to ₹ 0.60 Crores for the year ended on that date. The consolidated financial statement also include the groups share of Net Loss of ₹ 0.27 Crore for the year ended 31st March 2017 as considered in the consolidated financial statements, in respect of its associates, whose financial statements have not been audited by us. These financial statements / financial information 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

subsidiary, jointly controlled entity and associate, and our report in terms of sub-sections (3) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiary, jointly controlled entity and associate, is based solely on the reports 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 and the financial statements / financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) 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 31st March, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company, associate companies and jointly controlled companies incorporated in India, none of the directors of the Group companies, its associate companies and jointly controlled companies incorporated in India is disqualified as on 31st 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 Holding Company, its subsidiary company, associate companies and jointly controlled entity incorporated in India and the operating effectiveness of such controls, refer to our separate Report in Annexure A
 - (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 Auditor's) 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 disclosed the impact, if any, of pending litigations as at March 31, 2017 on the consolidated financial position of the Group refer Note no. 35.
 - ii. The Holding Company, its Subsidiary company did not have any material foreseeable losses 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 Holding Company and its subsidiary company
- iv. The Holding Company and its Subsidiary company have provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management.

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

Place : Ahmedabad
Date : 4th May, 2017

The Annexure – A referred to in paragraph (f) “Report on Legal and Other Regulatory Requirements” of the Our Report of even date to the members of CERA SANITARYWARE LIMITED on the consolidated financial statements for the year ended 31st March, 2017.

Report on the Internal Financial Controls 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 Cera Sanitaryware Limited (“the Holding Company”) and its subsidiary as of March 31, 2017 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary company, its associate companies and jointly controlled entity 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 (the “Guidance Note”). 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.

Auditors Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with 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 and 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 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, 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 procedure selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other Auditor in terms of their report referred to in the matters paragraph below, 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 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 details, 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 financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorities 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 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 company, its associate companies and jointly controlled entity, 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 stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Companies Act 2013 on the adequacy and operating effectiveness of the Internal Financial Controls over financial reporting insofar as it relates to One subsidiary company, is based on the corresponding reports of the auditors of such company. Our opinion is not qualified in respect of this matter.

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

Place : Ahmedabad
Date : 4th May, 2017

Consolidated Balance Sheet as at 31st March, 2017

Particulars	Note No.	As at 31st March, 2017	As at 31st March, 2016
I EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital	1	65,029,370	65,029,370
(b) Reserves and Surplus	2	5,135,667,865	4,144,774,458
		5,200,697,235	4,209,803,828
2. Minority Interest			
		221,619,912	163,985,736
3. Non - current Liabilities			
(a) Long-term Borrowings	3	294,567,063	369,131,711
(b) Deferred Tax Liabilities (Net)	4	393,884,313	343,928,721
(c) Other Long-term Liabilities	5	116,305,513	98,349,086
(d) Long-term Provisions	6	549,224,268	402,382,982
		1,353,981,157	1,213,792,500
4. Current Liabilities			
(a) Short-term Borrowings	7	456,752,834	208,458,483
(b) Trade Payables	8		
(i) Micro, Small & Medium Enterprises (Refer Note no. 40)		32,605,347	45,001,147
(ii) Others		814,081,116	615,212,466
(c) Other Current Liabilities	9	1,573,876,440	1,292,583,914
(d) Short-term Provisions	10	158,491,597	286,914,578
		3,035,807,334	2,448,170,588
Total		9,812,105,638	8,035,752,652
II ASSETS			
1. Non-current Assets			
(a) Fixed Assets			
(i) Tangible Assets	11	3,436,372,722	2,293,230,403
(ii) Intangible Assets	11	13,351,782	4,544,754
(iii) Capital Work-in-progress	11	1,603,477	651,142,878
(iv) Intangible Assets under development	11	-	-
(b) Non-current Investments	12	701,368	13,000
(c) Long-term Loans and Advances	13	607,652,266	371,594,979
		4,059,681,615	3,320,526,014
2. Current Assets			
(a) Current Investments	14	870,609,319	474,715,588
(b) Inventories	15	1,494,607,949	1,357,192,264
(c) Trade Receivables	16	2,207,290,506	1,884,291,890
(d) Cash and Bank Balances	17	566,493,315	600,481,782
(e) Short-term Loans and Advances	18	543,490,245	382,612,145
(f) Other Current Assets	19	69,932,689	15,932,969
		5,752,424,023	4,715,226,638
Total		9,812,105,638	8,035,752,652

Significant Accounting Policies

Notes to Accounts on Financial Statements

29 to 44

As per our report of even date attached

For and on behalf of

H. V. Vasa & Co.

Firm Registration No. : 131054W

Chartered Accountants

Tushar H. Vasa

Proprietor

Membership No. 16831

Place : Ahmedabad

Date : 4th May, 2017**Rajesh B. Shah**

CFO & COO (Fin. & Comm.)

Narendra N. Patel

President & Company Secretary

Vikram Somany

Chairman and Managing Director

Deepshikha Khaitan

Vice Chairperson and Director

Dr. K. N. Maiti

Director

Govindbhai P. Patel

Director

J. K. Taparia

Director

Atul Sanghvi

Executive Director

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

Particulars	Note No.	2016-17	2015-16
I Revenue from Sale of Goods	20	10,608,320,913	9,606,260,303
Less : Excise duty		542,218,796	433,857,494
Net Sales		10,066,102,117	9,172,402,809
II Other Income	21	139,043,050	99,706,515
III Total Revenue (I + II)		10,205,145,167	9,272,109,324
IV Expenses :			
Cost of Materials Consumed	22	959,813,534	762,059,096
Purchases	23	3,406,727,262	3,712,401,265
Changes in Inventories of Finished Goods, Stock-in-process and Stock-in-Trade	24	10,272,830	(67,072,962)
Employee Benefits Expenses	25	1,227,615,905	1,110,125,722
Finance Costs	26	78,341,888	54,622,852
Depreciation and Amortisation Expenses	11	221,423,465	163,197,795
Other Expenses	27	2,745,862,993	2,242,133,661
Total Expenses		8,650,057,877	7,977,467,429
V Profit before tax (III-IV)		1,555,087,290	1,294,641,895
VI Tax expense:			
(1) Current tax (including for earlier years)		532,137,303	394,312,181
(2) MAT Credit Entitlement		(314,168)	-
(3) Deferred tax		49,955,592	65,687,819
		581,778,727	460,000,000
VII Profit for the period before Minority Interest (V - VI)		973,308,563	834,641,895
Share of Profit / (Loss) from Associates		(2,741,212)	-
Share of Profit / (Loss) of Minority		21,514,204	-
Profit for the period after Minority Interest		992,081,555	834,641,895
VIII Earnings per equity share of face value of ` 5/- each			
Basic & Diluted	28	76.28	64.17

Significant Accounting Policies

Notes to Accounts on Financial Statements

29 to 44

As per our report of even date attached

For and on behalf of

H. V. Vasa & Co.

Firm Registration No. : 131054W

Chartered Accountants

Tushar H. Vasa

Proprietor

Membership No. 16831

Place : Ahmedabad

Date : 4th May, 2017**Rajesh B. Shah**
CFO & COO (Fin. & Comm.)**Narendra N. Patel**
President & Company Secretary**Vikram Somany****Deepshikha Khaitan****Dr. K. N. Maiti****Govindbhai P. Patel****J. K. Taparia****Atul Sanghvi**

Chairman and Managing Director

Vice Chairperson and Director

Director

Director

Director

Executive Director

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

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
A. Cash flow from operating activities		
Net Profit before tax	1,555,087,290	1,294,641,895
Adjusted for		
Depreciation	221,423,465	163,197,795
Foreign Exchange (loss) / gain	(2,962,098)	(782,704)
Provision for diminution in value of Investments	(319,524)	317,290
Interest Charged	76,354,446	51,310,842
Interest received	(36,694,563)	(30,690,288)
Dividend received	(8,955,336)	(10,100,277)
Foreign Exchange Variation (gain) / loss	2,962,098	782,704
Profit on Sale of Investments	(14,812,982)	(14,234,518)
Amortisation of Lease hold Land	-	59,870
(Profit) / Loss on Sale of Fixed Assets (Net)	(4,252,057)	977,739
	232,743,449	160,838,453
Operating profit before working capital changes	1,787,830,739	1,455,480,348
Adjustment for changes in working capital		
Inventories	(137,415,685)	(98,278,326)
Trade and other Receivable	(322,998,616)	(272,061,806)
Short -term loans and advances	(160,878,100)	(130,422,906)
Other Current Assets	(53,999,720)	(13,278,453)
Long-term loans and advances	(98,564,108)	141,787
Trade Payable	186,472,850	173,662,416
Short Term Provision	13,097,329	22,622,634
Other Current Liabilities	284,359,294	293,850,497
Long Term Provisions	668,231	314,786
Other Long Term Liabilities	17,956,427	5,654,890
	(271,302,098)	(17,794,481)
Cash generated from operations	1,516,528,641	1,437,685,867
Direct taxes paid	(523,143,259)	(299,706,091)
Net cash from operating activities: Total (A)	993,385,382	1,137,979,776
B. Cash flow from investing activities		
Purchase of fixed assets	(726,311,654)	(903,786,919)
Proceeds from sale of fixed assets	6,730,300	13,982,132
Purchase of Non Current Investments	(3,429,580)	-
Purchase of Current Investments	(770,684,567)	(320,624,099)
Sale of Current Investments	389,923,341	337,390,530
Interest received	36,694,563	30,690,288
Dividend received	8,955,336	10,100,277
Net cash used in investing activities: Total (B)	(1,058,122,261)	(832,247,791)
C. Cash flow from financing activities		
Proceeds from issue of share capital by Subsidiary	77,322,000	163,600,000
Right issue expenses	-	-
Proceeds from borrowings/Repayment of Loan	170,662,935	(14,995,812)
Dividend paid	(117,052,866)	(81,286,713)
Tax on distributed profit	(23,829,211)	(16,548,023)
Interest paid	(76,354,446)	(51,310,842)
Net cash used in financing activities: Total (C)	30,748,412	(541,390)
Net changes in cash & cash equivalents (A+B+C)	(33,988,467)	305,190,595
Cash & cash equivalent-Opening Balance	600,481,782	295,291,187
Cash & cash equivalent-Closing Balance	566,493,315	600,481,782

As per our report of even date attached

For and on behalf of

H. V. Vasa & Co.

Firm Registration No. : 131054W

Chartered Accountants

Tushar H. Vasa

Proprietor

Membership No. 16831

Place : Ahmedabad

Date : 4th May, 2017**Rajesh B. Shah**

CFO & COO (Fin. & Comm.)

Narendra N. Patel

President & Company Secretary

Vikram Somany

Chairman and Managing Director

Deepshikha Khaitan

Vice Chairperson and Director

Dr. K. N. Maiti

Director

Govindbhai P. Patel

Director

J. K. Taparia

Director

Atul Sanghvi

Executive Director

Consolidated Notes forming part of the Financial Statements as at 31st March, 2017

	As at 31st March, 2017	As at 31st March, 2016
1. Share Capital		
A Authorised, Issued, Subscribed & Paid up Share Capital		
Authorised		
2,00,00,000 (2,00,00,000) Equity Shares of ` 5/- each	100,000,000	100,000,000
Total	100,000,000	100,000,000
Issued, Subscribed & Paid Up		
1,30,05,874 (1,30,05,874) Equity Shares of ` 5/- each fully paid up	65,029,370	65,029,370
Total	65,029,370	65,029,370

Terms / rights attached to Equity Shares :

The Company has only one class of Equity Shares having a par value of ` 5/- per share. Each holder of Equity Shares is entitled to one vote per share and each equity share carries an equal right to dividend.

B Reconciliation of the number of Equity Shares outstanding is set out below :

Particulars	As at 31st March, 2017	As at 31st March, 2016
	<u>No. of Shares</u>	<u>No. of Shares</u>
Shares at the beginning of the year	13,005,874	13,005,874
Add : Issued during the year	-	-
Shares outstanding at the end of the year	13,005,874	13,005,874

C Details of shareholders holding more than 5% of the aggregate shares :

Name of Shareholder	As at 31st March, 2017	
	<u>No. of Shares held</u>	<u>% of Holding</u>
Vikram Investment Co. Ltd.	2,900,275 (2,900,275)	22.30% (22.30%)
Shri Vikram Somany	1,045,847 (1,045,847)	8.04% (8.04%)
Smt Smiti Somany	1,342,240 (1,542,240)	10.32% (11.86%)

Consolidated Notes forming part of the Financial Statements as at 31st March, 2017

	As at 31st March, 2017	As at 31st March, 2016
2. Reserves & Surplus		
a. Securities Premium Reserve		
As per last Balance Sheet	809,593,606	809,593,606
Add : On issue of shares	-	-
Balance at the end of the year	<u>809,593,606</u>	<u>809,593,606</u>
b. General Reserve		
As per last Balance Sheet	2,535,566,588	2,142,445,003
Add : Transferred from Profit & Loss Account	-	393,121,585
Balance at the end of the year	<u>2,535,566,588</u>	<u>2,535,566,588</u>
c. Profit & Loss Account		
As per last Balance Sheet	799,614,264	500,000,000
Add : Net Profit for the year	973,308,563	834,641,895
Less : Share of Profit / (Loss) from Associates	(2,741,212)	-
Share of Profit / (Loss) of Minority	21,514,204	-
Proposed Dividends (Refer Note no-43)	-	(117,052,866)
Tax on Dividend	-	(24,467,444)
Tax on Dividend - Excess Provision	638,232	-
Less : Provision for Preference Dividend to Minority Shareholders	(1,826,380)	(385,736)
Transfer to Reserves	-	(393,121,585)
Balance at the end of the year	<u>1,790,507,671</u>	<u>799,614,264</u>
Total	<u><u>5,135,667,865</u></u>	<u><u>4,144,774,458</u></u>
3. Long Term Borrowings		
Secured :		
Term Loans from Banks : (Refer Note no-9(a))		
(i) From State Bank of India	-	18,000,000
(Secured by mortgage of Fixed Assets situated at 9,GIDC Industrial Estate, Residential Colony at Kadi and charge by hypothecation of fixed assets at Kadoli, Lamba, Patelka and Kalyanpur windmills), Repayable in 20 quarterly installments, from November, 2012 to February, 2018.		
(ii) From Kotak Mahindra Bank Ltd.	-	35,353,535
(Secured by mortgage of Property at Acropolis mall, Ahmedabad), Repayable in 36 monthly installments, from December, 2014 to November, 2017.		
(iii) From Federal Bank	283,177,063	315,778,176
(Secured by mortgage of Anjani Tiles Ltd's land at survey No. 522/3, 524, 526 at Eguva Raju Palem Village, Guduru, Nellore Dist.), Repayable in 22 quarterly installments, from April, 2017 to September, 2023.		
(iv) From Yes Bank	11,390,000	-
(Secured by exclusive hypothecation of entire movable fixed assets and current assets of Packcart Packaging LLP), Repayable in 48 monthly instalments of ₹ 2.9 lacs each starting from July, 2017 to June,2021.		
Total	<u>294,567,063</u>	<u>369,131,711</u>
4. Deferred Tax Liability (Net)		
Deferred Tax Liabilities on account of :		
Depreciation (including of earlier years)	420,552,416	365,210,931
Deferred Expenses	-	55,753
	420,552,416	365,266,684
Less : Deferred Tax Assets on account of :		
Expenses allowable on payment basis	26,668,103	21,337,963
Total	<u>393,884,313</u>	<u>343,928,721</u>
5. Other Long Term Liabilities		
Deposits by Dealers	114,082,707	95,344,144
Other liabilities	2,222,806	3,004,942
Total	<u>116,305,513</u>	<u>98,349,086</u>

Consolidated Notes forming part of the Financial Statements as at 31st March, 2017

	As at 31st March, 2017	As at 31st March, 2016
6. Long Term Provisions		
(a) Provision for employees' benefits	983,017	314,786
(b) Provision for Taxation	548,241,251	402,068,196
Total	549,224,268	402,382,982
7. Short Term Borrowings		
Secured :		
Working Capital Loans from Bank		
From State Bank of India	288,456,435	208,458,483
(Secured by hypothecation of current assets, windmills at Kadoli, Lamba, Patelka and Kalyanpur and mortgage of Fixed Assets situated at 9, GIDC Industrial Estate and Residential Colony, Kadi).		
From Federal Bank	168,296,399	-
(Repayable on demand which are secured by 1st charge on inventories and book debts and second charge on immovable and movable assets of Anjani Tiles Ltd.)		
Total	456,752,834	208,458,483
8. Trade Payable		
Due to Micro, Small & Medium Enterprises (Refer Note no - 40)	32,605,347	45,001,147
Others	814,081,116	615,212,466
Total	846,686,463	660,213,613
9. Other Current Liabilities		
(a) Current maturities of long term debts (Refer Note no - 3)	85,963,535	89,030,303
(b) Unclaimed dividends*	7,291,531	5,988,378
(c) Unpaid matured deposits and interest accrued thereon	162,882	162,882
(d) Other payables**	1,480,458,492	1,197,402,351
Total	1,573,876,440	1,292,583,914
* Amount to be transferred to the Investor education and protection fund shall be determined on respective due dates.		
** Includes statutory dues, Advance received from customers, amounts payable to Employees.		
10. Short Term Provisions		
(a) Provision for employees' benefits	158,491,597	145,394,268
(b) Others		
- Proposed Dividend	-	117,052,866
- Tax on Dividend	-	24,467,444
Total	158,491,597	286,914,578

11. Fixed Assets

Description	Gross Block				Depreciation / Amortisation				Net Block	
	As at 1 st April 2016	Additions / Adjustments	Deductions / Adjustments	Balance as at 31 st March 2017	As at 1 st April 2016	For the Year	Deductions / Adjustments	Upto 31 st March 2017	As at 31 st March 2017	As at 31 st March 2016
(i) TANGIBLE ASSETS :										
a Owned Assets :										
Leasehold Land	1,166,554	-	59,944	1,106,610	-	-	-	-	1,106,610	1,166,554
Freehold Land	87,087,265	20,789,950	-	107,877,215	-	-	-	-	107,877,215	87,087,265
Buildings	835,880,283	339,650,617	-	1,175,530,900	261,294,315	62,023,725	-	323,318,040	852,212,860	574,585,968
Plant & Machinery	1,987,683,777	865,767,600	439,677	2,853,011,700	442,175,642	101,133,587	329,060	542,980,169	2,310,031,531	1,545,508,135
Furniture & Fixtures	141,657,502	112,085,818	4,159,768	249,583,552	85,091,946	39,969,555	2,918,696	122,142,805	127,440,747	56,565,556
Vehicles	62,519,060	23,092,229	8,707,853	76,903,436	34,202,135	12,703,275	7,705,733	39,199,677	37,703,759	28,316,925
b LEASED ASSETS :										
Vehicles (Transfer to Vehicles on Completion of Loan)										
Sub - Total (i)	3,115,994,441	1,361,386,214	13,367,242	4,464,013,413	822,764,038	215,830,142	10,953,489	1,027,640,691	3,436,372,722	2,293,230,403
(ii) INTANGIBLE ASSETS :										
Computer Software	29,439,850	14,631,867	443,907	43,627,810	24,895,096	5,593,323	212,390	30,276,028	13,351,782	4,544,754
Sub -Total (ii)	29,439,850	14,631,867	443,907	43,627,810	24,895,096	5,593,323	212,390	30,276,028	13,351,782	4,544,754
Total (i + ii)	3,145,434,291	1,376,018,081	13,811,149	4,507,641,223	847,659,134	221,423,465	11,165,879	1,057,916,719	3,449,724,504	2,297,775,157
(iii) Capital Work -in-Progress	-	-	-	-	-	-	-	-	1,603,477	651,142,878
Previous Year	2,879,174,966	329,491,028	63,231,703	3,145,434,291	732,379,991	163,197,795	48,211,961	847,365,825	2,298,068,466	

Consolidated Notes forming part of the Financial Statements as at 31st March, 2017

	As at 31st March, 2017	As at 31st March, 2016
12. Non Current Investments (Unquoted - At Cost)		
(a) Trade Investment (Long Term) :		
Investment in Associates		
12 (Nil) Shares of AED 1000/- each fully paid of Cera Sanitaryware Ltd. FZC-Sharjah	220,080	-
Less: Share in Profit / (Loss) from Associate	(39,761)	-
175 (Nil) Shares of AED 1000/- each fully paid of Cera Sanitaryware Trading LLC-Dubai	3,209,500	-
Less: Share in Profit / (Loss) from Associate	(2,701,451)	-
(b) Other Non Current Investment		
Government securities (Deposited with Government Departments)		
National Savings Certificates	13,000	13,000
Total	701,368	13,000
13. Long Term Loans and Advances		
a. Capital Advances - Unsecured-considered good	167,090,067	74,630,688
b. Security Deposits - Unsecured-considered good	28,140,336	22,035,607
c. Advance Income Tax (including for earlier years)	412,421,863	274,928,684
Total	607,652,266	371,594,979
14. Current Investments (Unquoted-Non Trade)		
Investments in Mutual Funds (in Units)		
0.0000 (15554838.3210) LIC MF saving Plus Fund - Regular-Daily Dividend plan	-	158,054,268
16526218.5070 (0.0000) LIC MF saving Plus Fund - Direct- Daily Dividend Plan	166,914,807	-
0.0000 (49458.1320) Kotak Equity Arbitrage Fund - Bi Monthly Dividend	-	999,900
0.0000 (81463.1270) SBI Arbitrage Opportunities Fund - Regular Plan Dividend	-	1,066,879
18598.8770 (18598.8770) HDFC Balanced Fund - Growth	1,999,900	1,999,900
233238.8390 (233238.8390) ICICI Balance Advantage Fund - Regular Dividend	6,124,852	6,124,852
0.0000 (200000.0000) Edelweiss Bal. Advantage Fund - Regular Growth (formerly JP Morgan India)	-	2,000,000
3768.9490 (3768.9490) Birla Sun life frontline Equity Fund - Growth - Regular Plan	600,000	600,000
21004.4180 (21004.4180) ICICI Prudential Focused Bluechip Equity Fund - Growth	600,000	600,000
26450.4680 (26450.4680) Kotak Select Focus Fund - Growth (Regular Plan)	600,000	600,000
83298.6260 (0.0000) IDFC Arbitrage Plus Fund Monthly Dividend (Regular Plan)	1,000,000	-
930965.7400 (0.0000) HDFC Balanced Fund Regular Plan Growth	30,000,000	-
29226.8180 (0.0000) ICICI Prudential Balance Fund - Growth	3,300,000	-
1837195.1170 (1837195.1170) HDFC Short Term Plan - Growth	50,000,000	50,000,000
1454166.9740 (760418.6870) Birla Sun Life Short Term Fund - Growth - Regular Plan	80,000,000	40,000,000
0.0000 (63212.4860) SBI Premier Liquid Fund -Regular Plan - Growth	-	150,000,000
39190.9390 (0.0000) SBI Premier Liquid Fund -Direct Plan - Growth	100,000,000	-
13926.3130 (0.0000) SBI Magnum Insta Cash Fund -Direct Plan Growth	50,044,389	-
2068712.3340 (0.0000) SBI Saving Fund - Direct Plan -Growth	51,882,271	-
9494369.4800 (0.0000) IDFC Corporate Bond Fund Regular Plan -Growth	100,000,000	-
3220041.5390 (0.0000) Kotak Medium Term Fund -Growth (Regular Plan)	40,000,000	-
709420.9890 (0.0000) L & T Short Term Income Fund -Growth	12,000,000	-
193813.4740 (0.0000) HSBC Income Fund - Short Term Plan - Growth	5,000,000	-
1433856.2130 (0.0000) HDFC Short Term Opportunities Fund -Regular Plan Growth	25,000,000	-
302519.6860 (0.0000) ICICI Prudential Short Term- Growth Option	10,000,000	-
1419333.0470 (0.0000) HDFC Medium Term Opportunities Fund -Regular Plan -Growth	25,473,000	-
1867078.9180 (0.0000) Kotak Medium Term Fund -Growth -Regular Plan	25,000,000	-
2001380.9530 (0.0000) IDFC Credit Opportunities Fund Regular Plan -Growth	20,000,000	-
1768440.4120 (0.0000) ICICI Prudential Income Opportunities Fund- Reg Growth	40,000,000	-
1914332.6210 (0.0000) HDFC Banking & PSU Debt Fund -Regular Fund - Growth	25,070,100	-
0.0000 (8789.9584) Kotak Floater Short Term -Growth (Regular Plan)	-	21,500,000
0.0000 (95193.8870) ICICI Prudential Liquid Plan -Growth	-	21,000,000
0.0000 (6969.0010) HDFC Liquid Fund Growth	-	20,500,000
	870,609,319	475,045,799
Less : Provision for diminution in the value of Investments	-	330,211
Total	870,609,319	474,715,588

Consolidated Notes forming part of the Financial Statements as at 31st March, 2017

	As at 31st March, 2017	As at 31st March, 2016
15. Inventories		
a. Raw Materials and components	234,923,867	159,742,329
b. Stock-in-process	49,458,255	41,422,708
c. Finished goods	1,041,326,832	1,059,635,209
d. Stores and spares	168,898,995	96,392,018
Total	1,494,607,949	1,357,192,264
16. Trade Receivables (Unsecured-Considered Good)		
Outstanding over six months	169,730,758	139,161,615
Others	2,037,559,748	1,745,130,275
Total	2,207,290,506	1,884,291,890
17. Cash and Bank Balances		
A. Cash and Cash equivalents		
Cash on hand	720,107	1,505,416
Balances with banks	67,553,774	202,064,147
Sub Total (A)	68,273,881	203,569,563
B. Other Bank Balances		
Restricted Deposits (Unclaimed Dividend)	7,291,531	5,988,378
Balances with banks held as margin money	28,727,987	22,899,017
Fixed Deposits with Banks & others *	462,199,916	368,024,824
Sub Total (B)	498,219,434	396,912,219
Total (A + B)	566,493,315	600,481,782
* Bank Deposits maturing after 12 months	66,245	8,472,126
18. Short-term loans and advances (Unsecured-Considered Good)		
Balances with Customs and Central Excise Authorities	59,634,036	73,679,746
Others*	483,856,209	308,932,399
Total	543,490,245	382,612,145
* Includes advances to sundry creditors, employees and tax credits available.		
19. Other current assets		
Interest accrued and receivable	17,416,920	15,932,969
DIC Receivable (DIC receivable represents amount receivable towards ₹ 1 for each unit of Electricity consumed and Reimbursement for 50% of Sales tax paid of Anjani Tiles Ltd.)	52,515,769	-
Total	69,932,689	15,932,969
	2016-17	2015-16
20. Revenue from Sale of Goods		
Revenue from Sale of Goods	10,608,320,913	9,606,260,303
Less : Excise duty	542,218,796	433,857,494
Net Sales	10,066,102,117	9,172,402,809
Particulars of Sale of Products		
Vitreous China Sanitaryware, Faucetware, Fittings, Tiles & Allied products	10,595,062,293	9,600,035,554
Others	13,258,620	6,224,749
Total	10,608,320,913	9,606,260,303

Consolidated Notes forming part of the Financial Statements as at 31st March, 2017

	2016-17	2015-16
21. Other Income		
Interest Income	36,694,563	30,690,288
Dividend Income	8,955,336	10,100,277
Diminution of Investment Written Back	319,524	-
Net gain on sale of investments	14,812,982	14,234,518
Profit on Sale of Fixed Asset	4,252,057	-
Export Incentive	1,420,874	1,492,531
Claims Received	16,869,940	15,696,638
Sales Tax Incentive	37,266,719	-
Miscellaneous Income	7,078,309	7,604,509
Items pertaining to Previous year, unspent liabilities & provisions no longer required written back (net)	11,372,746	19,887,754
Total	139,043,050	99,706,515
22. Cost of Materials Consumed		
Opening Stock	159,742,329	142,702,020
Add : Purchases (Net of Transfers)	1,034,995,072	758,897,196
	1,194,737,401	901,599,216
Less : Closing Stock	234,923,867	139,540,120
Total	959,813,534	762,059,096
<u>Particulars of Cost of Materials Consumed</u>		
Sand, Sandstone, Clays & Chemicals	461,655,171	283,511,274
Accessories & Fittings	22,132,786	28,874,176
Brass ingots and components	448,953,848	449,673,646
Paper rolls & Gums	27,071,729	-
Total	959,813,534	762,059,096
23. Purchases		
Purchases	3,406,727,262	3,712,401,265
Total	3,406,727,262	3,712,401,265
<u>Particulars of Purchase of Products</u>		
Vitreous China Sanitaryware, Faucetsware, Fittings, Tiles & Allied products	3,406,727,262	3,712,401,265
24. (Increase) / Decrease in Finished Goods and Stock-in-Process		
Stock at Commencement		
Finished Goods	1,059,635,209	1,001,802,175
Stock-in-Process	41,422,708	32,182,780
	1,101,057,917	1,033,984,955
Stock at Close		
Finished Goods	1,041,326,832	1,059,635,209
Stock-in-Process	49,458,255	41,422,708
	1,090,785,087	1,101,057,917
Total	10,272,830	(67,072,962)
25. Employees Benefit Expenses		
Salaries, Wages and Bonus	1,094,882,795	981,555,592
Contributions to Provident and other Funds	74,837,336	80,516,655
Staff and Labour Welfare Expenses	57,895,774	48,053,475
Total	1,227,615,905	1,110,125,722
26. Finance Costs		
Interest Expenses		
Interest on term loans	42,342,145	19,977,648
Interest others	34,012,301	31,333,194
Other borrowing costs	1,987,442	3,312,010
Total	78,341,888	54,622,852

Consolidated Notes forming part of the Financial Statements as at 31st March, 2017

	2016-17	2015-16
27. Other Expenses		
Stores, Spares, Chemicals and Packing Materials Consumed	324,692,624	310,274,072
Excise Duty (Net of Opening Provision)	10,879,441	3,755,871
Rent	68,651,200	51,577,201
Power and Fuel consumed	348,798,621	312,581,090
Repairs - Plant and Machinery	37,079,472	19,859,167
Repairs - Building	8,475,068	11,160,996
Repairs - Others	11,163,214	8,134,797
Insurance	12,977,024	10,642,360
Rates and Taxes	1,485,212	1,682,538
Freight and Forwarding Expenses (Net)	418,597,899	394,809,768
Brokerage, Commission and Discounts on Sales	569,384,096	511,527,326
Publicity & Advertisement Expenses	326,019,069	256,909,015
Research & Development Expenses	8,931,846	9,811,983
Bad Debts / Amount written off	206,768	1,982,885
Miscellaneous Expenses	564,474,971	316,966,173
Foreign Exchange Fluctuation	2,962,098	782,704
Loss on Sale / Discard of Fixed Assets (Net)	-	977,739
Provision for dimunition in the value of Investments	-	317,290
Donation	5,684,370	738,151
Corporate Social Responsibility	24,200,000	16,442,535
Director's Commission	1,200,000	1,200,000
Total	2,745,862,993	2,242,133,661
	2016-17	2015-16
28. Basic & Diluted EPS		
Basic & Diluted Earning per share		
Profit attributable to the shareholders (₹)	A 992,081,555	834,256,159
Weighted average number of Equity shares outstanding during the year	B 13,005,874	13,005,874
Nominal Value of Equity share (₹)	5.00	5.00
Basic Earning per share (F.V. ₹ 5/- per share) (₹)	A/B 76.28	64.14
Number of shares for Basic & Dilutive EPS		
Weighted average no. of Equity shares outstg. during the year for Basic EPS	13,005,874	13,005,874
Add :Dilutive potential Equity shares	-	-
Weighted average no. of Equity shares outstg. during the year for Dilutive EPS	13,005,874	13,005,874
	2016-17 (₹)	2015-16 (₹)
29. Payments to the Auditors		
a. As Auditors	520,000	420,000
b. For Taxation matters	305,500	140,000
c. For other services	378,450	226,850
d. For reimbursement of expenses	49,456	52,912
Total	1,253,406	839,762
30. Value of Imports on C.I.F. Basis		
1. Raw Materials and Chemicals	69,479,120	63,676,007
2. Stores and Spare Parts & Fittings	65,690,056	21,921,598
3. Capital Goods	40,863,220	339,137,007
4. Purchases	585,240,803	746,417,717
Total	761,273,199	1,171,152,329

Consolidated Notes forming part of the Financial Statements as at 31st March, 2017

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

	2016-17	
	(`)	%
a. Raw Materials		
1. Imported	40,567,123 (71,609,054)	4.35% (9.32%)
2. Indigenous	892,174,684 (696,962,051)	95.65% (90.68%)
b. Stores & Spare Parts		
1. Imported	30,878,952 (16,881,346)	17.21% (16.38%)
2. Indigenous	148,554,824 (85,176,189)	82.79% (83.62%)

32. Expenditure in Foreign Currencies on account of

	2016-17 (`)	2015-16 (`)
1. Travelling	3,264,149	5,772,347
2. Export Commission	1,571,341	1,469,499
3. Bank Charges	416,508	338,693
4. Technical know-how & Professional fees	2,354,407	2,963,391
5. Others	221,914	336,790

33. Unhedged Foreign Currency Exposure

Particulars	Currency	2016-17		2015-16	
		Foreign Currency	Equivalent INR	Foreign Currency	Equivalent INR
Trade Payables	USD	18,593	1,204,756	27,693	1,834,653
Trade Payables	EUR	215	14,902	-	-
Advance from Customers	USD	18,008	1,166,918	24,499	1,623,024
Trade Receivable	USD	365,163	23,662,591	129,533	8,581,428
Advance to Suppliers	USD	369,171	23,920,699	362,076	23,987,079
Advance to Suppliers	EUR	10,479	725,452	44,737	3,376,015
Advance to Suppliers	GBP	2,134	173,317	-	-
Bank Balance in EEFC Account	USD	8,144	527,755	192,816	12,773,837

34. Earnings in Foreign Exchange

	2016-17 (`)	2015-16 (`)
Exports of Goods on F.O.B. Basis	95,626,075	80,146,385

35. Contingent liability in respect of :

	As on 31-03-2017 (`)	As on 31-03-2016 (`)
a. Claims against the Company not acknowledged as debts (Net of Payments).	15,676,994	13,266,300
b. Letters of Credit opened and guarantees given.	97,614,634	144,819,477
c. Estimated amount of contracts remaining to be executed on capital account not provided for (Net).	253,560,302	204,448,069
d. Contribution as Capital to Cera Sanitaryware Trading LLC at Dubai. (1 AED = ` 18.04)	-	3,157,000

36. The company is receiving balance confirmations from various parties. Due adjustments will be made on receipt thereof, if necessary.

37. Lease of an asset whereby the lessor essentially remains the owner of the asset is classified as operating lease. The payments made by the company as lessee in accordance with operational leasing contracts or rental agreements are expensed proportionally during the lease or rental period respectively. The minimum lease payment due within one year under operational lease is ` 59,945/-.

38. Employee Benefits

Details of Employee Benefits as required by the Accounting Standard 15 (Revised) Employee benefits are as under:

1) Brief description of the plans :

The Company has various schemes for long-term benefits such as Provident Fund, Gratuity and Leave Encashment. In case of funded schemes, the funds are recognised by income tax authorities and administered through trustees/appropriate authorities.

The Company's defined contribution plans are Provident Fund (exempted employees) recognised by the Income Tax Authorities and administered through trustees. The company has no further obligation beyond making contributions and interest shortfall.

Further the pattern of investment for investible funds is as prescribed by the Government. Accordingly other related disclosures in respect of Provident Fund have not been made.

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

The Company's defined benefit plans also include Gratuity and leave Encashment for all its employees. Gratuity fund recognised by the Income Tax Authorities is administered through trustees. Liability for Defined Benefit Plan is provided on the basis of valuations, as at Balance sheet date, carried out by an independent actuary. The actuarial valuation method used by independent actuary for measuring the liability is the projected unit credit method.

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

	2016-17	2015-16
	(₹)	(₹)
Provident fund	23,101,388	19,657,168
Employees' Pension Scheme	19,399,552	18,652,973
ESIC	10,968,465	11,399,667
Total	53,469,405	49,709,808

Consolidated Notes forming part of the Financial Statements as at 31st March, 2017

3) Disclosures for defined benefit plans based on actuarial reports as on 31st March, 2017

Particulars	2016-17			2015-16		
	Gratuity Funded Plan (`)	Gratuity Non-Funded Plan (`)	Leave Encashment Non-Funded Plan (`)	Gratuity Funded Plan (`)	Gratuity Non-Funded Plan (`)	Leave Encashment Non-Funded Plan (`)
Change in Defined Benefits Obligation						
Opening defined benefits obligation	132,928,492	314,786	61,441,750	107,982,554	-	51,065,283
Current service cost	13,486,491	247,035	8,870,492	12,158,550	92,258	7,358,648
Interest cost	9,969,637	25,183	4,608,131	8,662,272	-	4,096,415
Actuarial loss / (gain)	5,992,867	3,027	12,139,896	15,511,474	222,528	8,608,387
Benefits paid	(11,886,091)		(10,797,141)	(11,386,358)	-	(9,686,983)
Closing defined benefits obligation	150,491,396	590,031	76,263,128	132,928,492	314,786	61,441,750
Change in Fair value of Assets						
Opening fair value of plan assets				107,308,416		
Expected return on plan assets	9,972,877			9,611,205		
Actuarial gain / (loss)	230,600			(922,465)		
Contributions by employer	18,538,011			28,360,901		
Benefits paid	(11,886,091)			(11,386,358)		
Closing fair value of plan assets	149,827,096			132,971,699		
Movement in net liability recognized in Balance Sheet						
Net opening liability	(43,208)		61,441,750	674,138		51,065,283
P & L Charge	19,245,518		25,204,849	27,643,555		20,063,450
Contribution Paid	(18,538,011)		(10,797,141)	(28,360,901)		(9,686,983)
Closing Net (asset) / liability	664,299		76,263,128	(43,208)		61,441,750
Expenses recognized in the Profit and Loss Account						
Current Service cost	13,486,491	247,035	8,870,492	12,158,549	92,258	7,358,648
Interest on defined benefit obligation	9,969,637	25,183	4,608,131	8,662,272	-	4,096,415
Expected return on plan assets	(9,972,877)	-	-	(9,611,205)	-	-
Net actuarial loss / (gain) recognized in the current year	5,762,267	3,027	12,139,896	16,433,939	222,528	8,608,387
Total Expenses	19,245,518	590,031	25,618,519	27,643,555	314,786	20,063,450
Assets Information						
Government of India Securities	36.83%			32.67%		
Corporate Bonds	50.03%			53.62%		
Special Deposits Scheme	0.63%			0.74%		
Others / Insurance Co.	12.51%			12.97%		
Principal actuarial assumption						
Discount Rate (p.a.)	7.50%	8.00%	7.50%	8.00%	8.00%	8.00%
Expected rate of return on plan assets (p.a)	7.50%			8.00%		
Annual Increase in Salary costs	6.00%	4.00%	6.00%	6.00%	4.00%	6.00%
Effect on the aggregate Service Cost & interest cost	-		-			
Effect on defined benefit obligation	-		-			

- (4) The Company has provided upto 31.03.2017 ` 762.63 Lacs (` 614.42 Lacs) being increment of discounted value of liability for unavailed leave of the employees determined as per Actuarial Valuation.

Consolidated Notes forming part of the Financial Statements as at 31st March, 2017

39. A) Details of Related party transactions during the year ended 31st March, 2017.

Type of Transaction	Associates	Key Management Personnel	Relatives of Key Management Personnel	Total
	(`)	(`)	(`)	(`)
Sales - Goods & Materials	17,705,855	-	-	17,705,855
	(-)	(-)	(-)	(-)
Purchase - Goods & Materials	-	-	-	-
Purchase of Land	(-)	(-)	(-)	(-)
	(34,666,830)	(-)	(-)	(34,666,830)
Expenses - Remuneration	-	120,322,813	5,718,024	126,040,837
	(-)	(107,922,510)	(4,728,994)	(112,651,504)
Lease Rent / Rent	9,505,626	-	-	9,505,626
	(9,269,283)	(-)	(-)	(9,269,283)
Other Services	2,116,202	1,370,000	-	3,486,202
	(2,037,524)	(1,350,000)	(-)	(3,387,524)
Donation / Other Expenses	24,900,000	-	-	24,900,000
	(13,800,000)	(-)	(-)	(13,800,000)
Finance - Rent Deposit paid	145,300	-	-	145,300
	(-)	(-)	(-)	(-)
- Investment in Shares	3,429,580	-	-	3,429,580
	(-)	(-)	(-)	(-)
Balance at the end of the year				
Rent Deposit	2,091,300	-	-	2,091,300
	(1,946,000)	(-)	(-)	(1,946,000)
Investment in Shares	3,429,580	-	-	3,429,580
	(-)	(-)	(-)	(-)

B) Names of related parties and description of relationship :

1. Associates	Madhusudan Industries Ltd. Cera Foundation Indian Council of Sanitaryware Manufacturers Anjani Vishnu Holdings Ltd.	Vikram Investment Co. Ltd. Swadeshi Fan Ind. Ltd. Madhusudan Holdings Ltd.
2. Key Management Personnel	Vikram Somany S. C. Kothari Jugal Kishore Taparua Govindbhai Patel Narendra N. Patel Deepshikha Khaitan P V R L N Raju Kinjal Bhatt	Atul Sanghvi Dr.K.N.Maiti Rajesh B. Shah Lalit Kumar Bohania Sajan Kumar Pasari C V K Raju P C Surana
3. Relatives of Key Management Personnel	Smiti Somany P S Naveen C Sandhya Raju	Pooja Jain Somany P Sindhoori P Lakshmi

Consolidated Notes forming part of the Financial Statements as at 31st March, 2017

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

Particulars	2016-17 (`)	2015-16 (`)
Sales : Goods & Materials		
Cera Sanitaryware Ltd FZC	16,447,227	-
Anjani Vishnu Holdings Ltd	1,258,628	-
Purchase : Land		
Anjani Vishnu Holdings Ltd	-	34,666,830
Expenses		
Lease Rent / Rent		
Madhusudan Industries Ltd.	9,505,626	9,269,283
Other Services		
Madhusudan Industries Ltd.	1,885,002	1,692,030
Swadeshi Fan Industries Ltd.	220,700	206,100
Indian Council of Sanitaryware Manufacturers	10,500	10,500
Cera Foundation	-	128,894
Donation		
Cera Foundation	24,900,000	13,800,000
Finance		
Investment in Shares		
Cera Sanitaryware Trading LLC	3,209,500	-
Cera Sanitaryware Limited FZC	220,080	-
Rent Deposit Paid		
Madhusudan Industries Ltd.	145,300	-

40. Disclosure of trade payables as defined under the Micro, Small and Medium Enterprises Development Act, 2006 is based on the information available with the company regarding the status of the suppliers.

Particulars	2016-17 (`)	2015-16 (`)
a) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the year.		
i) Principal	32,605,347	45,001,147
ii) Interest	-	-
b) The amount of interest paid by the buyer in terms of section 16 along with the amount of the payment made to the 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 has been paid but beyond the appointed day during the year) but without adding the interest specified	-	-
d) The amount of interest accrued and remaining unpaid at the end of the year	-	-

41. Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016.

Particulars	SBN (`)	Other Denomination (`)	Total (`)
Closing Cash Balance as on 8 th November, 2016	1,141,000	1,170,835	2,311,835
Add : Withdrawal from Bank		1,227,000	1,227,000
Add: Receipts for permitted Transaction		1,182,223	1,182,223
Less: Paid for permitted transaction		3,166,533	3,166,533
Less: Deposited in Bank Accounts	1,141,000	-	1,141,000
Closing Cash Balance as 30 th December, 2016	-	413,525	413,525

42. Change in Stock Valuation Method

The company has changed method of valuing closing stock of Raw-materials, Packing Materials, Stores, Chemicals and traded goods as at 31st March, 2017 to "Cost or Net Realizable Value whichever is lower" following Weighted Average Method which was earlier FIFO method.

The change in the method of Inventory valuation has resulted in increase of ` 5,286,385/- in the consumption and decrease of profits by ` 5,286,385/-.

43. Dividend Declaration for the year 2016-17

The Board has recommended dividend of ` 12/- Per Equity share of ` 5/- each – i.e. 240% (P.Y. ` 9/- per Equity share – i.e. 180%) for the year ended 31st March, 2017 subject to the approval of the shareholders at the Annual General Meeting.

In pursuance to amended Companies (Accounting Standards) Rules, 2016 effective financial year 2016-17 and revised Accounting Standard-4 on "Contingencies and Events occurring after Balance Sheet Date", the proposed dividend of ` 1560.70 Lacs and taxes of ` 317.72 Lacs thereon are not recognised as liability in the annual accounts of the financial year ending March, 31 2017.

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

As per our report of even date attached

For and on behalf of

H. V. Vasa & Co.

Firm Registration No. : 131054W

Chartered Accountants

Tushar H. Vasa

Proprietor

Membership No. 16831

Place : Ahmedabad

Date : 4th May, 2017

Rajesh B. Shah
CFO & COO (Fin. & Comm.)

Narendra N. Patel
President & Company Secretary

Vikram Somany Chairman and Managing Director

Deepshikha Khaitan Vice Chairperson and Director

Dr. K. N. Maiti Director

Govindbhai P. Patel Director

J. K. Taparia Director

Atul Sanghvi Executive Director

Annexure - I : Significant accounting policies and practices :**(Annexed to and forming part of the consolidated financial statements for the year ended 31st March, 2017)***** Basis of Accounting**

The Company has prepared these financial statements to comply in all material respects with the accounting standards notified u/s 133 of Companies Act, 2013 ('the Act') read together with Rule 7 of the Companies (Accounts) Rules, 2014, accounting standards issued by the Institute of Chartered Accountants of India (ICAI) and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting. The accounting policies have been consistently applied by the Company.

*** Use of Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and the disclosure relating to contingent liabilities as at the date of financial statements and reported amounts of income and expenses during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from those estimates. Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods affected.

*** Principles of Consolidation :**

- (a) The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21) on "Consolidated Financial Statements" notified under the Companies (Accounting Standards) Rules, 2006 on the basis of the separate audited financial statements of Parent company, Cera Sanitaryware Limited, Subsidiary company, Anjani Tiles Limited and Packcart Packaging LLP.
- (b) The Consolidated Financial Statements are prepared in the same manner as that of Parent Company, i.e year ended March, 2017, in the same manner as far as possible as the Company's separate Financial Statements.
- (c) Financial Statements of the Subsidiary Company used in the consolidation are drawn for the same period as that of Parent Company i.e year ended March, 2017.

*** Revenue Recognition:**

Revenue is recognized when consideration can be measured reliably and there exist reasonable certainty of its recovery.

(a) Sales

Revenue is recognized when significant risk and rewards of ownership of the goods have been passed on to the buyer.

- In case of Domestic Sales : On dispatch of products to customers.
- In case of Export Sales : On the basis of Bill of lading

Sales include excise duty and net of discounts, Vat and sales return, as applicable. Sales exclude self-consumption of products.

(b) Service Income

Service income is recognized as per the terms of contracts with the customers when the related services are performed or the agreed milestones are achieved and are net of service tax, wherever applicable

(c) Dividend Income

Dividend income is recognized when the unconditional right to receive the income is established.

(d) Interest Income

Interest income is recognized on time proportionate method

(e) Others

Other Income is accounted on accrual basis except where the receipt of income is uncertain.

*** Employee Benefits**

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

*** Fixed Assets, Depreciation and Amortization**

- (a) Fixed Assets transferred on demerger scheme are stated at cost-less accumulated depreciation. Acquisitions and additions are stated at cost. The Company capitalizes all costs relating to the acquisition and installation of Fixed Assets on net of MODVAT credits on the assets and adjustments arising from exchange rate variations attributable to the fixed assets are capitalized.
- (b) Capital work in progress :
Projects under commissioning and other capital work in progress are carried at cost comprising direct cost, related incidental expenses and attributable interest. Depreciation on capital work in progress commences when assets are ready for their intended use and transferred from capital work in progress group to tangible fixed assets group.
- (c) Assets acquired under hire purchase installment credit scheme, the cost of asset is capitalized while the annual financial charges at equated installments are charged to revenue.
- (d) Depreciation for the year has been provided on carrying cost at the rates and manner prescribed in Schedule II of the Companies Act, 2013 as under:
 - (i) On Plant & Machinery and Electric Plant & Installation on straight-line method, but on incremental cost arising on account of translation of foreign currency liabilities for acquisition of fixed assets and depreciation is provided as aforesaid over the

residual life of the respective assets.

(ii) On other assets on written down value method on the remaining life of the respective assets

(e) Leasehold land is amortized over the period of lease.

(f) The value of discarded Plant and Machinery has been written down to the lower of net book value and net realizable value.

(g) Intangible Assets : Expenditure on Computer Software is amortized on written down value method over the period of expected benefits not exceeding three years.

* **Inventories**

(a) The company has changed method of valuing closing stock of Raw-materials, Packing Materials, Stores, Chemicals and traded goods as at 31st March, 2017 to "Cost or Net Realizable Value whichever is lower" following Weighted Average Method which was earlier FIFO method. Packaging division continues to follow FIFO method for valuing closing stock of Raw materials, Chemicals and Stores. Cost comprises of value of materials (Net of CENVAT and Input Tax Credit Availed), other direct cost and apportioned overhead for bringing stocks to present condition.

(b) Stock-in-Process is valued at lower of cost and net realizable value.

(c) Finished goods are valued at lower of cost and net realizable value.

(d) Excise duty on goods manufactured by the Company and remaining in inventory is included as a part of valuation of finished goods.

* **Investments**

Non-Current Investments are stated at cost. Current investments are carried at lower of cost and fair value. Provision for diminution in the value of non-current investments is made only, if such a decline is other than temporary in the opinion of the management.

* **Leases:**

(a) Operating Lease :

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of Profit and Loss on a straight-line basis over the lease term.

(b) Finance Lease :

Leases under which the company assumes substantially all the risks and rewards of ownership are classified as finance leases. The lower of fair value of asset and present value of minimum lease rentals is capitalized as fixed assets with corresponding amount shown as lease liability. The principal component in the lease rental is adjusted against the lease liability and the interest component is charged to statement of profit and loss.

* **Foreign Currency Transactions**

Foreign currency transactions during the year are recorded at rates of exchange prevailing on the date of transaction. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies as at the end of the year is recognized in the profit and loss account. Accounts Receivable in foreign currency are either represented by bills of exchange, which in many cases, are immediately discounted with bankers, or accounted at realized amounts. Exchange differences arising in respect of fixed assets acquired from outside India were capitalized as part of fixed assets.

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

* **Borrowing Cost**

Borrowing costs that are attributable to the acquisition or construction of a qualifying assets are capitalized as part of the cost of such asset till the time the asset is ready for the intended use. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

* **Intangible Assets:**

Intangible assets are recognized if and only if it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of the asset can be measured reliably in accordance with the notified Accounting Standard-26.

* **Provisions and Contingent Liabilities:**

A provision is recognized 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 the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognized in the financial statements. A contingent asset is neither recognized nor disclosed in financial statement.

* **Taxation**

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

* **Earning per Share**

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

* **Impairment of Assets**

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

CERA

Cera Sanitaryware Limited

Regd. Office : 9, GIDC Industrial Estate, Kadi - 382 715, Dist. Mehsana, Gujarat.
www.cera-india.com; Phone : (02764) 242329, 243000; Fax : (02764) 242465;
E-mail : kadi@cera-india.com; CIN : L26910GJ1998PLC034400

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

ATTENDANCE SLIP

Annual General Meeting - 2017

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

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

I hereby record my presence at the Annual General Meeting held at 11.30 a.m. on 27th July, 2017.

Member's / Proxy's Signature

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

CERA

Cera Sanitaryware Limited

Regd. Office : 9, GIDC Industrial Estate, Kadi - 382 715, Dist. Mehsana, Gujarat.
www.cera-india.com; Phone : (02764) 242329, 243000; Fax : (02764) 242465;
E-mail : kadi@cera-india.com; CIN : L26910GJ1998PLC034400

(Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014)

PROXY FORM

Name of the member(s) : _____
Registered address : _____
E-mail Id : _____
Folio No. / Client Id : _____
DP Id : _____

I/We, being a member(s) of _____ shares of Cera Sanitaryware Limited, hereby appoint :

- Name : _____
Address : _____
E-mail Id : _____
Signature _____, or failing him
- Name : _____
Address : _____
E-mail Id : _____
Signature _____, or failing him
- Name : _____
Address : _____
E-mail Id : _____
Signature _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 19th Annual General Meeting of the Company to be held on Thursday, the 27th July, 2017 at 11.30 a.m. at the registered office of the Company at 9, GIDC Industrial Estate, Kadi-382715, Dist. Mehsana, and at any adjournment thereof in respect of such resolutions as are indicated below:

PTO

CERA

Cera Sanitaryware Limited

Route Map for Annual General Meeting



Resolutions:	For	Against
1. To consider and adopt Audited Financial Statements, Reports of Board of Directors and Auditors.		
2. Declaration of dividend on Equity Shares.		
3. Reappointment of Shri Atul Sanghvi as Director, who retires by rotation.		
4. Appointment of Auditors and fixing their remuneration.		
5. To ratify the remuneration payable to Cost Auditors.		
6. Appointment of Shri J. K. Taparia as Independent Director.		
7. Re-appointment of Shri Atul Sanghvi as Executive Director.		
8. Re-appointment of Shri Vikram Somany as Chairman and Managing Director.		
9. Payment of Commission to Directors - not in whole time employment.		

Signed this _____ day of _____ 2017.

Signature of Shareholder(s) _____

Signature of Proxy Holder(s) _____

Affix Revenue Stamp

Note : This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.





CERA

CERA Sanitaryware Limited

CIN : L26910GJ1998PLC034400

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