

30<sup>th</sup> August, 2022

The Corporate Relationship Department  
BSE Limited  
Phiroze Jeejeebhoy Towers,  
25<sup>th</sup> Floor, Dalal Street,  
Mumbai – 400 001  
**Scrip Code: 531548**

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

**Sub: Submission of Annual Report and Notice of 54<sup>th</sup> Annual General Meeting of the Company, pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

This is further to our Letter dated 22<sup>nd</sup> August, 2022, wherein, the Company had informed that the 54<sup>th</sup> Annual General Meeting of the Company is scheduled to be held on Friday, the 23<sup>rd</sup> September, 2022 at 11 A.M. (IST) through Video Conferencing or Other Audio Visual Means, in accordance with the relevant circulars issued by the Ministry of Corporate Affairs and the Securities and Exchange Board of India.

In terms of the requirement of Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are submitting herewith the Annual Report of the Company along with the Notice of AGM for the Financial Year 2021-22.

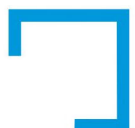
The Company has sent the same today through electronic mode to the Members who have registered their E-Mail IDs with the Company's R&TA/ Depository Participant. The Notice of AGM along with the Annual Report for the Financial Year 2021-22 is also available on the website of the Company viz. [www.somanyceramics.com](http://www.somanyceramics.com). Further, the Notice of AGM will also be available on the website of Central Depository Services (India) Limited at [www.evotinnindia.com](http://www.evotinnindia.com).

Kindly take the same on record.

Thanking you,  
Yours faithfully,  
**For Somany Ceramics Limited**

**Ambrish Julka**  
**GM (Legal) & Company Secretary**  
**M. No.: F4484**

Encl: as above





# YOUNG *a* 50

Somany Ceramics Limited | Integrated Annual Report 2021-22

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## Forward-looking Statement

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

# Young@50

Somany Ceramics Limited completes 50 years of existence in 2022 from the time it commissioned its first manufacturing plant.

The occasion marks a new beginning.

This milestone has been accompanied by a range of initiatives that are reinventing the Company.

The Company is making the largest investment in its existence.

The Company is adding the largest tile capacity in its existence.

The Company is making the largest quantum of value-added products in its existence.

The Company is doing all this with the highest proportion of accruals in its investment outlay.

Reconciling maturity in experience with the passion of a start-up.

*Life begins at 50.*



Part 1

# Company overview

Somany Ceramics Limited.

Five decades of addressing unmet needs in India's ceramic tiles industry.

Five decades of quality excellence resulting in the manufacture of a world-class product for Indian needs.

Five decades of financial stability, addressing the needs of vendors and shareholders.

Five decades of reaching products wide and deep across the vast Indian land mass.

*And our growth story is just beginning.*



### Vision

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



### Mission

Achieving customer delight through business innovation and cost-effectiveness while pursuing latest fashion trends in ceramics and allied products for creating stakeholder value.

### Track record

Somany Ceramics Limited was incorporated in 1968 by the late Mr. HL Somany. Over the decades, the Company has emerged as an internationally acclaimed organisation that specialises in the manufacture of ceramic tiles and complementary products. The Company is recognised among the market leaders in India's ceramic tiles industry for its designs, capacity, quality, Balance Sheet strength and market presence. The Company is presently being stewarded by Chairman & Managing Director Shreekant Somany and Managing Director & CEO Abhishek Somany.

### Manufacturing facilities

The Company's 11 state-of-the-art manufacturing units are spread across India. We possess an aggregate tile production capacity of ~53 msm, 1.15 million pcs of sanitaryware and 0.65 million pcs of bath fittings per annum.

### Product portfolio

The Company's diverse products range comprises ceramic wall and floor tiles, polished vitrified tiles, glazed vitrified tiles, sanitaryware and bath fittings.

### Listing

The Company is listed on the BSE Limited and National Stock Exchange of India Limited, where its equity shares are actively traded. The market capitalisation of the Company was ₹2,75,084 Lakhs as on 31st March 2022.

### Brand

The Company markets tiles and bathware products. The Company's brand ambassador is iconic actor Salman Khan. The Company's brands comprise Somany Duragress, Somany Durastone, Somany Glostra, Somany Vistoso, Somany Vitro, Somany Slipshield, Somany VC Shield, Somany Signature and Somany French Collection.

|          | Company                | Stake | Unit                           | Annual capacity (in msm)        |      |
|----------|------------------------|-------|--------------------------------|---------------------------------|------|
| Tiles    |                        | 100%  | Kassar, Haryana                | 19.63                           |      |
|          |                        | 100%  | Kadi, Gujarat                  | 6.65                            |      |
|          | Subsidiary/ associates |       | 60%                            | Sudha Somany Ceramics Pvt. Ltd. | 3.48 |
|          |                        |       | 51%                            | Amora Tiles Pvt. Ltd.           | 4.58 |
|          |                        |       | 51%                            | Somany Fine Vitrified Pvt. Ltd. | 4.29 |
|          |                        |       | 51%                            | Amora Ceramics Pvt. Ltd.        | 3.30 |
|          |                        |       | 50%                            | Vintage Tiles Pvt. Ltd.         | 4.80 |
|          |                        |       | 26%                            | Acer Granito Pvt. Ltd.          | 3.30 |
|          |                        |       | 26%                            | Vicon Ceramics Pvt. Ltd.        | 2.64 |
|          | Outsourced capacity    |       |                                | ~10                             |      |
| Bathware | Subsidiary             | 51%   | Somany Sanitary Ware Pvt. Ltd. | 1.15 million pcs                |      |
|          |                        | 51%   | Somany Bath Fittings Pvt. Ltd. | 0.65 million pcs                |      |





## Awards and accolades

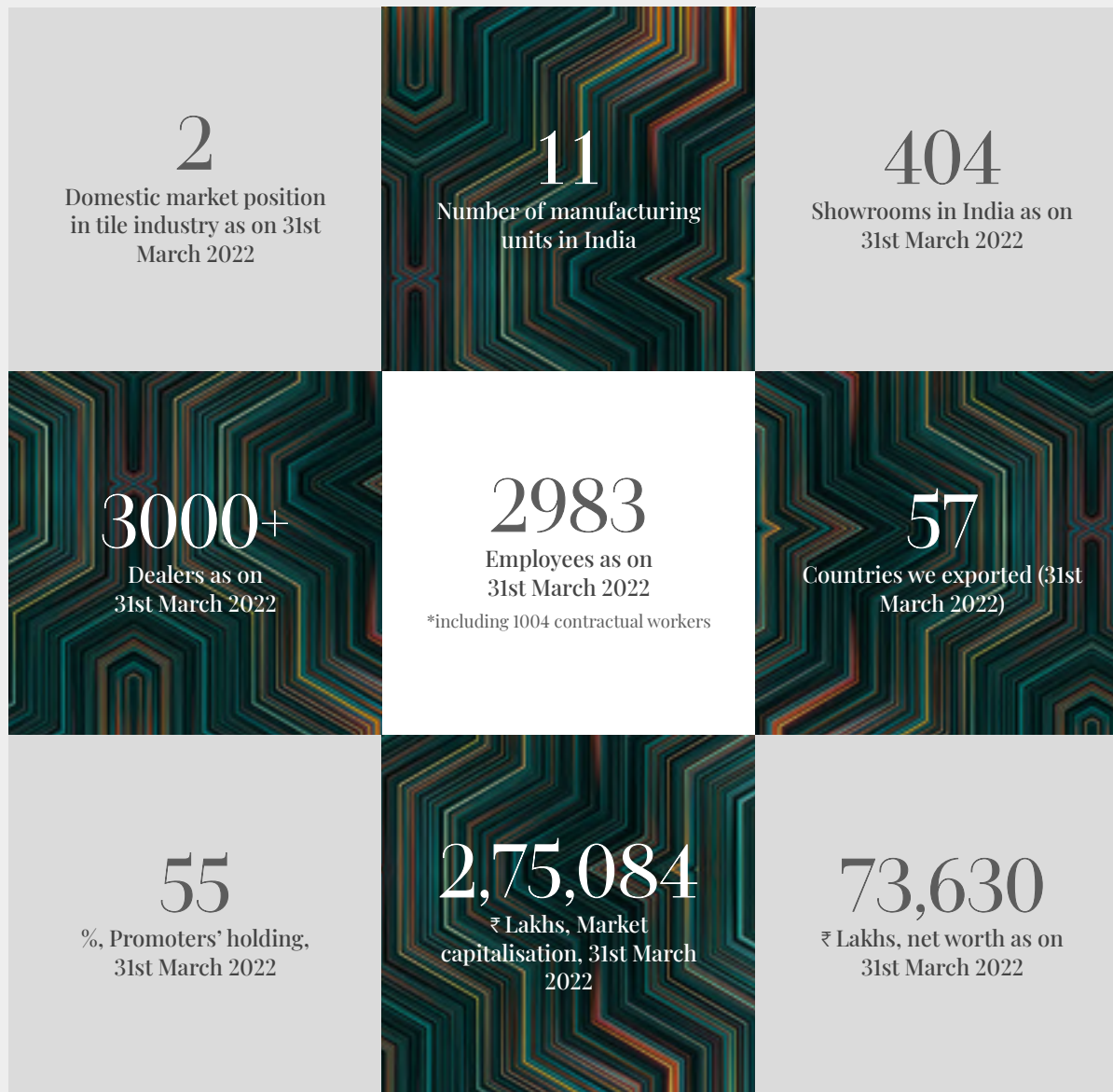
The Company was recognised as 'India's Most Desired Brand' in the category of 'Ceramics' by TRAS Most Desired Brands Awards 2021

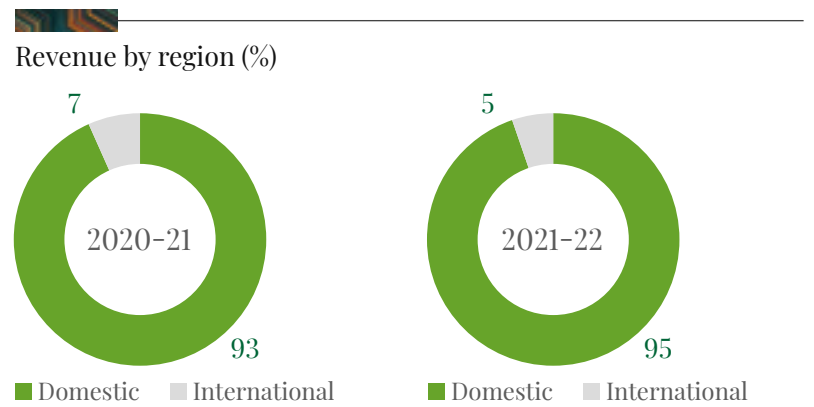
The Company was felicitated with Certificate of Appreciation for 'Trailblazing Iconicity' by the Economic Times Iconic Brands of India 2021

The Company was felicitated virtually as 'Best Brand in Building Materials and Fittings 2021' by the Economic Times Iconic Brands of India



## Key numbers in 2021-22





Company created by Late Shri Hira Lal Somany in collaboration with Pilkington Tile Holding (UK)

1968

Somany Pilkington Limited established its first manufacturing unit in Kassar, Haryana

▶ 1971

Established manufacturing plant in Kadi, Gujarat

▶ 1981

Acquisition of the Pilkington shareholding by the Indian promoters

▶ 1994

Installed a new production line at Kassar (increased capacity by 6000 sqm per day)

▶ 1995

Our growth journey

across

1996

Received Government's recognition for its R&D facility, a first in India's tile industry

▶ 1998

Received ISO Certification for Quality Management System

▶ 2000

Commenced the import of tiles from Europe under the Somany Global brand

▶ 2001

New floor tiles manufacturing plant set up at Kadi, with a capacity of 6000 sqm per day

▶ 2007

Changed the name of the Company to Somany Ceramics Ltd.; ventured into the sanitaryware space

Received a patent for its VC Shield product, India's highest abrasion-resistant tile, a first in India's tile industry

Commenced the 'Tile Master' program to enhance mason incomes

2009

Commissioned its first Glazed Vitrified Tiles manufacturing facility; widened the Bathware vertical

▶ 2010

Rebranded itself with a changed logo; received the prestigious Power Brand recognition

▶ 2011

Launched the Duragress range of products; received the Indian Power Brands Award for the second year in a row

▶ 2012

Acquired a subsidiary; commenced sanitaryware manufacture

Received the Corporate Technical Achievement Award from American Ceramic Society (ACerS) for VC Shield

▶ 2014

# 50 years

2017

Launched a television campaign to reinforce brand visibility across the digital, radio and print media

▶ 2018

Acquired a subsidiary; commenced the manufacture of bath fittings

▶ 2019

Commissioned its first manufacturing facility in South India

Engaged Salman Khan as Brand Ambassador

Ventured into the business of water heaters

▶ 2020

Became a net debt-free company

▶ 2021

Completed 50 years of existence since setting up of its first manufacturing plant

# Products overview

## Ceramic tiles



34

Revenues (2021-22) as % of overall revenue

28

Capacity: msm per annum

2

Number of joint ventures

4

Manufacturing facilities

## Polished vitrified tiles



30

Revenues (2021-22) as % of overall revenue

15

Capacity: msm per annum

4

Number of joint ventures

4

Manufacturing facilities

## Glazed vitrified tiles



25

Revenues (2021-22) as % of overall revenue

10

Capacity: msm per annum

1

Number of joint ventures

2

Manufacturing facilities



# Sanitaryware



6

Revenues (2021-22) as % of overall revenue

1.15

Capacity: million pcs per annum

1

Number of joint ventures

1

Manufacturing facilities

## Bath fittings



4

Revenues (2021-22) as % of overall revenue

0.65

Capacity: million pcs per annum

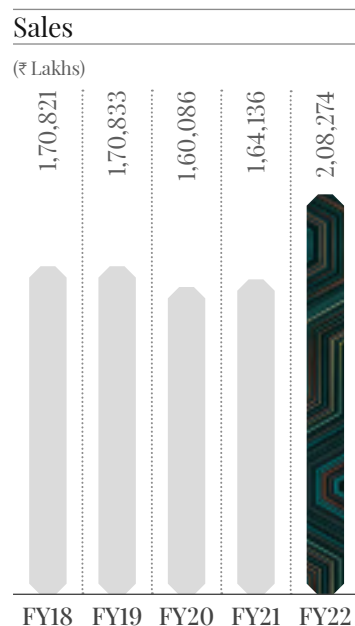
1

Number of joint ventures

1

Manufacturing facilities

# How we have grown over the years (Consolidated)



## Definition

Sales figure net of taxes

## Why is this measured?

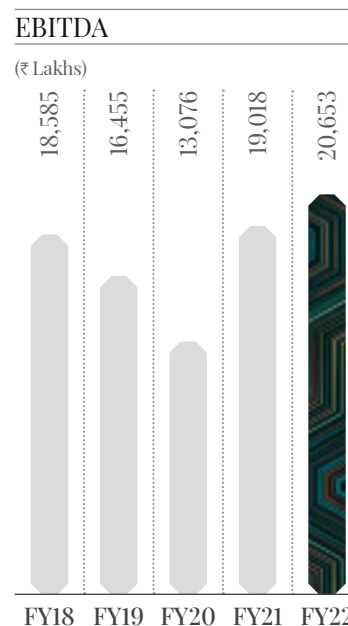
It highlights the brand acceptance and sales of the Company's products in the market

## Performance

The Company reported a significant 27% increase in revenue during the year

## Value impact

Protected the Balance Sheet from impairment in a challenging year



## Definition

Earnings before the deduction of interest, depreciation, extraordinary items and tax

## Why is this measured?

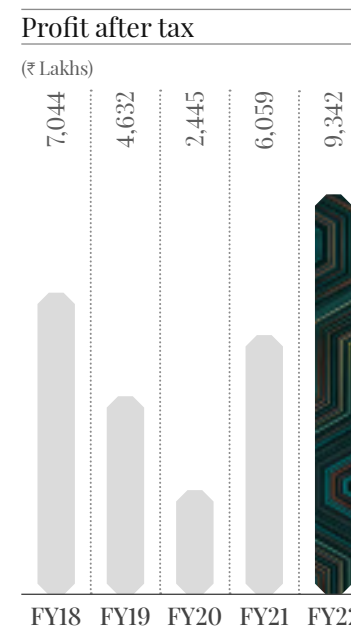
It is an index that showcases the Company's ability to optimise operating costs despite inflationary pressures and can be easily compared with the performance of sectoral peers

## Performance

The Company's EBITDA in 2021-22 was its highest in five years, an 8% growth in a year marked by effective working across all full quarters

## Value impact

Helped create a robust revival engine for sustainable growth



## Definition

Profit earned during the year after deducting all expenses and provisions

## Why is this measured?

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

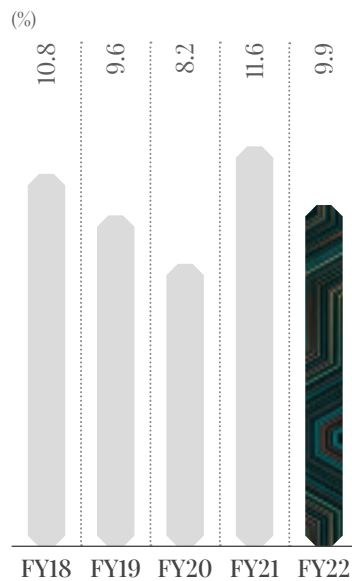
## Performance

The Company reported a profit after tax of ₹9,342 Lakhs during the year under review, a 54% improvement over the previous financial year and the highest in five years

## Value impact

Ensured that adequate cash was available for reinvestment and allowed the Company's growth engine to sustain

### EBITDA margin



#### Definition

EBITDA margin is a profitability ratio used to measure a company's competitiveness and operating efficiency

#### Why is this measured?

The EBITDA margin provides an idea of how much a company earns (before accounting for interest, depreciation and taxes) on each rupee of sale

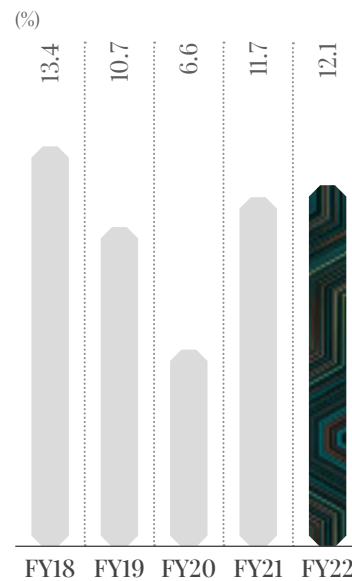
#### Performance

The Company reported a 167 bps decline in EBITDA margin

#### Value impact

Demonstrated adequate buffer in the business, which, when multiplied by scale, enhanced profitability

### RoCE



#### Definition

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

#### Why is this measured?

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

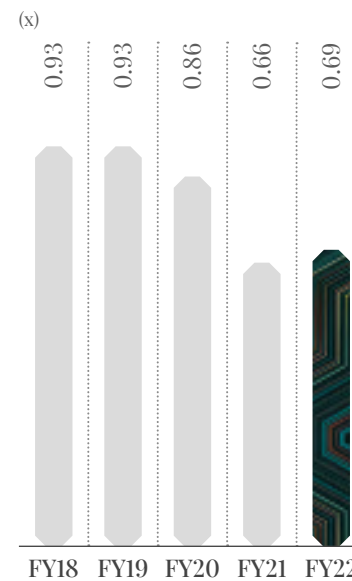
#### Performance

The return on capital employed of the Company increased by nearly 43 bps, indicating the improving profitability of the business model

#### Value impact

Enhanced RoCE catalysed valuations and perception

### Debt-equity ratio



#### Definition

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

#### Why is this measured?

It is a measure of the Company's financial health, which indicates the financial leverage of the Company compared to shareholders' funds

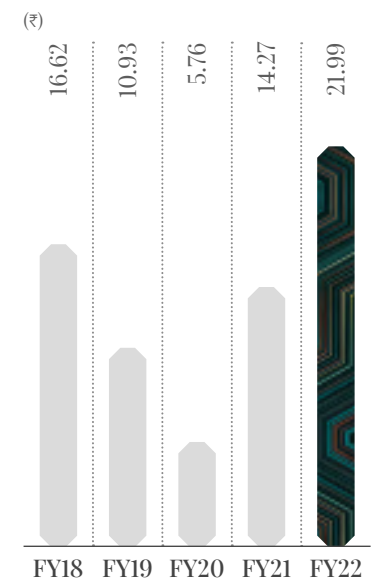
#### Performance

The Company's gearing was an attractive 0.69x in 2021-22, indicating adequate liquidity and Balance Sheet re-sizing

#### Value impact

Enhanced shareholder value through lower interest outflow and enhanced financing of the business through net worth

### Earnings per share



#### Definition

It is the portion of a company's profit allocated to each outstanding share of common stock

#### Why is this measured?

This figure depicts the actual value the Company has created for its shareholders

#### Performance

The Company's EPS for 2021-22 increased sharply to its highest in five years

#### Value impact

Enhanced earnings per share enhanced value in the hands of shareholders

# SCL: 5 Years Financials

(Based on Consolidated Financials)

(₹ in Lakhs)

| Particulars                  | FY 18    | FY 19    | FY 20    | FY 21    | FY 22    |
|------------------------------|----------|----------|----------|----------|----------|
| Sales                        | 1,70,821 | 1,70,833 | 1,60,086 | 1,64,136 | 2,08,274 |
| EBIDTA                       | 18,585   | 16,455   | 13,076   | 19,018   | 20,653   |
| Other Income                 | 1,811    | 1,796    | 1,275    | 1,278    | 1,342    |
| Finance costs                | 3,992    | 4,592    | 5,024    | 4,014    | 2,964    |
| EBDT                         | 16,404   | 13,659   | 9,327    | 16,282   | 19,031   |
| Depreciation                 | 4,128    | 4,425    | 5,933    | 6,163    | 6,395    |
| PBT                          | 12,276   | 9,234    | 3,394    | 10,119   | 12,636   |
| PAT                          | 7,044    | 4,632    | 2,445    | 6,059    | 9,342    |
| Equity Share Capital         | 848      | 848      | 849      | 849      | 849      |
| Other Equity                 | 57,220   | 60,456   | 58,404   | 63,226   | 72,781   |
| Deferred Tax Liability       | 5,236    | 5,315    | 3,358    | 3,208    | 3,230    |
| Loan funds#                  | 53,964   | 57,312   | 50,928   | 42,346   | 51,122   |
| Gross Block (including CWIP) | 73,321   | 82,859   | 93,278   | 96,845   | 1,23,708 |
| Net Block (including CWIP)   | 67,169   | 73,029   | 77,888   | 76,016   | 97,147   |
| Current assets               | 94,832   | 90,318   | 74,299   | 76,521   | 78,602   |
| Current Liabilities##        | 34,057   | 30,271   | 25,456   | 28,274   | 33,891   |
| Net Current Assets           | 60,775   | 60,047   | 48,843   | 48,247   | 44,711   |
| Networth*                    | 58,068   | 61,304   | 59,253   | 64,075   | 73,630   |
| Capital Employed             | 1,26,859 | 1,32,889 | 1,22,948 | 1,19,599 | 1,38,744 |
| EPS (₹)**                    | 16.62    | 10.93    | 5.76     | 14.27    | 21.99    |
| Book value (₹)**             | 137.02   | 144.66   | 139.50   | 150.86   | 173.35   |
| Dividend (₹)**               | 2.70     | 2.00     | 2.00     | 2.40     | 0.00     |
| RONW (%)                     | 12.75    | 7.76     | 4.06     | 9.83     | 13.57    |
| ROCE (%)                     | 13.44    | 10.65    | 6.58     | 11.65    | 12.08    |
| Debt Equity (times)          | 0.93     | 0.93     | 0.86     | 0.66     | 0.69     |

# including current maturities of loans

## excluding current maturities of loans

\*Networth represents sum total of equity share capital and other equity

\* Face Value of ₹2/- per share

## BIG PICTURE

# The last 50 years

An India evolved from licensed controls to a robust market-facing economy

An India growing in low single digits to an India that is the fastest growing major economy

An India marked by shortages to an India marked by adequate availability or oversupply

A price-sensitive India to an India willing to pay more for better products

An India comfortable with small, understated homes to an India seeking to live better in larger homes

An India comfortable with steady quality to an India needing a consistently improving standard



## This is where we are today

A dynamic company reinventing itself with speed

The second largest Indian ceramic tiles company

Among the most enduring in the sector

A combination of insourced and outsourced growth

A robust financial model, reflected in its net debt-free position



## This is where we wish to go

Strengthen the recall of the Somany brand around 'Affordable premium'

Narrow the revenue gap between Somany and other industry leader

Enhance EBITDA margin towards that of the industry leader

Add adequate capacity each year to feed the growth momentum

Grow the business completely through internal resources (accruals)



## This is what we expect to achieve in 2022-23

Enhance output from the ~11 msm expansion commissioned during the first quarter of 2022-23

Commission ~4 msm through new manufacturing capacities

Increase the proportion of GVT revenues from 29% to 35% of the tiles revenues

“In terms of Somany’s growth, we have seen nothing yet”



It has been

50

years since Somany Ceramics Limited went into business.

## Overview

It has been 50 years since Somany Ceramics Limited went into business.

Somany Ceramics Limited went into business with a rationale that was woven around the India story.

Around that time, India had a population of 557 million. Homes were small. The traditional flooring material was mosaic or stone.

However, the promoter of the Company – my father Hira Lall Somany – could see the future. He felt that India would move to tiles on account of the wider designs in which these could be manufactured, better lustre and finish over stone and quicker to lay.

Over time, his foresight was validated. As India grew, the offtake of tiles increased. We now have a scenario where the use of tiles is ubiquitous – for the variety, sizes, quality, accessibility and superior price-value proposition being provided.

### The inspiring India story

Most of the reasons for this transformation are resident within a rapidly evolving India story.

India is the world's fastest growing major country, the third largest economy by purchasing power parity and the fifth largest at the current exchange rate. India was the fifth fastest growing country during 2001-05. The country has grown 8-9% in 25 years in dollar terms. The gap between India and China is far narrower in PPP versus GDP measured using official exchange rates.

India is the world's seventh largest consumer economy, having risen from the 12th position 25 years ago. The amount of consumer spending has grown six times during this period while that of the US, the world's largest consumer economy, has merely doubled (albeit on a larger base) while that in Japan has remained almost unchanged.

India recently accounted for the fastest forex accumulation in the world, the highest inward remittance from abroad and the highest share of IT in services exports. Besides, India's export growth is the second highest in the world and the fifth highest foreign direct investment recipient. Dollar per capita income jumped 3.5 times and life expectancy improved by seven years between 1996 and 2020.

India is the world's fastest growing major country and the third largest economy by purchasing power parity and the fifth largest at the current exchange rate.



Despite the general perception of the relatively modest performance of Indian industry (versus services), India's industrial growth in the last 25 years has been second only to China's. Today, India has the 5th largest industrial economy in the world, up from the 13th in 1996. The size of industry has jumped six times in dollar terms during this period.

India is one of the most attractive countries by consumer demand. This has been driven by a combination of strong income growth, relatively low penetration levels (when compared with countries with similar size and demographics) for most consumer products, a young population and rising aspirations. India rose from the eighth to the second position in 25 years when measured by growth in per head consumer demand.

India has the second highest workforce in the world and the gap with China is narrowing. Despite over 60% of Indians living in villages, India has the second highest number of city dwellers, which increased 70% in 25 years.

Even as the export-to-GDP ratio appears low at the 14th position among major economies, larger economies like Japan or the US have a lower export-GDP ratio and

India's export-GDP ratio is higher than China.

### Drivers of India's growth

At Somany Ceramics, we are even more optimistic of India's prospects across the next 50 years. There are a number of irreversible economic drivers that will enjoy a critical mass, shifting the global needle of investment and attention towards India.

I see five drivers of India's growth from this point onwards.

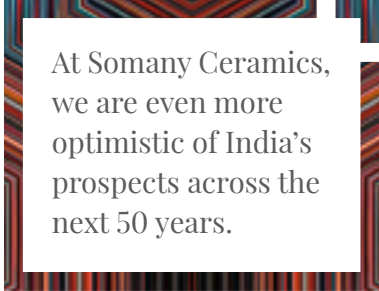
**Population:** There will be more Indians than ever. India adds around 1% to its population every single year – around 14 million, possibly the largest population increment anywhere in the world and a little less than twice the population of Israel. While this increment is expected to go into the economically productive segment 20 years from now, the segment enters the economic consumption mode immediately – not just through retail products but also through a family's need for a larger, better and hygienic home.

**Aspirations:** Population growth means nothing if the incremental population is not economically productive. The population that is now emerging has higher

aspirations than its predecessors; it wishes to live better. The result is that homes have got larger, residential space is transitioning from sharing to personal and even within existing spaces, there is an openness to being influenced by global residential trends derived through the smartphone. The result has been a decline in price-sensitivity and a willingness to spend more for something better.

**Financing:** This is possibly one of the most potent drivers of consumption in today's India. The millennial consumer seeks to buy and seeks to buy now, irrespective of whether personal savings permit or not. The gap is being addressed through a widening community of non-banking finance companies, facilitating a national shift from savings-led consumption to borrowings-driven offtake. We believe that the home financing sector is the single biggest indirect driver of all interior products in India today; we see no change in this trend across the coming years.

**Formalising:** There is an industry shakeout of a lasting nature transpiring through India. Following the introduction of GST, we are seeing a formalising of India's ceramic tiles industry. Does it mean that unorganised players



At Somany Ceramics, we are even more optimistic of India's prospects across the next 50 years.

will become extinct? No. It means that consumption is shifting from unorganised to organised brands as the cost difference that unorganised players once enjoyed is declining and the overall value proposition is gravitating towards organised brands.

**Infrastructure:** The consumer demand of tomorrow will be derived from how the government invests in infrastructure today. This is where the Indian growth story becomes exciting: The Indian government stepped up the infrastructure investment outlay by 35.4% during the Budget 2022-23, which we believe will have a large cascading impact on the number of Smart Cities and homes being created across the country across the coming years. Besides, the Indian real estate sector had emerged from an extended slowdown, which should translate into a larger need for tiles, bathware and fittings (our businesses).

### Our growing ESG personality

Modern India is increasingly governance-respecting. This new India is aligned with the global benchmarks of environment responsibility, social engagement and governance commitment. The combination – ESG – is the

new benchmark around which future-facing companies are being appraised.

Somany Ceramics is a responsible ESG-respecting organisation. The Board of Directors have charted out a responsible governance direction, emphasising the role of sustainability over profitability and value creation for all stakeholders over limited constituents.

As an extension of this commitment, the Company adopted the International Integrated Reporting Council's (IIRC) Integrated Reporting Framework to communicate its performance. The framework underscores the role of financial and non-financial capitals in long-term value creation for the benefit of all its stakeholders.

Besides, Somany Ceramics affirms its commitment to progressively moderate the environment footprint of its operations, enhance business sustainability, couple environment responsibility with economic growth, and extend the benefits of its prosperity to communities.

### Optimism

I am optimistic that what we have seen until now in terms of national growth has been

nominal. As India moves deeper into a dramatic growth decade, we expect that growth to translate to the real estate sector and then to companies like ours focused on enhancing interiors pride.

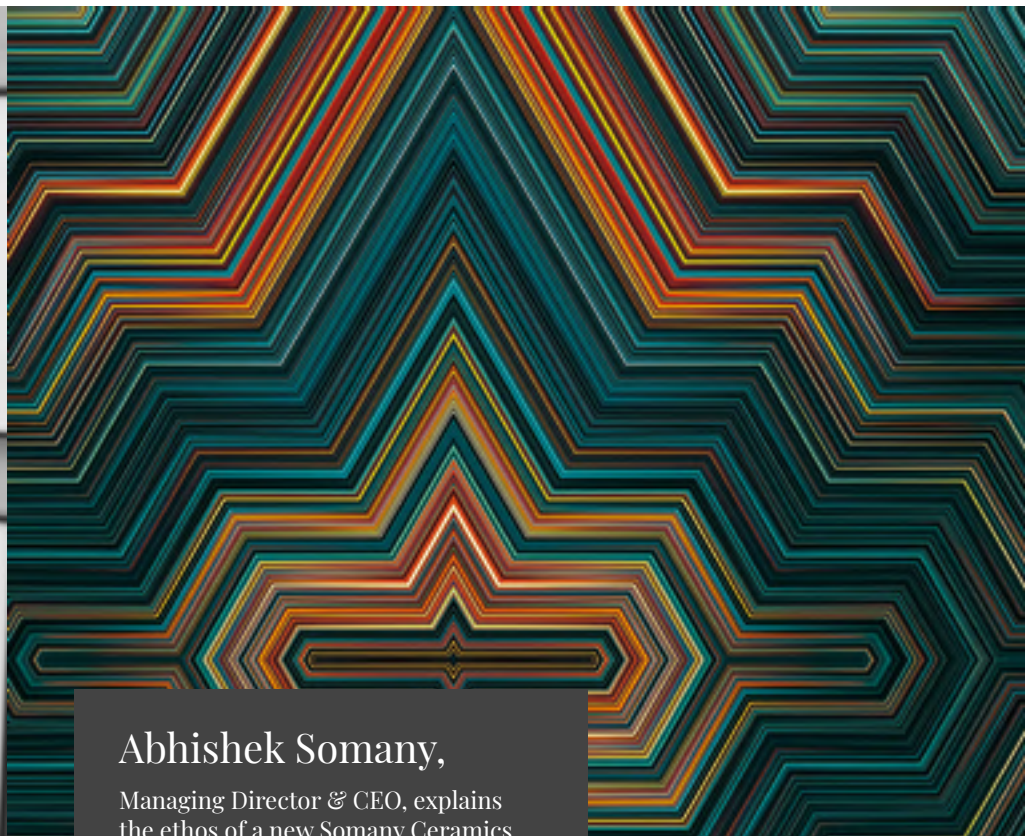
To rephrase the lines of the actor announcing the launch of sound in cinema nearly a century ago, we have seen nothing yet.

**Shreekant Somany,**  
Chairman



Somany Ceramics  
is a responsible  
ESG-respecting  
organisation.

We are running a quality business,  
where we will increasingly reconcile  
value and volume growth



Abhishek Somany,

Managing Director & CEO, explains  
the ethos of a new Somany Ceramics  
way of doing business

## Overview

I am pleased to present our maiden Integrated Annual Report.

The report comprises our financial and non-financial performance during 2021-22 and communicates our commitment to holistic responsibility. As an organisation, we had long integrated sustainability into our mindset; during the year under review, we formalised this approach, one manifestation of which is this Integrated Report.

## Business model

At 50, Somany Ceramics is responding to the opportunities of the day with a distinctive business model.

This model is in response to our recognition that the way we conduct business in future will need to be different from what worked in the past.

The result is that the Somany Ceramics is engaged in questioning every paradigm of its business; the Company is top-directed but driven bottom-up; the rate of change inside is faster than the rate of change outside (marketplace).

There are six prisms through which today's Somany Ceramics appraises its business strategy.

**One**, the Company believes deeper in tiles than ever. A larger part of the Company's investment will be in tiles and, as a result, tiles will continue to be our principal growth driver. Tiles accounted for 89.1% of the Company's revenues during the year under review; we expect that this percentage will either be maintained or increased as we deepen our proxy as India's second largest tiles player.

**Two**, we intend to aggressively build our tiles business. At the start of 2021-22, the installed capacity of Somany Ceramics was ~53 msm. At a time when investing confidence was at a premium, your Company announced an unprecedented expansion programme of ~11 msm (likely to commence in Q1 2022-23), a ~20% growth. We believe that a percentage growth in installed capacity of this scale in one stroke is possibly the largest by any prominent company within India's ceramic tiles sector. This leap is a manifestation of our commitment to invest deeper in India's growth story and grow our business aggressively from this point onwards. The expansion was commissioned in the first quarter of the current financial year (2022-23) and we expect revenue upsides starting this current financial year. While most companies would

have waited for this additional production to be absorbed before venturing to contemplate the next expansion round, your Company's management announced yet another expansion of 4 msm that should be commissioned around this time next fiscal year. The quantum addition of 11 msm is possibly the largest capacity growth by percentage and quantum by any Indian tiles player during the last couple of years.

**Three**, the way we are funding aggressive capacity growth. This is where the biggest change is visible: the Somany Ceramics of today is funding almost the entire expansion through net worth as opposed to a retrospective debt cum net worth approach. We believe that by the virtue of using the lowest cost financial resources available to us, we are reducing the break-even point of our business, enhancing our liquidity and our capacity to reinvest through our earnings. We will progressively utilise our cash flows to pare the relatively low debt we have on our books, which is evident if one looks at our performance across the last four quarters – the Company moderated interest outflow from ₹809 Lakhs in the first quarter of 2021-22 to ₹638 Lakhs in the fourth quarter of the last financial

At **50**,  
Somany Ceramics is responding to the opportunities of the day with a distinctive business model.

**20**  
% of existing capacity, highest ever capacity expansion in a year undertaken by the Company since inception

**50**

Employees received financial aid from the Suraksha Fund in 2021-22

year (moderating interest outflow in every successive quarter). The result is that our interest cover progressively strengthened from 7.17 in the second quarter of 2021-22 to 5.49 in the fourth quarter of the last financial year.

**Four**, our focus on Balance Sheet hygiene. At Somany Ceramics, we believe that the test of any successful company lies in its liquidity. Even as we grow attractively from this point onwards, there is a premium on our capacity to keep strengthening our terms of trade – not as much to squeeze the last drop out of partners who have been loyal to us for decades but to enhance our systemic liquidity that makes it possible to source on time, keep our production lines running and maintain our ability to put products on shelves – a stronger eco-system. We went out and explained this to our trusted trade partners and the result is that through their collaboration, the Company moderated its receivables cycle from a peak of more than 50 days a few days ago to 42 days of turnover equivalent in 2021-22. Besides, we increased the proportion of cash and carry within our business to 56% during the year under review and this is expected to increase further, benefiting not just our Company but all our stakeholders through an enhanced financial discipline.

**Five**, our focus on value-addition. At Somany Ceramics, we believe that the benefits of producing

more will take us up to a point and no further. The objective is to generate a better realisation from every tile sold. This is not just an aspiration; it is now a corporate objective where we seek to increase the proportion of value-added products within our product mix and increase the value-addition to the extent that we attractively lift the Company's overall realisations average. It would be pertinent to indicate that of the ~11 msm of expansion that we commissioned during the first quarter of 2022-23, every single tile was gloss vitrified, helping enhance the value-added proportion of our installed capacity. Besides, the second expansion announced by our Company to the extent of 4 msm is designed to be super value-added the extent of 100%. Through these initiatives, we are not only growing our scale; we are also reinventing our personality as a premium tiles brand.

**Six**, our focus on anytime liquidity. At Somany Ceramics, we believe that the strength of our business model needs to reflect in the cash we have on our books. This liquidity is not an end in itself; it empowers us to buy resources for an attractive discount by paying cash up front, widening our margins; it provides us with the resources to kickstart expansion programmes on schedule, addressing market opportunities with speed.





### Our ESG personality

During the last year, the Company reinforced its commitment to sustainability through enhanced investments in energy-efficiency and renewable energy. We deepened our focus on water conservation, protected the zero liquid discharge status for our plants (Kadi and Kassar), remained focused on value-accretive growth, continued to invest in employee welfare (through Suraksha and Empathy Funds) and learning) and fostered inclusive growth that catalysed the wellbeing for local communities (through programmes related to health care, national heritage, education, skill development and sports promotion). We increased allocations for Research & Development, empowering the

launch of innovative products like Temp Shield with a low environmental impact.

Going forward, we aim to reinforce sustainability to strengthen our performance on the one hand and socio-environment outcomes on the other.

### Conclusion

We believe that this focus on running a quality business, where we reconcile value and volume growth will provide us with a sustainable foundation to reinvent our recall on the financial markets, strengthening value in the hands of those who own shares in our Company.

### GDP per capita, PPP (current international US\$ )

|         |       |
|---------|-------|
| 1996-00 | 2,096 |
| 2001-05 | 2,953 |
| 2006-10 | 4,237 |
| 2011-15 | 5,465 |
| 2016-20 | 6,993 |

(Source: International Comparison Program, World Bank|World Development Indicators database, World Bank|Eurostat-OECD PPP Programme)

# How Somany has created a financial foundation for a multi-year value-accretive journey

## Overview

Our principal message is that the Company's financial foundation is attractively placed to enhance value in a sustainable way.

This foundation possesses the complements of value-creation: a complete reliance on accruals, absence of long-term debt on the Balance Sheet, increasing premiumisation and an aggressive capital expenditure programme that will generate sizable revenues from this year onwards.

The Company's performance of 2021-22 did not reflect the improving fundamentals on account of a sharp increase in operating costs. The increase in natural gas costs by 70% approx. could not be completely passed on to consumers, which moderated EBITDA margins from 11.6% in 2020-21 to 9.9% in 2021-22.

## Clarity

The management possesses a strategic financial clarity expected to translate into value-accretive growth across the coming years. The principal features of the Company's approach comprise the following:

- Desired RoCE of 25%
- Increase in EBITDA margin towards the industry leader
- Aggressive year-on-year capacity growth
- Increased GVT proportion of the overall tiles output
- Reinvestment of cash profit into business growth
- Sustained premiumisation in positioning and outcome
- Best-in-sector receivables cycle

## Capital efficiency

At Somany, we aspire to generate a return that is higher than what our risk partners (shareholders) would generate if they invested in alternative asset classes. During the year under review, the Company reported ROCE of 12.1%, which was higher than the average debt cost incurred by the Company (6.3%) and the prime lending rate of 8.8% within the Indian economy. Even as the RoCE generated by the business was 43 bps higher than in the previous year despite a sharp increase in costs (only a part of which could be passed on

to consumers), the Company is optimistic of enhancing capital efficiency.

## Credit rating

At Somany, we achieved the coveted aspiration of being zero debt (long-term) during the year under review. However, the Company had ₹33,661 Lakhs of short-term debt on its books to finance working capital requirements. The average cost of this short-term debt was less than 7% during the year under review. An important influence on the cost of this short-term debt was the credit rating of the Company (the higher the rating, the lower the cost).

It is the Company's objective to strengthen its credit rating from AA during the year under review. A superior rating will empower the Company to mobilise low-priced short-term debt (whenever needed), recruit better and enhance visibility. The Company perceives an improvement in its credit rating as an index of its respect and competitiveness.

## Liquidity

At Somany, financial liquidity enhances our capacity to invest in capital expenditure through earnings, negotiate better with vendors in exchange for immediate payment and showcase its liquidity to attract more credible stakeholders. In the last few years, the Company made a conscious choice to graduate to a quality business. Given a choice between maximising revenues with stretched liquidity or moderate-to-high revenues with

enhanced liquidity, the Company will select the latter. The Company measures liquidity by the measure of interest cover (EBIT divided by interest outflow), which improved from 3.52x to 5.26x during the year under review on account of inflation and margin pressures. The other liquidity measure prioritised by the Company was the debt-equity ratio, which moderated from 0.66 in 2020-21 to 0.69 in 2021-22 (the Company's net worth increased by ₹9,555 Lakhs and debt by ₹8,776 Lakhs). As a measure of the Company's capacity to sustain liquidity, it possessed ₹73,630 Lakhs in net worth, ₹17,461 Lakhs in long-term debt and ₹33,661 Lakhs in short-term debt as on 31st March 2022. A reliance on net worth represented an insurance in a volatile and infection-affected world.

## Business mix

At Somany, our core focus is tiles (89.1% of revenues, 2021-22) even as we market non-tile products that enhance the wallet share of our trade partners (enhancing their loyalty), attract revenues from complementary products, enhance margins beyond the commodity segment average and graduate our brand into a complete bathroom solutions provider. Our tiles business accounted for 89.1% of revenues and bathware accounted for 9.8% during the year under review. The Company will deepen its tiles focus and increase the proportion of revenues from this business segment.



### Revenue mix

At Somany, we believe that the best margins lie in glazed vitrified tiles, followed by ceramic tiles and plain vitrified tiles (in that order). In view of this, a disproportionately larger (if not complete) proportion of the Company's capital expenditure is being directed towards the manufacture of GVT. The proportion of revenues derived from GVT was 25.4% during the year under review but likely to rise to around 30% during the current financial year and projected to increase further in the next two years. The Company's proposed 4 msm expansion will be completely dedicated to GVT, strengthening realisations.

### Brand investment

At Somany, we will continue to invest 2-3% of our revenues in brand building. The Company's brand ambassador engagement with actor Salman Khan is valid until 2022 and likely to be extended further. The effectiveness of the Company's brand spending was affected during the last financial year on account of inflation; this is likely to correct from this year onwards following an increase in GVT revenue proportion and capacities closer to consumption markets being invested with additional capacity.

### Capital expenditure

At Somany, we are engaged in the fastest capital investment programme in our existence. Before the close of 2019-20, the Company possessed a gross block of ₹93,278 Lakhs that had been aggregated across nearly 50 years. In the span of just two years, the Company invested

₹30,430 Lakhs in enhancing manufacturing capacity, the largest investment within a compressed period in its existence (24.6% of its gross block as on 31st March 2022). By the virtue of the capital expenditure being allocated principally in GVT, the Company expects to achieve quicker break-even on its investment.

### Debt moderation

At Somany, long-term debt moderation is integral to our long-term profitability. In the past, when the Company invested in greenfield capital expenditure, it balanced the role of debt and net worth. This was evident during the last financial year as well as total debt increased from ₹42,346 Lakhs 2020-21 to ₹51,122 Lakhs 2021-22. The Company will grow its business largely through earnings from the business from this point onwards. The effect of this approach is beginning to get evident: interest outflow declined from ₹5,024 Lakhs in 2019-20 to ₹4,014 Lakhs in 2020-21 to ₹2,964 Lakhs in 2021-22. As an index of the Company's treasury management, the average cost of gross debt (before repayment) was 6.3% while the Company generated an average 12.1% return on equity.

### Locational focus

In a world where logistics costs are rising, there is a premium in manufacturing close to consumption markets. The Company has resolved to commission new manufacturing facilities proximate to markets, reducing costs on the one hand and enhancing its product delivery turnaround responsiveness on the other. Besides, proximity is expected

to encourage trade partners to stock modest quantities and rely on frequent product replenishment instead (enhancing working capital efficiency). The Company believes that the capacity to service proximate markets faster than competition represents a long-term moat, translating into a larger market share.

### JV stake

The Company will progressively increase its stake in joint venture alliances, resulting in a larger skin in the game for the units represented by these alliances. The Company will continue to leave a reasonable percentage that will be owned by the alliance partner who manages the location.

### Rural revenue mix

The Company will continue to service increased demand coming out of non-metro India. The Company will widen its distribution presence to further strengthen the coverage of the country's landmass; 80% of the incremental distributors will be appointed in Tier 2,3, 4 and 5 Indian terrains. This wider and deeper non-metro presence will empower the Company to enter locations relatively under-served by branded tile companies, strengthening mind space and market share.

### Working capital hygiene

The Company enhanced its working capital hygiene by shrinking the receivables cycle through better terms of trade with primary customers (trade partners), extension of the payables cycle, marketing product variants with strong offtake, graduation to a value-

added product mix and increased proportion of revenues from the cash-and-carry component. Working capital cycle (days of turnover equivalent) declined from 111 days in 2019-20 to 107 days in 2020-21 to 78 days in 2021-22. The Company's receivables declined from 62 days of turnover equivalent to 49 days to 42 days during the year under review; inventory declined from 75 days of turnover equivalent to 55 days to 48 days during the same period.

### Sales discipline

The Company smoothed its sales curve from quarter to quarter and intra-month, enhancing revenue predictability. The Company smoothed its intra-month sales curve from a majority of the sales being back-ended across the last five days of the month to now when sales have largely evened out across the first and second halves of a month, enhancing revenue visibility and moderating discounts.

### How we strengthened our financial hygiene

# 16

%, improvement in receivables cycle, 2021-22

# 27

%, improvement in working capital cycle, 2021-22

# 15

%, increase in long-term debt, 2021-22

# 24

%, increase in short-term debt, 2021-22

### How we strengthened our working

|                           |                      |                          |                       |
|---------------------------|----------------------|--------------------------|-----------------------|
| ☒ Clarity                 | ☒ Capital efficiency | ☒ Superior credit rating | ☒ Increased liquidity |
| ☒ Business mix            | ☒ Revenue mix        | ☒ Brand investment       | ☒ Capital expenditure |
| ☒ Debt moderation         | ☒ Locational focus   | ☒ JV increase            | ☒ Rural revenue mix   |
| ☒ Working capital hygiene | ☒ Sales discipline   |                          |                       |



global and  
national  
trends and  
how Somany  
is attractively  
placed to  
capitalise

- ① Brand preference
- ② Interiors pride
- ③ Digitalisation
- ④ Distribution
- ⑤ Debt-averse
- ⑥ Social media
- ⑦ ESG priority

## BRAND PREFERENCE

# 1

### Where do we see opportunity?

We see an opportunity in a world that seeks to buy more branded products (over loose equivalents from the unorganised trade), seek to buy from the top three companies of that sector and buy from companies making a prudent use of brand ambassadors. The term 'Brand or perish' is more true today than ever

### What are we doing about it?

We see an opportunity in enhancing brand investment, visibility, ambassador association and a clarity in being associated with desired attributes (superior product and premium value across higher price points).

### How does this strengthen our business?

- Brand recall
- Revenue growth
- Profits
- Terms of trade

## INTERIORS PRIDE

# 2

### Where do we see opportunity?

We see an opportunity in a larger number of consumers seeking bigger and better tiles with contemporary designs as part of an overall movement towards living in better homes or working in better offices.

Over the years, this preference has been marked by a growing preference away from mosaic and polished vitrified tiles to glaze vitrified tiles and ceramic tiles; it has also been reflected in the use of larger tiles

### What are we doing about it?

We have been evolving our pitch in the last few years, with a growing bias for GVT (over PVT). The proportion of revenues derived from GVT has increased from 18.5% in 2018-19 to 25.4% in 2021-22 and likely to increase to more than 30% in two years

### How does this strengthen our business?

- Brand salience
- Cash flows
- Reinvestment
- Balance Sheet integrity

## DIGITALISATION

# 3

### Where do we see opportunity?

We see an opportunity in providing digital interventions that enhance operational efficiency, a scalable foundation that enhances revenues without a corresponding increase in costs

### What are we doing about it?

We invested in ERP that has enhanced a granular understanding of our business and prompted data-based initiatives, strengthening procurement, manufacturing, sales, HR and promotional outcomes.

### How does this strengthen our value chain?

- Cost management
- Marketing effectiveness
- Balance Sheet integrity
- Talent retention

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## DISTRIBUTION

# 4

### Where do we see opportunity?

We see an opportunity in companies that distribute products widest and deepest, covering their addressable markets more effectively – accessible and available, never missing a sale.

### What are we doing about it?

We have widened our distribution footprint, appointed more active retailers and churned inactive ones, strengthening distribution efficiency. We have inspired distribution loyalty based on a robust customer relationship management, ability to put products consistently on shelves, replenishing sold stock with speed and enhancing a retailer's working capital efficiency.

### How does this strengthen our value chain?

- Revenue growth
- Resilience in slowdowns
- Surplus consistency
- Terms of trade

**DEBT- AVERSE**

5

**Where do we see opportunity?**

In a world that is apprehensive of the growth prospects of debt-heavy companies, we see an opportunity in being high on net worth and low on debt (low debt-equity ratio).

**What are we doing about it?**

We have rapidly de-leveraged by repaying long-term debt and becoming a net debt-free company with ₹19,625 Lakhs cash on our books as on 31st march 2022 (at standalone level).

**How does this strengthen our value chain?**

- Superior cash flows
- Stronger reinvestment of accruals
- Better margins
- Enhanced shareholder value

**SOCIAL MEDIA**

6

**Where do we see opportunity?**

The world is becoming younger in terms of ages and mindsets following enhanced social media exposure, warranting the introduction of trendy designs

**What are we doing about it?**

The Company's design studio launched younger designs benchmarked with global design trends; the Company positioned its products as young and contemporary. The Company increased the proportion of GVT in its product mix, enhancing aesthetics, contemporariness and premiumness.

**How does this strengthen our value chain?**

- Stronger brand
- Enhanced product mix
- Superior cash flows

**ESG PRIORITY**

7

**Where do we see opportunity?**

We see the most respected and profitable companies continuing to invest disproportionately in their environment-social-governance initiatives, strengthening business sustainability.

**What are we doing about it?**

We have tightened governance standards, continuing to invest in employee capabilities, safety, health, environment integrity as well as community responsibility.

**How does this strengthen our value chain?**

- Business continuity
- Strong credit rating
- Regulatory license
- Enhanced stakeholder value



# What excites us: A growing India story

## Overview

We have been asked: Where will Somany market the additional products coming out of the largest expansion programme in the Company's existence? The Company's optimism is based on the vibrant India story, marked by a unique convergence of various positive realities. This makes the India story broadbased without an excessive dependence on only a few factors.

India's per capita tiles consumption was 0.59 sqm

(2018) compared to 3.95 sqm in China, 3.39 sqm in Brazil and global average of 1.40 sqm, a vast headroom waiting to correct.

The result is that India's ceramic tiles market is expected to report a CAGR of 4.5% during 2022-2027. The Indian tiles, sanitary ware and bathroom fittings market is expected to grow to US\$ 12,006 million by 2027, based on a CAGR of 8.4% during 2022-2027. (Source: imarcgroup.com,

digitaljournal.com). The ceramic sanitary ware market was valued at US\$ 41.05 billion by revenue in 2021 and projected to grow at a CAGR of 9.6% to around US\$ 64.98 billion in 2026. This indicates that the market for products will continue to grow attractively across the foreseeable future

(Source: marketdataforecast.com)

## Realty growth

The Indian ceramic tiles market is driven by the expanding residential and commercial property segments. The government of India (GOI) also launched infrastructure programmes expected to catalyse offtake. The Swachh Bharat Mission (SBM) strengthened demand for small ceramic tiles; urban growth is expected to drive demand for larger tiles. (Source: digitaljournal.com)

## Housing shortage

There was an affordable housing shortfall of approximately 10 million houses (Source: Ministry of Housing and Urban Affairs), which is being partly addressed by fiscal incentives.

## Home pride

In 2011, 41% households comprised less than a room and 53% households were in a modest condition, warranting improvement or extension. Increased home pride has catalysed tile offtake.

## Hospitality sector growth

The hotel industry in India is projected to grow to ₹1,210.9 billion by 2023, expanding at a CAGR of ~13% between 2018 and 2023, catalysed by the post-pandemic effect.

## Office space

Office leasing activity in India recovered in 2021 with gross absorption touching 41.1 msf, an increase of about 16%.

## Land prices

Land prices have been stable for nearly eight years, among the longest such instances in India's real estate sector, enhancing home affordability.

## Housing finance availability

India's housing finance sector has been supported by tax breaks and fiscal incentives. Besides, housing finance companies have helped enhance loan product flexibility, customised around specific needs, making home ownership an affordable reality for a large section of India's population.

## Supportive government policies

**Pradhan Mantri Awas Yojana:** The Government aims to help build 10 million houses by 2022, of which ~104 Lakhs houses were sanctioned and >32 Lakhs houses completed.

**Pradhan Mantri Awas Yojana (PMAY-Gramin):** In the second phase of PMAY-Gramin, the Government assured to help build 19.5 million houses between 2019-20 and 2021-22 supported by LPG, electricity and toilets. (Source: indiancompanies.in)

## Affordable housing

The affordable housing segment is the most exciting in India (around 60% by value and 90% by volume, 2020). Loans under ~₹15 Lakhs comprised 70% by volume and 38% by value. Demand of affordable housing is expected to increase with Union Budget 2021-22

extending the tax holiday for such projects and additional deduction of ₹1.5 Lakhs for loans taken for buying these homes until 31st March 2022.

## Warehouses and data centres

A large uptick in commercial real estate demand is expected to come from warehousing, data centres and sales fulfilment centres following a sharp rise in ecommerce

## Growth of the ultra-rich

India was third in terms of the number of billionaires in 2021. On an average, an Indian ultra-high net worth individual (net asset of US\$ 30 million or above) owns two homes. There has been a 2x jump in the share of real estate in UHNWI investment portfolios according to wealth managers.

## Work from home

Work from home is now becoming work from anywhere, widening the market for larger and better homes as well as alternative lodging locations.

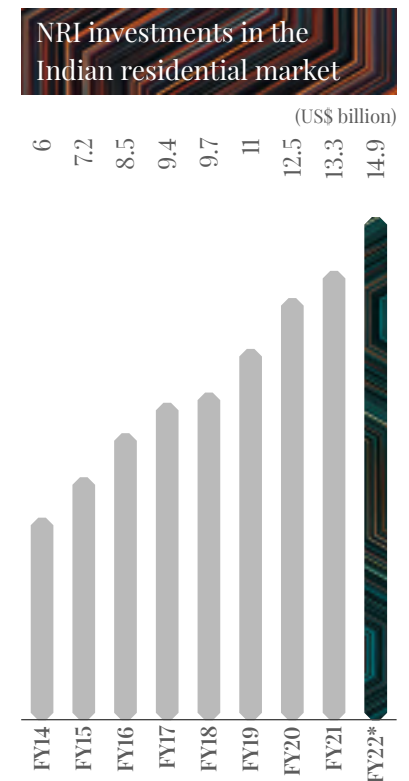
## Retirement and second home market

The Retirement and Second Home (RSH) market segment in India is expected to grow at a CAGR of 23.6% in five years. The size of the market (US\$ 1.394 billion) is expected to grow to US\$ 4.021 billion by 2026. Between 2019 and 2021, the RSH market increased around 89%, defying a general slowdown in the real estate

industry (Source: 360 Realtors)

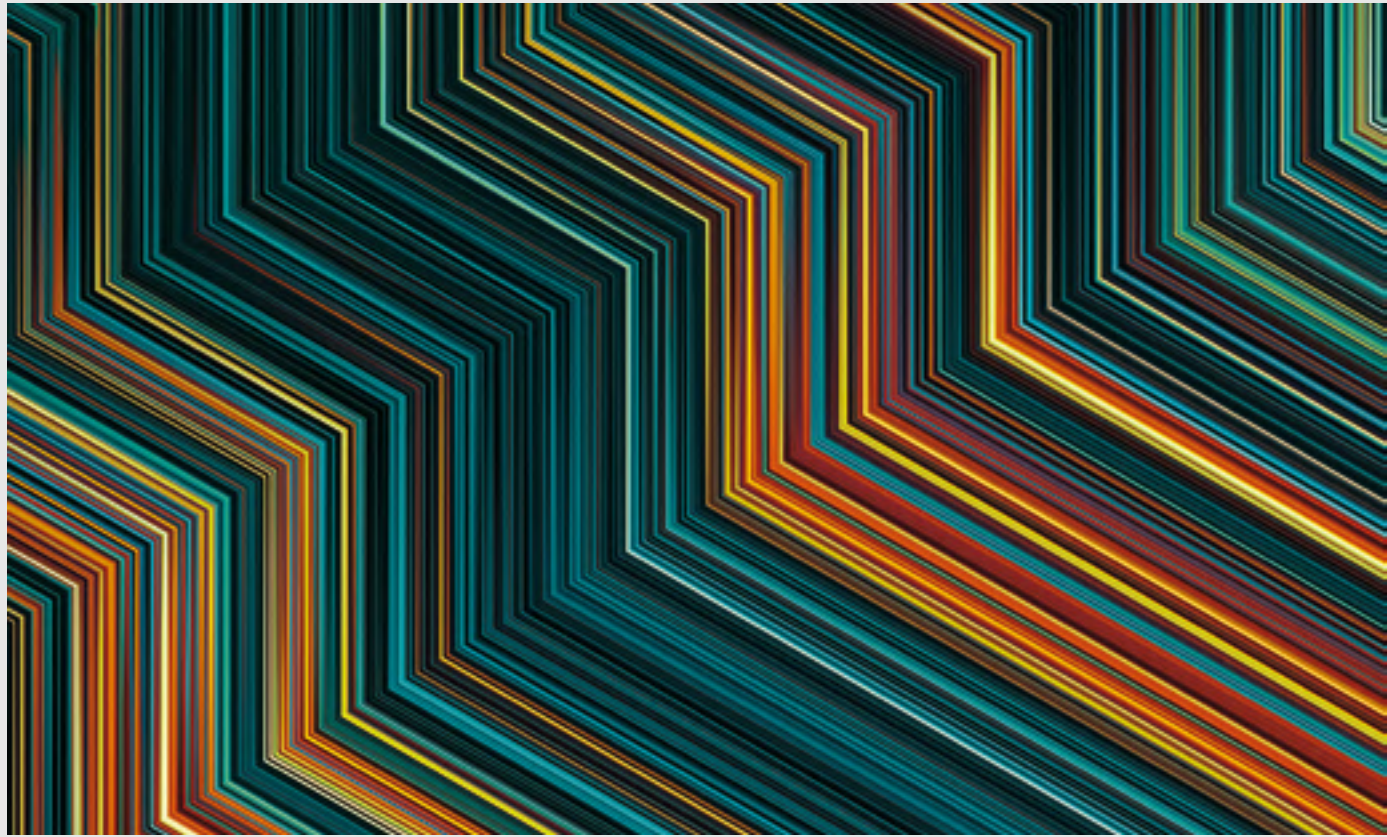
## NRI investments

Non-Resident Indians invested US\$ 13.3 billion in Indian real estate in 2020-21 (estimate US\$ 13.1 billion), rising 6.4% over the previous fiscal despite the pandemic. NRI investments were expected to have risen to US\$ 14.9 billion in 2021-22



\*(Estimated)  
Source: Financial Express







Part 2

# Governance and ethics

# Building our business around the governance foundation

## Overview

The ethical and transparent governance practices of the Company have been drawn from the rich tradition of the Somany Group. The corporate governance philosophy of the Company upholds the highest standards of

professionalism and integrity. Our Board of Directors draw from a wealth of multi-decade industry experience; they have been mandated to act with complete independence and impartiality in the best interests of the Company

and its family of stakeholders. Their strategic direction, coupled with the rich knowledge of the Directors, has helped the Company navigate the turbulence of the external world.

## Enhancing Board efficacy

Our Board comprises qualified members who bring relevant skills, competence and expertise that shape the Company's strategy and competitive position. The complement of Board capabilities Board are diverse and range across entrepreneurship and leadership to engineering, technology, finance, global business, as well as well-entrenched experience in the tiles industry. There is also a diversity in terms of age, experience and gender, strengthening insights.

## Guiding the value-creation process

The Board navigates and oversees the value-creation process within

the Company. It focuses on the following areas:

- Directing, supervising and controlling performance
- Reviewing whether the Company is progressing as per strategic plans
- Monitoring the responsibilities of the Board Committees; ensuring effective governance; controlling activities
- Establishing and monitoring risk management
- Monitoring the financial, non-financial and ESG performance

## Evaluation of effectiveness

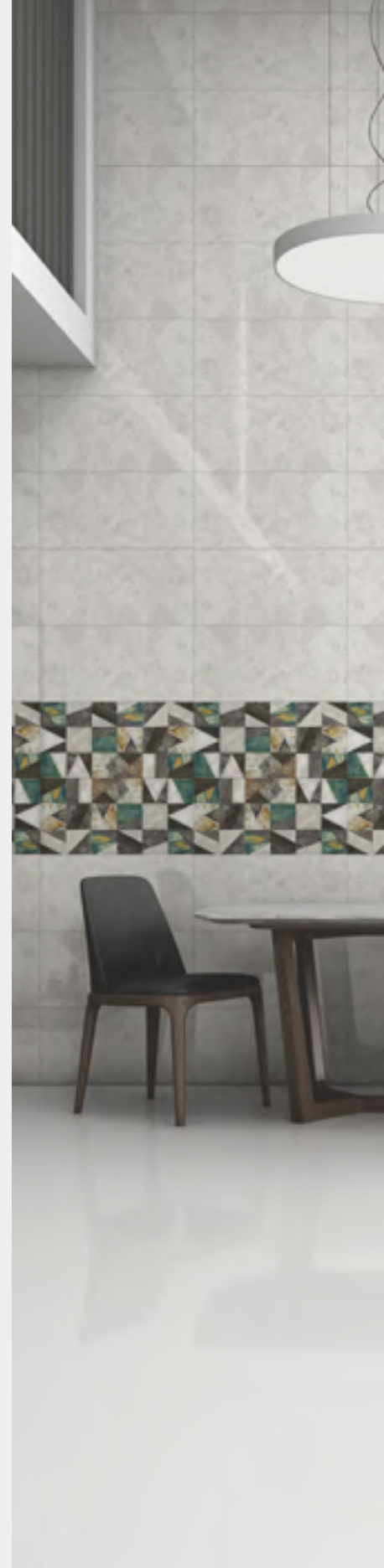
In keeping with global best practices related to controls and governance, the Company's Board

of Directors are also subject to an evaluation. The criteria used for evaluating their performance are explained below:

- Composition and structure
- Effectiveness of Board meetings, processes, information flow and coordination with executive management

Individually, our Directors are evaluated in line with the following:

- Contribution to the Board and Board Committee meetings
- Preparation on issues to be discussed
- Attendance at meetings; contributions during these meetings



## Committees & meetings

### Board

88.9

%, Attendance

9

Members

7

Meetings

### Audit Committee

89.3

%, Attendance

4

Members

7

Meetings

### Nomination & Remuneration Committee

100

%, Attendance

4

Members

2

Meetings

### Stakeholder's Relationship Committee

87.5

%, Attendance

4

Members

4

Meetings

### Corporate Social Responsibility Committee

100

%, Attendance

4

Members

1

Meetings

### Risk Management Committee

90

%, Attendance

5

Members

2

Meetings

# Board of Directors

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## Mr. Shreekant Somany

Chairman & Managing Director

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Chairman & Managing Director of Somany Ceramics Limited, India's leading manufacturer's of Tiles, Sanitary ware & Bath fittings. He has spearheaded Brand SOMANY to become a household name in India and abroad.

He pioneered a revolutionary "High abrasion technology called VC SHIELD" for tiles and holds the honor to make SOMANY the first Indian ceramic tile company to have received a PATENT under Indian Patent Act.

He is a recipient of the prestigious Corporate Technical Achievement award from the American Ceramic Society.

He is being associated with various industry bodies, Founder & Past Chairman of Confederation of Constructions Products and Services (CCPS), Past Chairman of Indian Council for Ceramic Tiles and Sanitary ware (ICCTAS), Past Chairman of the Confederation of Indian Industry Northern Region; Past President of the Indian Ceramic Society, Active member of the CII National Council, Chairman of CII National SME Council.

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## Mr. Rameshwar Singh Thakur

Independent Director

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Mr. Rameshwar Singh Thakur, aged about 74 years, is a holder of BE (Mechanical Engineering) degree, MBA from XLRI and also Graduate Chartered Institute of Management Accountants (London). He has experience of about 50 years in Business Planning, Product Pricing, plant accounts functions, Treasury and Taxation & International Business Development. He has successfully turned around companies as a CEO.

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## Mr. Abhishek Somany

Managing Director & CEO

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Abhishek is a third generation entrepreneur, currently spearheading Somany Ceramics. He has been the long-standing MD and growth driver of Somany Ceramics Ltd for almost two decades now. He kicked-off his journey in the Ceramic industry with initial training at Kanoria Chemicals, Uttar Pradesh. He then continued his training at M/s. Pilkington Tiles U.K.

He joined Somany in 1995, having moved up the ranks from Management Trainee to President Domestic Marketing and then to Executive Director, Mr. Somany as Managing Director is now in charge of the operational responsibility and day-to-day functioning of the company. Additionally, he is personally involved in the Product Designing and Sales & Marketing departments of the company. His active role in the companies CSR activities are noteworthy.

Under Mr. Somany's leadership, Somany Ceramics has swiftly grown to become an industry leader in Ceramics, bagging many prestigious awards and global recognition. He has also been recognized in the Power Brand Hall of Fame as a Corporate Leader of the Ceramics Industry for 2011-2012.

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## Mr. Ravinder Nath

Independent Director

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Mr. Ravinder Nath is a holder of Bachelor's of Commerce (Honours) degree from Delhi University and also holds a degree of Bachelor of Law from Delhi University, Int & Comp Laws from Kings College, London, and a PIL (Harvard). He has 50 years of experience in the legal profession.

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## Mr. Salil Singhal

Independent Director

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Mr. Salil Singhal, Chairman Emeritus, P.I. Industries Limited and a highly reputed Agro Chemical Industry Leader, has been associated with Industry since 1965. He is the Chairman of the other Business Units in the group namely Secure Meters Ltd and Wolkem India Ltd. Under his leadership.

Mr. Singhal was Chairman of the Pesticides Association of India, now called the Crop Care Federation of India, for 20 years. Members subsequently elected him as Chairman Emeritus for life. He was a member of the Executive Committee of the FICCI and the Chairman of FICCI's Environment Committee for 5 years. Mr. Singhal was the Chairman of CII Northern Region which comprise of 9 north Indian states with over 2200 members, for the year 2008-09. Then he headed CII's National Council for MSMEs for one year He was also Chairman, CII National Council of Agriculture for 3 years. Presently he is Chairman, CII Task Force on Agrochemicals. He has been a member of CII's National Council since 12 years. He is also an active member of CII National Council on Agriculture, CII National Council on Public Policy and CII National Committee on Taxation. Presently he is a member of SCALE (Steering Committee on Advancing Local value – and Exports) appointed by DPIIT and closely working under the leadership of Hon'ble Commerce and Industries Minister, Shri Piyush Goyal for the rapid growth of the identified 24 Champion industry sectors.

He is also an Independent Director on the Boards of Somany Ceramics Ltd, besides Somany Ceramics he is also an independent director in Mahindra World City, Lake Palace Hotels & Motels Ltd, Indraprastha Medical Corp Ltd (Apollo Hospital, Delhi) and Chairman Emeritus of Secure Meters Ltd and Wolkem India Ltd.

### Mr. Vineet Agarwal

Independent Director

Aged about 49 years, is a graduate from Carnegie Mellon University and Harvard Business School. He is Managing Director of Transport Corporation of India Limited. He currently serves as the Vice President of ASSOCHAM and the founding National President of the Young Leaders Council at the All India Management Association and has been a Council member for several years. He also served as a director on Young President Organization's (YPO) international board and at many other institutions. He has been involved in various non-government organizations in the areas of creating AIDS awareness programs and running skill development centers across the country. In 2014, Mr. Vineet Agarwal was awarded the Young CEO of the year by the CEO magazine and in 2017 he was among the 200 young entrepreneurs nominated by Government of India under the 'Champions of Change' initiative. He was also awarded CEO of the Year 2018 by the Indian Institute of Material Management.

### Mr. Siddharath Bindra

Independent Director

Mr. Siddharath Bindra, aged 47 years, is a Masters in Commerce from Bombay University. He is the Managing Director of BIBA Fashion Limited. He has a rich experience of about 25 years in the apparel and retail trade. He is not on the Board of any other public company or committee thereof.

### Ms. Rumjhum Chatterjee

Independent Director

Ms. Rumjhum Chatterjee, aged about 62 years, and is a graduate in Psychology from Calcutta University. She is one of the co-founders of Feedback Infra Group and serves as the Chairperson of the Feedback Foundation Trust which is deeply involved in rural and urban sanitation issues, including solid waste management, where she implemented several projects across the country through community engagement.

A leading practitioner of the management of human capital in the infrastructure sector, she was recognised as one of the 20 Most Talented HR Leaders in India by the World HRD Congress in 2013.

Ms. Chatterjee served as the first woman Chairperson for CII Northern Regional Council (2016-17) - the largest of the four Regions of CII, comprising 9 states.

She has a deep interest in women's empowerment. She served as Chairperson of CII Women Exemplar Program for 2015-17 and has been part of the Jury of the Selection Committee of the same programme since inception. She has represented the industry's views on the subject before Parliamentarians in India. She also participated in a closed-door interaction to discuss women's empowerment with Prime Minister of Japan Mr. Shinzo Abe during his visit to India in January 2014. Currently, she is the Co-Chair for CII's National Committee on CSR. She serves as a Trustee of '3E Education Trust' (HDFC Schools).

### Mr. Ghanshyambhai Girdharlal Trivedi

Non-Executive Non-Independent Director

Mr. Ghanshyam Girdharbhai Trivedi (aged about 75 years), is an Associate Member of ICMA and holds degree in M.Sc. and LL.B. He has over 52 years of experience which includes 34 years of his rich experience in Ceramics, Glass and Sanitary Ware Industry. He is the President of AIPMA and a Members of many reputed organizations like ACS, AIMA and Indian Ceramic Society. He is also associated with the several professional bodies contributing to the growth and development of Ceramic, Glass and Sanitary Ware Industry in India. He is playing advisory role as a member of Committee of CGCRI-Ahmedabad, Council Member of ICS and AIPMA. He has participated in several National and International Conferences and has presented research papers which have benefited the Industry at large. He is associated with the Company since 1987 and holding 2000 equity shares of the Company.

| Profile of Board of Directors             | Board experience   | Diversity     |
|---|--------------------|---------------|
| 2 Executive Directors                     | 11.1%, 5-10 years  | 88.9%, Male   |
| 1 Non-Executive Non-Independent Directors | 44.4%, 11-20 years | 11.1%, Female |
| 6 Independent Directors                   | 44.5%, >20 years   |               |



Part 3

# Approach to value creation



# Our value-creation model

| Inputs  | Outputs  | Business Processes                | Outcomes  |
|---|--|-----------------------------------|---|
| <b>Financial Capital</b>  |  | Raw material extraction           | Optimal capital allocation to further bolster sales, strengthen our Balance Sheet and long-term growth objectives                                     |
| Capital Expenditure   | Sales: ₹2,08,274 Lakhs   |                                   |   |
| Net working Capital   | EBITDA: ₹20,653 Lakhs  |                                   |   |
| Debt-to-equity ratio  | ROCE: 12.08  |                                   |   |
| <b>Manufacturing capital</b>  |  |                                   | Capacity expansion to service growing market demand and the realisation of long-term profits  |
| Total Production Capacity: 26.28 msm  | Capacity utilisation: 83.5%                                      |                                   |   |
| Number of plants: 2   |  | Tile and Bath fittings production |   |
| <b>Intellectual Capital</b>   |  |                                   | The adoption of best-in-class technologies and innovation of new sustainable products   |
| Investment in R&D infrastructure for the development of new and innovative products | Number of new products developed: 1<br>Cool Tile                 |                                   |   |
| <b>Natural Capital</b>  |  | Logistics                         | Improvement in energy and water intensity and reduction in GHG emissions with a transition to cleaner fuels and renewable energy                      |
| Energy consumption: 15,085 TJ   | GHG emissions: 2,21,695 Metric Tonnes CO <sub>2</sub> Equivalent |                                   |   |
| Raw materials procured: 0.46 mmt  | Zero-liquid discharge  |                                   |   |
| Water withdrawal: 2,38,179 L  |  |                                   |   |
| <b>Human Capital</b>  |  | Marketing and other services      | A safe and inclusive workplace for our employees and a diverse and skilled workforce  |
| Number of employees: 1,758  |  |                                   |   |
| Total training personhours: 28,131  | Attrition rate: 10.88<br>0 fatalities                            |                                   |   |
| <b>Social and Relationship Capital</b>  |  |                                   | Promotion of inclusive growth through community development activities, provision of quality products to our customers and a sustainable supply chain |
| Expenditure on CSR: ₹116 Lakhs  | Number of CSR projects: 10                                       |                                   |   |
| Number of dealers: 3,000-plus   |  |                                   |   |
| Brand spend: 2% of revenue  |  |                                   |   |

## Stakeholder engagement

We believe in forming long-term and mutually beneficial relationships with our stakeholders. As a result, we strive to cultivate an environment

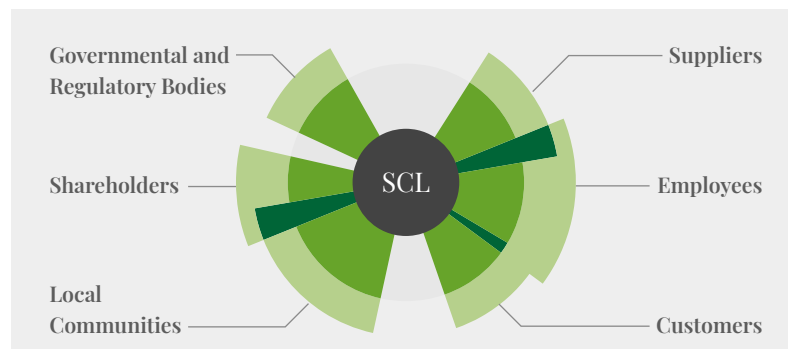
that encourages transparent exchange of information. We hope to maintain a strong stakeholder connection that is beneficial to the environment, society and

economic growth of our business. Stakeholder dialogue helps us obtain information, analyse our performance and resources for developing a long-term business strategy. We have built a robust approach that actively involves their participation in the process. Our overall success is moulded by the goals and concerns of our stakeholders, just like any other business decision.

We have identified six key stakeholder groups who are either impacted by our Company or whose actions can reasonably be expected to affect the ability of

the Company to implement its strategies.

We place value on continuing our relationship with our stakeholders and strive to establish effective feedback mechanisms so that their concerns and issues may be factored into our business planning and execution strategy. Through these communication channels, we maintain frequent contact with our stakeholders, and these vital exchanges aid in the continuous improvement of our products and operations.



## Materiality assessment

Material issues are those that have a direct or indirect impact on an organisation's ability to create, preserve or erode economic, environmental, and social value for itself, its stakeholders, and society at large. These sustainability issues, opportunities and risks for the business are identified through two lenses: the

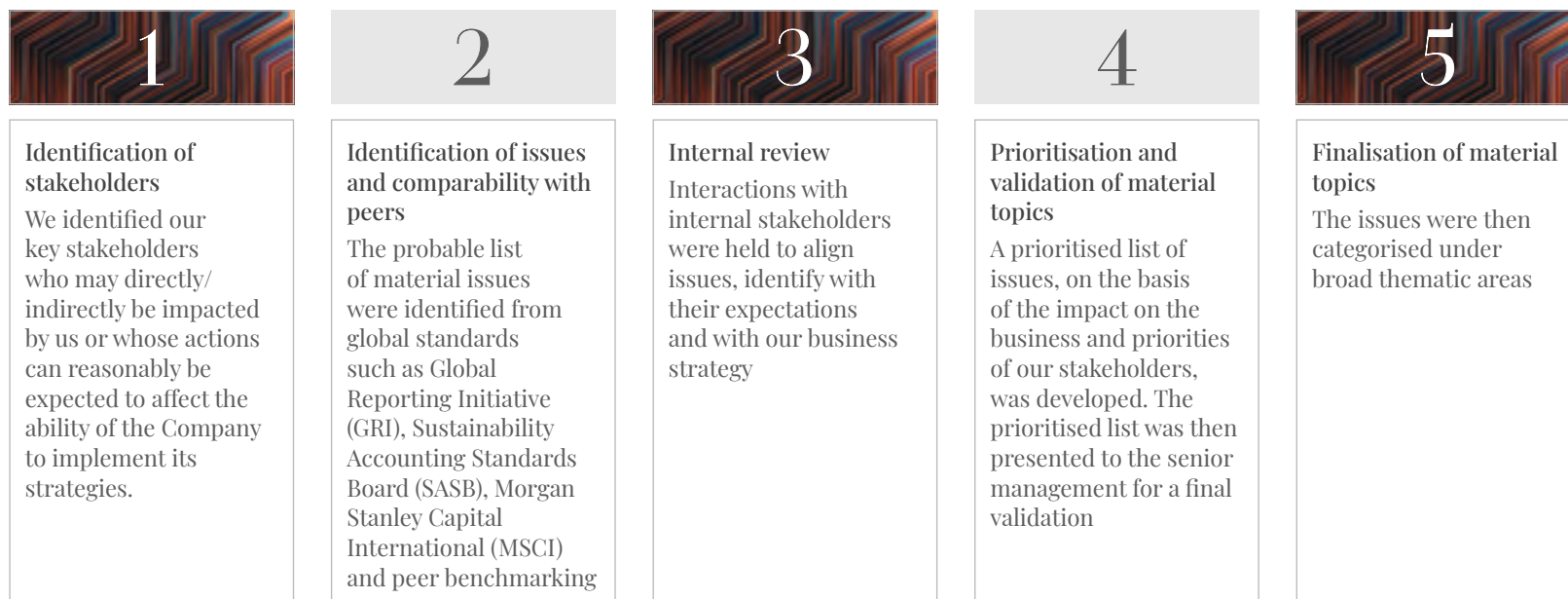
importance of these issues to the stakeholders and their relevance to the business.

At Somany, based on internal stakeholder consultations and peer analysis, we have determined material concerns principal to our business and will define the orientation of our sustainability

agenda. Our material concerns take into consideration the interests and an integrated view of both our business and stakeholders. By focusing on these material topics, we aim to create a more burgeoning and equitable future for all, while operating within the planetary boundaries. These topics shall be consistently

assessed in the future as well to ensure that they remain aligned with the ever-evolving external environment and our business strategy.

We identify, review, and prioritise what matters most to our business and stakeholders using the following process.

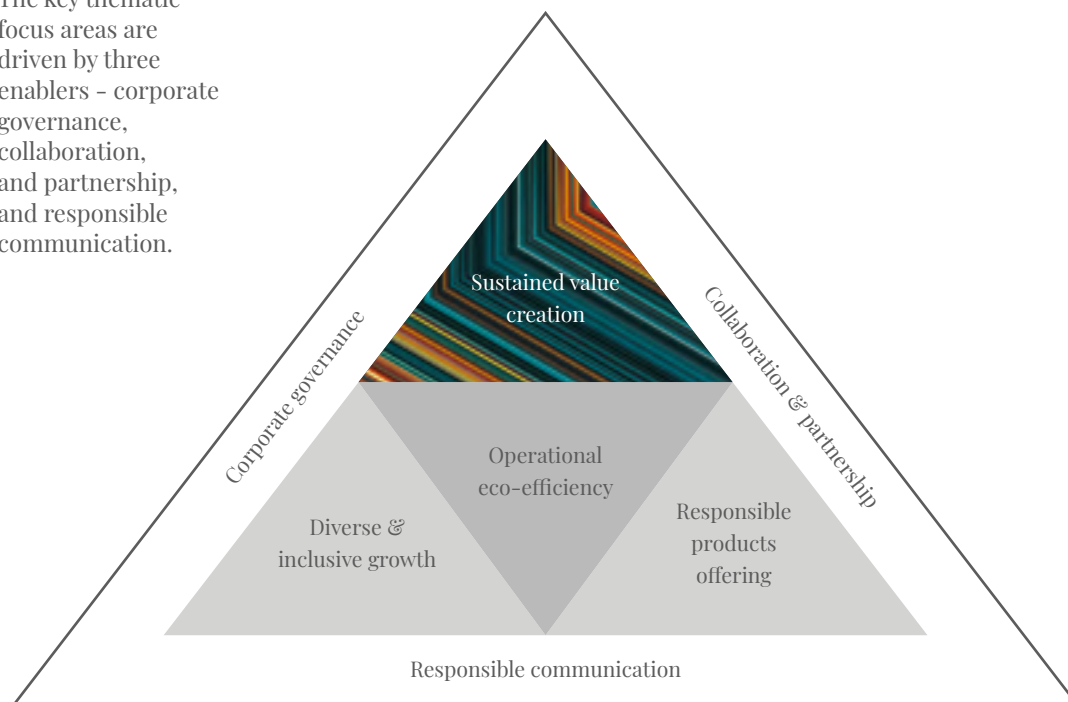


We evaluated the characteristics of materiality that are essential to us and aligned with our stakeholders' expectations. To acquire an overall collection of material subjects, we performed a desktop study of Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB), Morgan Stanley Capital International (MSCI) for our industry. These material topics were then compared to those considered by our peers in the sector.

The material topics that had been narrowed were presented to the senior management for validation. The list of validated material topics under broad thematic areas is presented in the next section i.e. Sustainability Framework.

Through materiality assessment, we have identified our material issues and have grouped them under four key thematic focus areas viz. sustained value creation, operational eco-efficiency, responsible product

offering, and diverse & inclusive growth. The key thematic focus areas are driven by three enablers - corporate governance, collaboration, and partnership, and responsible communication.



## Key pillars

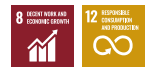
### Sustained value creation

We firmly believe that the creation of sustained long-term value in a business is imperative as it helps in meeting stakeholders' expectations and is responsible for the growth and benefits of our shareholders. Moreover, achieving compliance with applicable regulations, laws and governance practices supports our organisation to pursue effective and ethical leadership.

Economic value generation & distribution



Compliance and ethical business practices



### Operational Eco-efficiency

In operational eco-efficiency, our focus is to increase raw material efficiency, reduce both energy and water consumption, and decrease emissions at all manufacturing plants. Going ahead, our objective is to explore opportunities that promote operational excellence, fostering a resilient business environment.

Resource efficiency



Water conservation



Energy and emissions management



### Responsible product offering

An organisation is as sustainable as its supply chain. Effective management of supply chain helps conserve resources, reduce costs, and increase productivity. Therefore, we aspire to improve the environmental, social, and governance aspects of our supply chain. We plan to undertake important sustainability initiatives such as awareness, capacity building and assessment to enhance the sustainability quotient of our supply chain. At Somany, we strive to ensure that our product and services meet the legally required safety or quality standards and meet the expectations of our customers and clients nationally and internationally.

Product quality and safety



ESG aspects in supply chain



### Diverse and inclusive growth

We believe the diversity of our employees enriches our Company as employees from different backgrounds including ethnicity, nation, religion, gender, and personal experiences bring a different perspective to the organisation. Therefore, we advocate an inclusive culture in which each individual can realise his/her full potential and bring individual perspectives to the table. As we are committed to strengthening and expanding our inclusive culture, we also engage and uplift people from different communities to create a positive impact on communities.

Local community development



Employee well being



## Key enablers

### Corporate governance

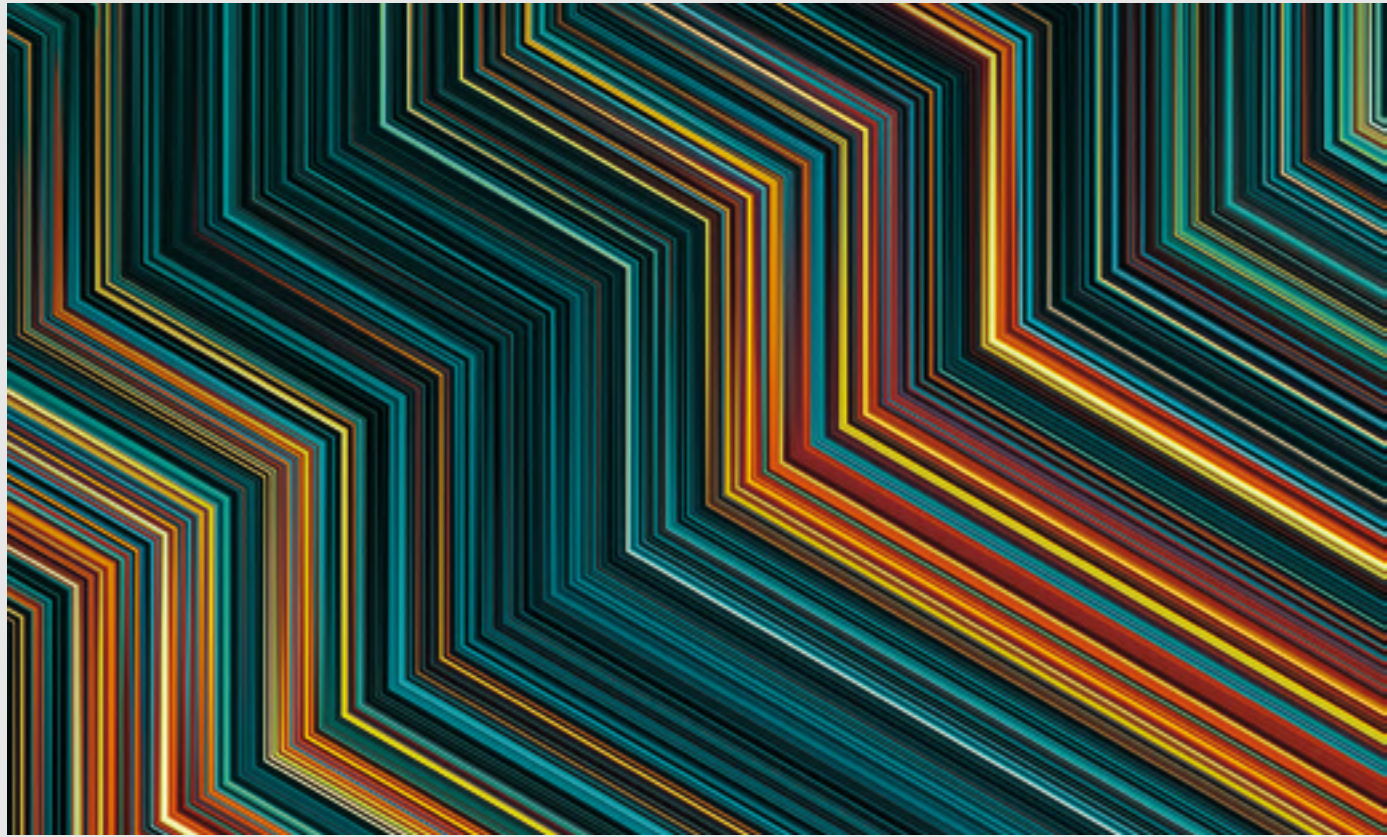
We believe that good corporate governance practices are the strength of any successful business. To enable sustainable growth, we have incorporated governance practices in our philosophy, comprising characteristics of fairness, accountability, disclosure and transparency. We also place an emphasis on business ethics, responsible conduct, and disclosure of operating performance and other key events on a timely basis to shareholders and stakeholders.

### Collaboration and partnership

We believe that collaboration is one of the key enablers in identifying unexplored opportunities and find new ways to tackle complex issues. At Somany, we choose a range of collaborations where we work with other committed businesses and stakeholders to explore opportunities and implement different business solutions for complex issues.

### Responsible communication

We recognise and understand our responsibility in communicating our financial and non-financial performance to our stakeholders - transparently and responsibly. As the reporting landscape evolves, we also evolve by adopting new approaches and channels for communication. We encourage responsible communication in the internal and external environment on a timely basis.



Part 4

# Performance of our capitals and MD&A

# Our brands report, 2021-22

(₹ Lakhs)

| Parameter                    | 2018-19 | 2019-20 | 2020-21 | 2021-22 |
|------------------------------|---------|---------|---------|---------|
| Advertisement and promotions | 4,894   | 5,181   | 2,541   | 3,384   |

## Overview

The Somany brand is the biggest asset of the Company, evoking recalls ranging from integrity and trust to quality and design excellence. The brand has endured across five decades, reflected in growing revenues, improved terms of trade and a robust Balance Sheet.

Over the decades, Somany contributed to the Indian tiles sector in the following

ways:

- The evolution of India's tiles sector from the unorganised to the branded
- The graduation from generic product recognition to celebrity endorsements
- The transformation of a conventional product push (with price discounting) to consumer pull (premium pricing)

- The creation of new price points, widening the market
- The graduation of a product generally available in metro locations to Tier 2, 3 and 4 cities
- The evolution of commoditised categories towards the premium

## Our brand strengths

### Accessibility

The Somany brand was available across more than 9000 points of sale (31st March 2022) and likely to grow at a pace of 10-15% per annum across the foreseeable future

### Affordable

The Somany brand is respected for its superior price-value proposition, enhancing affordability across all consumer segments (realisations has reached to a level which is highest in last couple of years)

### Availability

The Somany brand has leveraged a phygital approach, ensuring that products are always available when and where consumers need them

### Consumer delight

Somany delights consumers through product or price innovation. The brand has created an expectation that 'If it is Somany, it must be something different.' This recall has enhanced customer stickiness.

### Ethical practices

The Somany brand stands for integrity in engagements across stakeholders – employees, customers, vendors, society and government. This integrity is manifested in fair treatment, complete compliance, ethical dealings and people respect, among others.

### Relationships

The Somany brand engages with people for the long-term, based on the ability to leave attractive value on the table for stakeholders. The result is that employees benefit through responsible career building, customers benefit from superior revenues, vendors from multi-year engagement and shareholders from viability across market cycles.

### Challenges, 2021-22

- During the year under review, the Company faced marketing and logistics challenges related to the second pandemic wave.
- Lower store footfalls during the pandemic affected revenue accretion and viability
- There was a premium on the ability to print catalogues during the pandemic
- The Company's people availability was lower, affecting operations

### Counter-initiatives, 2021-22

- The Company curated e-catalogues to circumvent printing delays
- The Company moderated overheads without affecting productivity
- The Company leveraged its digital dashboard to monitor sales across markets
- The Company provided brand visibility to Tier-II and Tier-III markets, enhancing their revenues when metro markets were shut.
- The Company negotiated with partners and vendors to moderate procurement costs
- The Company further added partners and vendors, broadbasing its sourcing dependability and competitiveness
- The work-from-home option enhanced employee safety
- The Company enhanced its exposure across prominent airports

### Key differentiators

**Monitor:** The Company's branding team periodically evaluated market conditions

**Collaborations:** The Company enjoyed collaborations with international design studios

**Archive:** The Company sustained among the largest design archives in the industry

**Pioneer:** The Company launched the concept of a professional design team in the ceramic tiles industry, marked by an investment in state-of-the-art technologies

### The priorities of our brand strategy

Building the mother brand

Create sub-brands around the mother brand

Launch differentiated products

Robust brands complement addressing different consumers' needs

Sustained spending on promoting brands

Increased promotion through social media

Translate brand strength into superior terms of trade

Deepen recall of 'If it is Somany, it must be different'

### Brand building initiatives, 2021-22

- The Company launched new stores and franchisee outlets
- The Company invested 2% approx. of revenues in brand building
- The Company felicitated major dealers with gifts during its fiftieth year
- The Company's Salman Khan promotional campaign sustained till January 2022
- The Company engaged with the Indian

### Somany's social media footprint

409,410+

Facebook followers

18,484+

Instagram followers

33,025+

LinkedIn connections

3,384

₹ Lakhs, advertising and promotional spending, 2021-22

2,541

₹ Lakhs, advertising and promotional spending, 2020-21



cricket team for two series as an on-ground partner (with perimeter boards and site screen branding)

- The Company invested in digital branding; its Hero Hub hygiene approach enhanced relevance
- The Company ensured a consistent brand presence on social media platforms, increasing sales traction

- Search engine optimisation was improved, leading to 20% higher website traffic

- The Company added five airports in promoting its products, enhancing visibility

### Outlook

The Company intends to deepen its presence in Tier-II and Tier-III cities, deepen presence in Hindi speaking heartland in North India and in

South India, engage in brand association across six Test series by the Indian team, sustain visibility across airports and small towns and invest in making Somany a 'digital first' company.

### Our brands

The Somany corporate brand offers a range of branded tile products, bathware and sanitaryware, marketed under the following brands:

**SOMANY**  
**DURAGRES**  
Timeless Elegance

**SOMANY**  
**DURASTONE**

**SOMANY**  
**GLOSSTRA**  
Glossiest Tiles

**SOMANY**  
**VITRO**

**SOMANY**  
**VISTOSO**  
PREMIUM DECORATIVE TILES

**MARVELA**  
**FLORTUFF**

**SOMANY**  
Bathware



## FINANCIAL CAPITAL

# Somany's Financial Capital

## Overview

The Company aims to manage its financial capital in a prudent manner to ensure that it can continue to grow into the long-term, creating value for all stakeholders.

## Economic value creation

In the last one year, global uncertainties, stemming from the pandemic and geo-political tensions, had an inflationary impact on input costs such as gas pricing, freight, etc. These combined with market constraints in pass on cost, impacted the Company's operating margins.

In the face of these challenges, the Company adopted a robust financial strategy, including the optimisation of fixed costs across operations and increased credit discipline. We expanded our dealer networks in Tier 3 and 4 cities and launched new innovative products catering to consumer demand.

## The financial health of our business

| Revenues         |             |               |              | (₹ Lakhs) |
|------------------|-------------|---------------|--------------|-----------|
| Quarter one      | Quarter two | Quarter three | Quarter four |           |
| 32,894           | 55,827      | 58,369        | 61,184       |           |
| EBITDA           |             |               |              | (₹ Lakhs) |
| Quarter one      | Quarter two | Quarter three | Quarter four |           |
| 2,303            | 6,821       | 6,464         | 5,065        |           |
| Profit after tax |             |               |              | (₹ Lakhs) |
| Quarter one      | Quarter two | Quarter three | Quarter four |           |
| 337              | 3,532       | 3,416         | 2,056        |           |
| Cash profit      |             |               |              | (₹ Lakhs) |
| Quarter one      | Quarter two | Quarter three | Quarter four |           |
| 1,850            | 5,152       | 4,973         | 3,761        |           |

## The financial hygiene of our business

| EBITDA margin    |             |               |              | (%)       |
|------------------|-------------|---------------|--------------|-----------|
| Quarter one      | Quarter two | Quarter three | Quarter four |           |
| 7.0              | 12.2        | 11.1          | 8.3          |           |
| Interest cover   |             |               |              | (x)       |
| Quarter one      | Quarter two | Quarter three | Quarter four |           |
| 1.67             | 7.17        | 6.99          | 5.49         |           |
| Interest outflow |             |               |              | (₹ Lakhs) |
| Quarter one      | Quarter two | Quarter three | Quarter four |           |
| 809              | 779         | 738           | 638          |           |

## Performance overview

|   |   |   |  |
|---|---|---|--|
| <p>How we performed in the first quarter</p>            | <ul style="list-style-type: none"> <li>▪ The Company's sales were ₹32,894 Lakhs; sluggish demand extended from May 2021 to mid-June 2021. Demand revived from the second half of June (except southern India)</li> </ul>                        | <ul style="list-style-type: none"> <li>▪ Capacity utilisation was 65% for tiles, 39% for sanitaryware and 74% for faucets</li> <li>▪ PBT of 555 Lakhs compared to loss of 3,576 Lakhs in Q1 2020-21</li> </ul>  | <ul style="list-style-type: none"> <li>▪ Debtors' turnover was at 50 days of turnover equivalent (the best across any quarter ever for the Company)</li> <li>▪ Brand spend was maintained at 2% of revenues</li> </ul> |
| <p>How we performed in the second quarter</p>           | <ul style="list-style-type: none"> <li>▪ We increased our dealership in Tier 3, 4 and tier 5 locations</li> <li>▪ Sales grew 33% to 55,458 Lakhs</li> <li>▪ GVT and bathware segment reported the fastest growth.</li> </ul>                    | <ul style="list-style-type: none"> <li>▪ Capacity utilisation increased to more than ~90%</li> <li>▪ Receivables cycle declined to 45 days of turnover equivalent</li> </ul>  | <ul style="list-style-type: none"> <li>▪ Input costs increased in Q2 (packaging board, freight, gas prices and others)</li> </ul>  |
| <p>How we sustained our growth in the third quarter</p> | <ul style="list-style-type: none"> <li>▪ Sales grew 19% to 58,369 Lakhs</li> <li>▪ The Company increased product prices to offset the increase in gas prices (only 80% was passed on to consumers); margins remained under pressure.</li> </ul> | <ul style="list-style-type: none"> <li>▪ Capacity utilisation was 95% for tiles, ~100% for sanitaryware (until 15th November we were at 50%) and almost 100% in faucets</li> <li>▪ The Company added 150 new dealers in the first nine months of 2021-22</li> </ul> | <ul style="list-style-type: none"> <li>▪ Receivables cycle declined to 42 days of turnover equivalent</li> <li>▪ The debt-equity ratio was 0.68 and net debt-equity ratio at 0.40</li> </ul>                           |
| <p>How we performed in the fourth quarter</p>           | <ul style="list-style-type: none"> <li>▪ The Company's sales grew 9% to 61,184 Lakhs</li> <li>▪ 200 dealers were added by the end of 2021-22 (50% exclusive covering Somany Exclusive,</li> </ul>   | <p>Somany Branded and Somany Studio)</p> <ul style="list-style-type: none"> <li>▪ The Company reached to 100% capacity utilisation in tiles and sanitaryware and more than cent</li> </ul>  | <p>percent (&gt;100%) in faucets</p> <ul style="list-style-type: none"> <li>▪ The South India plant (Sudha Somany Ceramics) suffered the maximum gas price increase</li> </ul>   |

## Outlook, 2022-23

Going forward, the Company aims to maintain decent margins, backed by stringent cost control and volume-led growth. The Company also intends to absorb raw material costs through higher operational efficiency and judicious price increases.

## HUMAN CAPITAL

# How we strengthened our people productivity

54

Faculty involved in L&amp;D of employees

## Overview

At Somany Ceramics we live by the motto of 'One Team One Somany' and strive to create a culture of equal opportunity. We believe that our employees are our biggest assets and put a premium on their well being.

The combined knowledge, talent and experience of our people allow us to develop innovative products and

solutions. This in turn provides value to our customers and stakeholders. We aim to establish an atmosphere that emphasises individual satisfaction and growth while enhancing the Company's success. Achieving success while keeping in mind the wellbeing of our workforce is of paramount importance. Our focus areas include talent diversity, learning and

development, engagement, well-being and performance.

We believe that diversity is essential for a dynamic organisation. To bring different perspectives, experiences, and skills, we are committed to employing people from diverse backgrounds, gender and age-groups.

## Challenges, 2021-22

- During the second and third pandemic waves, the Company encountered challenges related to employee well-being
- Employee training and skill development were affected during the pandemic
- Working from home affected employee mental health that could have influenced productivity

## Counter-initiatives

- The Company implemented COVID-19 safety norms and necessary guidelines
- The Company launched training modules and webinars; important information was periodically communicated through instructor-led sessions.
- Employees engaged in wellness training sessions through a web-based learning portal and other technology tools.
- The Company conducted mental health workshops spearheaded by psychologists.

## Talent Development

At Somany, we strive to cultivate a dynamic, high-performance and supportive work environment where open communication is encouraged for people to reach their full potential.

We have a streamlined personnel acquisition and performance management procedure. We have increased our efforts to build a diverse and inclusive workplace culture. We work hard to find, engage, develop and retain outstanding individuals, who will go on to become our most valued assets in the long term. Our talent attraction process focuses on evaluating an individual based on competencies.

We developed a Competency Based Talent Assessment that matches employee

performance with job requirements. We understand that unique skills are required for different roles. As a result, talent is assessed on role-based competencies, while performance benchmarks have role-based weightages.

For this, we adopted the 9-Box Performance Grid that helps us understand the current and suitable positioning of the employees in the context of future organisational shifts. This comprehensive view also guides our learning and development and succession management plans. To make this methodology operationally effective, we have technology-based portals, which support our talent assessment models, making our processes simple, easy to access and efficient.

We have an intensive on-boarding to ensure employees possess a holistic understanding of the organisation and their roles & responsibilities. We had 4 touchpoints in our onboarding process:

**1 Infobites:** Infobites is a unique pre joining-connect and sensitization of potential hires, which gives them an insight of the ceramics industry, Somany's vision, organization culture and values.

**2 Induction at the doorstep:** It is an e-learning onboarding program, offered to new hires, at the ease of their job locations.

**3 My first footprint at Somany:** This touch point offers new hires, an opportunity to learn technical fundamentals at the production shop-floor, through live demonstrations and experiences shared by our ceramic technocrats.

**4 Refresher orientation:** This is the last, but most important touch point, which ensures consistent mentoring of new hires, to refresh and strengthen conceptual learnings and practical experiences, they have gained during initial phase of their onboarding program.

### What is unique about the appraisal process at Somany?

**Performance dialogues:** These are well-structured, one-to-one performance dialogue sessions between employees and their reporting managers, which help foster mutually acceptable and structured performance discussions.

**Performance enablement plan (PEP):** We use this tool to identify and help our employees who may require extra attention and guidance to enhance their performance. In the past year, 80% of the employees who were part of the PEP, emerged better and efficient performers, and continued receiving encouragement from their managers.

**Performance clinix (P-Clinix):** This employee service and support initiative is confidential and offers a platform to employees to work towards their personal goals and ambitions.

### Data Facts

18

Employees who completed 25 years in Soman in 2021-22

33

Employees who completed 10 years in Somany in 2021-22

97

Employees who completed 5 years in Somany in 2021-22

620

Masons, engineers, architects and others who received the TILE MASTER training in Q4 2021-22

## Learning and development

We believe that our most valuable assets are our people, who are pivotal to our growth. We continually invest in their internal and external training, strengthening team capabilities. To encourage a culture of lifelong learning, all our workers who participate in any type of training are given learning credits points at the end of the programme to recognise their efforts. We encourage our staff to upgrade with new-age professional abilities by organising specific functional and wellness training sessions through our web-based learning portal and technology-based tools.

### Somany E-campus

In alignment with the current organisation requirements, SLU institutionalized an E-learning platform (E-campus) that offers a personalised learning portal with an objective to empower learners to study at their own pace in and outside the classroom. The specialised courses, modules and learning activities of the e-campus are designed to nurture the learning appetite of Somany's new age learners.

### Somany Learning University

We established the Somany Learning University (SLU), an institution that holds all Somany learning and development initiatives under one umbrella, the core of learning opportunities within the Indian tile industry. SLU not only trains inhouse talent but also develops skills of the unemployed youth and prepares them for getting employment in ceramic industry. We train unemployed fresh graduates in ceramic tile operations through certified vocational courses of 6 months. These short-span courses focus on learning based on practical exposure, supported by theory. Our experienced inhouse ceramic professionals train course participants in different ceramic operational areas, making them competitive and employable.

**\*Somany offers learning opportunities to unemployed youth with the vision to strengthen their technical skills and employability in the ceramic industry.**

### Developing leaders

We put our best foot forward in terms of constituting a team that not only fulfills professional requisites but also fits in or is adaptable to our Company's culture. Without losing sight of conventional roles, we also strive to leverage our people's potential and equip them for upcoming business challenges and futuristic job roles.

**Samarthya:** This programme targets the key gap areas of a leader, making the learning initiatives more strategically aligned.

**Arjunas:** This platform helps identify prospective leaders from the middle management pool.

**Ninjas:** It is a fast track development initiative that focuses on assessing the potential of top sales performers to build the middle management pool.

## Hours of training per employee-by-employee category (2021-22)

| Description                | Unit                   | Measure |
|----------------------------|------------------------|---------|
| <b>Permanent employees</b> |                        |         |
| Management                 | Number of participants | 111     |
|                            | Hours                  | 562     |
| Other employees            | Number of participants | 4,705   |
|                            | Hours                  | 24,474  |
| Permanent workmen          | Number of participants | 531     |
|                            | Hours                  | 980     |
| <b>Temporary employees</b> |                        |         |
| Contract workers           | Number of participants | 1,318   |
|                            | Hours                  | 2,115   |
| Others                     | Number of participants | 0       |
|                            | Hours                  | 0       |

## Employee Well-being

Our people strategy ensures to include Employee wellbeing(physical,emotional and mental) and engagement , a key component of its overall construct. Undoubtedly, competent, happy and well-engaged people are the key indicators growth and performance.

### Employee connect tools

We believe in building understanding and trust with our employees to offer a medium to discuss grievances, suggestions and feedback openly and feel the pulse of employee satisfaction.

**Samwad:** In order to build a relationship with recruits, Samwad was introduced. It is a joiner connect programme that allows the HR team to encourage the employee to open up. It facilitates ideas and suggestions of how certain processes can be made easier and faster. HR representatives talk to

employees who are between 3 to 6 months old in the Company. The discussions stress on understanding whether they are clear of their roles and responsibilities, receive the right guidance from their seniors and peers and have everything they need to perform to their maximum potential.

**Stay interviews:** Our existing employee connect programme helps build rapport and address their concerns and gains feedback for the various roles and functions in the Company.

**HR Sparx Portal:** Employee portal to help

smoothen their day-to-day needs like checking attendance, applying for leaves, accessing HR policies, receiving updates etc.

**HR helpdesk:** An online portal to address grievances and concerns.

**PACE:** A new-age dashboard that encourages employees to be prompt in communicating to internal and external customer's requirements. It helps sensitise our employees on the importance of speed in actions and how it impacts the operational effectiveness of employees, team and organisation as a whole time.

## Occupational health and safety

People health and safety has always been our number one priority. we understand our responsibility towards health and wellbeing of our people and take all necessary actions to safeguard them from any potential hazards or health challenge.

### Our commitment to safety and health

#### Regular health camps

We organise camps for our employees to encourage them to get regular check-ups done, be aware of their health problems and make it convenient to find the time to get their check-ups done.

#### National Safety Week

We observe National Safety Week every year and encourage all employees to participate in the various workshops and drills to create a safe work culture. Each year a theme is chosen on which the trainings are based.

#### Health Insurance

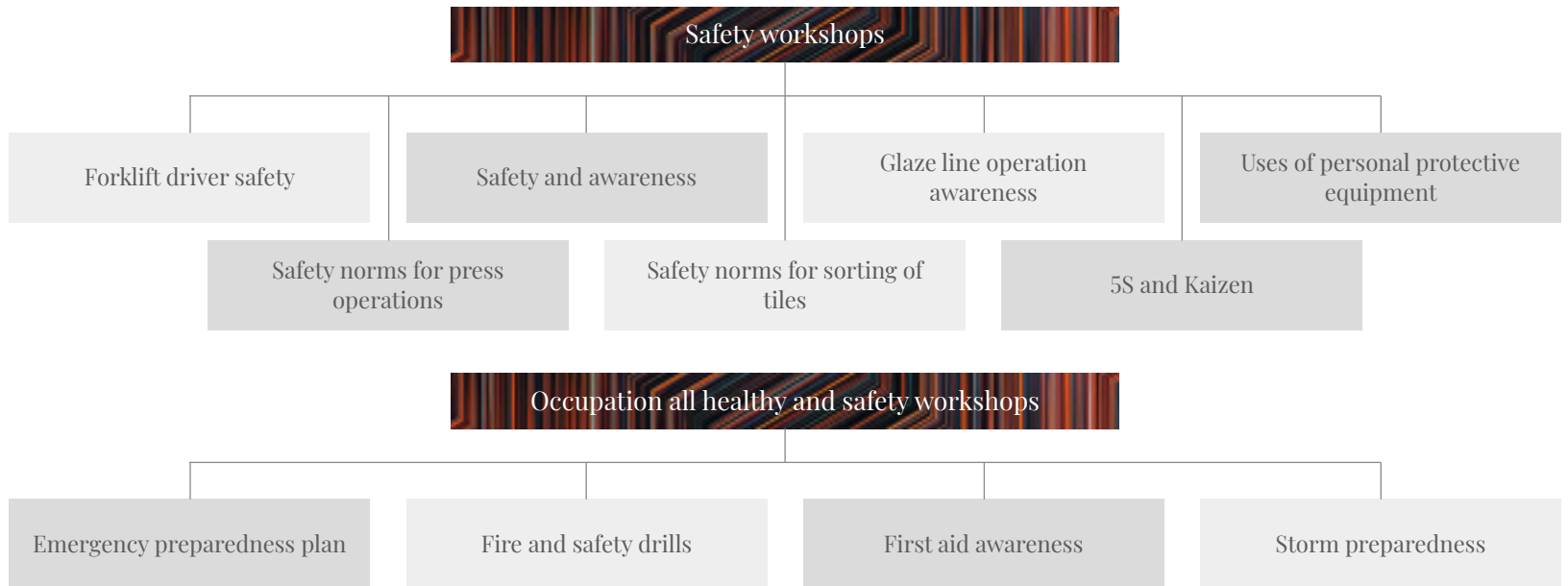
We offer subsidised medical insurance to our employees and their families. The Company also offers medical claim under the Star Group Health Insurance for all our employees and their families such as cashless policies, maternity benefits, and a personal accident insurance scheme.

#### Death insurance

We support our employees' families in case of the employee's untimely demise. In such unfortunate event, deceased employee's family is assisted with 100 times of employee's basic salary.

#### Suraksha and Empathy Funds

These funds aim to offer financial assistance to employees who are experiencing economic hardships due to emergency situations.



Our safety performance

| Safety parameter | Value (FY22) |
|------------------|--------------|
| First-aid cases  | 16           |





# How we have strengthened our manufacturing competence

## Overview

The Company's manufacturing competence has been derived from insourced and outsourced products (through joint venture alliances) marked by efficiency, new

technologies, brand-enhancing products, differentiated designs, declining time-to-market and a consistent supply chain. The time has come for Somany to graduate

to Industry 4.0, drawing on cutting-edge technologies and delivering advanced outcomes.

## Strengths

### Team

The Company possesses a professional manufacturing team possessing multi-year experience.

### Supply chain

The Company's manufacturing plants represent hubs from where products are dispatched to service needs of the distribution network.

### Diversified

The Company's manufacturing facilities have specialised; for instance, the Company's Kassar facility (Bahadurgarh) focuses on Glazed Vitrified Tiles, wall tiles, ceramic floor tiles, planks and design tiles; other plants focus on different products.

### Upgradation

The Company's manufacturing facilities have been periodically upgraded to enhance adaptability to new designs and evolved process needs.

## Challenges

- The Company's operations were challenged by the Covid-19 pandemic coupled with excessive rain through the year (affecting Bahadurgarh operations)
- The Company encountered the problem of a sharp increase in diesel costs, enhancing production costs

## Counter initiatives, 2021-22

- Despite the challenges of last year, we remain optimistic of the growth of the building materials sector in India. We believe that prominent trends such as rising per-capita incomes, rapid urbanisation, and increased capex outlays by the government for housing schemes, will contribute to the demand for tiles, sanitaryware and fittings. In response to the same, we have undertaken the largest capacity expansion projects in our history and possibly the largest for a ceramic tiles company in India
- We have planned three expansion projects, which are expected to be operational in the first half of 2022-23. This expansion will make it possible for us to increase our go-to-market capability by 11 msm per annum

- The Company focused on equipment and process simplification to moderate maintenance costs and enhance uptime
- The Company encouraged talent specialisation with wider responsibilities, enhancing organisational leanness
- The Company improved its water escalation systems in partnership with government bodies, contoured the location and installed new pumps
- The Company enhanced fuel efficiency; it installed 1.5 MW solar energy capacity in Kadi and Kassar
- The Company optimised workflows, enhancing the use of heavy equipment in low tariff power zones

## Highlights, 2021-22

- Overall capacity utilisation was 84% compared with 71% in the previous year
- 35% of the overall revenue was generated from within the Company's owned facilities; 39% was derived from joint venture alliances
- Continuous improvement (kaizen) was encouraged, resulting in a series of

improvements and optimistic transformation which include lower waste, higher productivity, encourage innovation and others in the manufacturing facilities

- Two printers were upgraded to deliver new designs and products; the Company introduced an additional policing line to improve GVT quality; it introduced an auto packing machine in the GVT line, moderating manpower use
- SAP Extended Warehouse Management system (EWM) was implemented for bath fitting items design which deals mostly with costly material

## Outlook

The Company intends to extend to Internet of things (IoT), integrate data into a single platform that strengthens analytics and transforms management responsiveness from the proactive to reactive. The Company plans to introduce world-class technologies in new products, in addition to launching larger and slab tiles in its Morbi unit. Efficiency initiatives will be sustained; a double wall tile plant of 7000 sqm per day will be expanded to 18,000 sqm per day.

| Capacity Utilisation | 2021-22 (%) |
|----------------------|-------------|
| Tiles                | 84          |
| Sanitaryware         | 44          |
| Faucets              | 94          |

## Big numbers

### Variable cost intensity

# 72

% of variable costs as a proportion of sales, 2019-20

# 70

% of variable costs as a proportion of sales, 2020-21

# 73

% of variable costs as a proportion of sales, 2021-22

### Production cost intensity

# 81

% of production cost as a proportion of sales, 2019-20

# 78

% of production cost as a proportion of sales, 2020-21

# 81

% of production cost as a proportion of sales, 2021-22

# How we strengthened our quality standards



## Overview

We engage with all our stakeholders including, suppliers, customers, and local communities to understand how we can safeguard and promote their well-being and foster sustainability in our value chain

## Accreditations

The safety and well-being of our customers is of utmost priority. We are committed to delivering products that meet the expectations of our customers as well as safety and quality standards. To achieve our objectives, we have implemented a Quality Management System (QMS) in our plants, which is ISO 9001:2015 certified.

## Comprehensive grievance mechanism

We have implemented a comprehensive complaint grievance mechanism to address all customer concerns in a fair, transparent, and orderly manner. Our complaint resolution

process includes the following steps:

- Complaints are initially registered to our sales and marketing team, which collates details regarding the complaint
- Each complaint is then raised to the quality team of the concerned manufacturing unit for validation
- Post this, technical specialists visit the manufacturing unit to outline a corrective action plan with the production and quality team, to ensure that the same concern is not raised in the future
- After the complaint is validated by the quality team, it is raised to the Vertical Head and

President of Sales and Marketing

- Once approval is received, corrective actions like reimbursement/readjustments are initiated

Due to the robustness of our quality management system, the number of complaints, in reference to the annual sales volume for the reporting period, was not significant.

## Outlook, 2022-23

The Company intends to capitalise on learnings in enhancing remote effectiveness and create quality by design in product development.

## INTELLECTUAL CAPITAL: INFORMATION TECHNOLOGY

# How Somany strengthened its IT framework

## Overview

In the age of digitalisation, most businesses are turning digital. From a time when IT or digital interventions were used to support organisations, they have turned more integral and mission-critical. The result is that the more digitalised a company the more competitive its operations. In the last two years, Somany invested extensively in digital transformation with the objective to streamline processes across business functions.

### Digital transformation outcomes

- Enhanced efficiency and cost-effectiveness
- Improved go-to market (markets for products)
- Seamless virtual cross-functional communication
- Improved regulatory compliance
- Reduced manual errors
- Real-time dashboard to track operational targets and outcomes

### Challenges and counter-initiatives, 2021-22

- There were connectivity issues when employees worked from home. The Company enhanced its digital infrastructure, ensuring that employees can work from anywhere
- Various companies in the industry are currently developing in-house technological capabilities. The Company capitalised on advanced cloud-based IT infrastructure managed by best-in-class experts, reinforcing its IT robustness

### Highlights, 2021-22

- The Company was recognised by CNBC as a 'Rising Star' among mid-cap companies following digital transformation
- The Company invested in the maintenance of security operations centre and network operations centre, enhancing cyber security

### Outlook

The Company intends to invest deeper to enhance cybersecurity, extend to e-commerce and mobile app-drive offtake while reinforcing its showroom capabilities through cloud analytics, mobility and robotic process automation.

# Our R&D competence

## Overview

We believe that strong R&D capabilities make it possible to innovate and service a dynamic and ever-evolving customer market. We invest in our intellectual capital with the objective of adopting new, efficient, and sustainable technologies and processes.

In recent years, the demand for green building materials and products that have a lower environmental impact in the use phase, has increased significantly. As a company, we are continuously adapting and we continue to invest significant resources, to enhance our R&D capabilities. This has enabled us to develop innovative products that are more sustainable.

We adopted new technologies through which we have now shifted our focus to the manufacture of products that are low in thickness and mass. Through these technologies, we have observed significant savings in fuel consumption during production and in our logistics chain, and hence a reduction in greenhouse gas (GHG) emissions.

We also developed new eco-efficient products like Temp Shield, which regulate indoor temperature and lower energy demand in use.

## Temp Shield

Temp Shield is a ceramic tile that has the same texture and finish as our other tiles, but helps in keeping buildings cooler, combating the 'Urban Heat Island Effect' owing to its high reflectance of 80% and emittance rate of 90%,

compared to ordinary tiles. Temp Shield is designed on the principle that white & smooth surfaces reflect sunlight and absorb least heat. For our customers, Temp Shield may save up to 15% electricity consumption by lowering energy demand.

## NATURAL CAPITAL

# How Somany recognises its responsibility towards environment sustainability

## Overview

Climate change is one of the greatest challenges of our time. As a business, we are cognizant of the role we must play. We continue to invest in resources that make it possible for us to optimise our energy and water consumption. Additionally, we are

increasing our investments in renewable energy to reduce our carbon footprint.

Our commitment is to act in an environmentally responsible manner is operationalised through our Environmental Policy. We periodically

review our strategies and the implementation of processes to mitigate our environmental impact. Both our plants have an Environmental Management System (EMS) that is ISO 14001 certified.

## Resource efficiency

### Materials input

We constantly strive to improve the efficiency of our processes from a resource consumption standpoint. We aim to minimise our use of virgin raw materials through the application of circular economy principles. The consumption of raw material and packaging material for the reporting year has been tabulated below:

#### Raw materials consumption

| Raw material | Quantity (FY22) | Unit          |
|--------------|-----------------|---------------|
| Ball clay    | 1,85,299        | Metric Tonnes |
| Crude clay   | 95,331          | Metric Tonnes |
| Feldspar     | 1,20,092        | Metric Tonnes |
| Marble       | 11,947          | Metric Tonnes |
| Others       | 51,017          | Metric Tonnes |

## Packaging material consumption

| Packaging material      | Quantity (FY22) | Unit                             |
|-------------------------|-----------------|----------------------------------|
| Cartons                 | 2,06,65,590     | Number                           |
| Corner and corner packs | 1,02,07,774     | Number                           |
| Pallets and paper       | 1,39,10,839     | Number                           |
| Sticker and tape        | 2,84,56,521     | Number                           |
| Thermocole              | 78,87,602       | Number                           |
| Strapping               | 1,72,48,900     | Meter                            |
| Others                  | 67,64,939       | * Please refer to the note below |

(\*Others include materials in Number, Kg, EA, and L, M3)

## Waste

We are cognizant of the importance of implementing waste management principles across our plants. Doing so makes it possible for us to reduce our environmental impact and gainfully reuse waste materials in our production process.

To this end, we developed standard operating procedures (SOPs) to ensure appropriate and safe waste disposal. We dispose all our waste

in compliance with the local regulations of the State Pollution Control Board (SPCB) and through authorised vendors. Additionally, we have implemented a due-diligence mechanism that gives us an insight into the disposal methods adopted by our vendors. Through this process, we oversee that the waste generated by us is disposed in an appropriate manner and refurbished for reuse as and when possible.

We look to improve the raw material and waste

intensity of our processes. Through the process of grinding, we reuse broken tiles as adhesive during our production process. During the reporting year, we reused 304 Metric Tonnes of fired pitcher powder produced from broken tiles.

The table below highlights waste generated in the reporting year, demarcated by the type of waste generated and disposal method adopted:

| Waste generated                       | Quantity (FY22) | Unit          | Disposal Method                     |
|---------------------------------------|-----------------|---------------|-------------------------------------|
| Used oil                              | 5,600           | Litre         | Sent to authorised recycler         |
| Effluent treatment plant (ETP) sludge | 3,069           | Metric Tonnes | Reused within premises              |
| Plastic container                     | 2,116           | Number        | Sold to authorised entity for reuse |

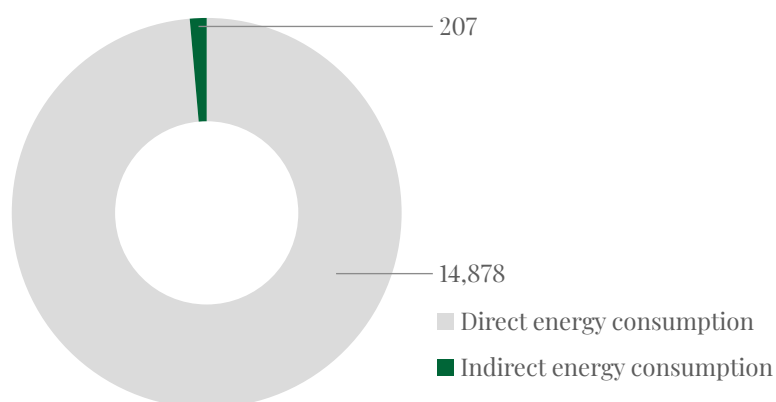
## Energy and emissions management

The recent energy crisis has put a spotlight on the challenges that are brought forth due to an over-reliance on conventional sources of energy. As a company, we have long acknowledged the predicaments that such over-reliance can create for a company's economic and environmental

performance. To this end, we devised a comprehensive energy strategy for our plants that focuses on energy efficiency, transition to cleaner fuels and the adoption of renewable electricity.

We meet our energy demand through coal, diesel natural gas, grid electricity and DG set ups.

Energy (values in TJ)



## Consumption for 2021-22 (TJ)

| Fuel type                           | Unit | Consumption FY22 (GJ) |
|-------------------------------------|------|-----------------------|
| <b>Direct energy consumption</b>    |      |                       |
| Coal                                | GJ   | 7,01,559              |
| Diesel                              | GJ   | 2,11,921              |
| Natural gas                         | GJ   | 1,37,45,614           |
| Saw dust                            | GJ   | 2,18,883              |
| <b>Indirect energy consumption</b>  |      |                       |
| Electricity purchased from grid     | GJ   | 1,92,679              |
| Renewable electricity self-produced | GJ   | 8,508                 |

## GHG emissions (Metric Tonnes CO2 Eq.) 2021-22

|                                    |          |
|------------------------------------|----------|
| Scope 1 emissions                  | 1,79,410 |
| Scope 2 emissions (location based) | 42,285   |

## Air emissions

Our manufacturing facilities generate various air emissions including SOx, NOx, and particulate matter. If unregulated, these emissions can deteriorate ambient air quality and impact environment and human health. We monitor air emissions from our plants to ensure that they are always within permissible limits. We proactively adhere to all the statutory norms and regulations in the regions where we operate through effective operational controls. We also monitor and improve processes to reduce the emission of ozone-depleting substances (ODS) such as hydrofluorocarbons (HFCs-22 or R-22).

| Air emissions | Quantity (FY22) | Unit          |
|---------------|-----------------|---------------|
| NOx           | 27.40           | Metric Tonnes |
| PM            | 78.18           | Metric Tonnes |
| SO2           | 10.78           | Metric Tonnes |

## Emission of ozone-depleting substances (ODS)

| ODS emitted     | Quantity (FY21) | Unit               |
|-----------------|-----------------|--------------------|
| MAFRON GAS R-22 | 630             | tCO <sub>2</sub> e |



## Water conservation

Water is a significant input in our production process and being cognizant of the increasing challenges of water scarcity, we implemented a water conservation strategy across our plants. We operate in compliance with local permissible withdrawal limits and modified our processes, to improve the water efficiency of our production.

To reuse the wastewater generated through our operations, we put in place ETP and Sewage Treatment Plants (STP). These structures make

it possible for us to reuse all the wastewater that we generate in our production process and for purposes like gardening. At present, both our plants, Kadi and Kassar, are zero liquid discharge (ZLD).

For our manufacturing units, we withdraw water from sources such as canals, lakes, municipal supply water and ground water.

| Water withdrawal by source | Quantity (FY22) | Unit       |
|----------------------------|-----------------|------------|
| Surface water              | 1,33,964        | Kilolitres |
| Third party water          | 91,872          | Kilolitres |
| Ground water               | 12,343          | Kilolitres |



## SOCIAL AND RELATIONSHIP CAPITAL: SALES AND DISTRIBUTION

# How Somany enhanced its sales and distribution effectiveness



## Overview

Somany is among the most respected tile companies in India, marked by a visible brand and market leadership in the top three for nearly five decades. Across the decades, the Company has protected its recall for design,

availability, accessibility, affordability and quality. Besides, the Company's ethical integrity has translated into enduring engagements with trade partners, enhancing revenue visibility and business sustainability.

## Strengths

- The Company's distribution network comprises a market presence across 6000+ retailers, one of the largest in the country's tiles sector; approx 80% of the network is based in Tier-3 and 4 towns
- The Company's long-standing engagements with dealers has ensured growth from one

store to multiple; 48% dealers were associated with the Company for five years or more as on 31st March 2022.

- 62% of the Company's distribution network was active, enhancing active representation and revenue accretion

## Challenges

- The Company's sales and marketing function encountered pandemic-related challenges during the first quarter of the year under review, affecting revenues
- The Company encountered a sharp and sequential increase in gas costs within 50 days that could not be passed on to customers, affecting margins in the fourth quarter
- The Company encountered a decline in exports – industry exports declined 70% from ₹13,00,000 Lakhs to ₹6,00,000 Lakhs in 2021-22, affecting domestic realisations

## Counter initiatives

- The Company broadbanded its presence to Tier-2, 3 and 4 urban clusters, coupled with the appointment of new dealers and franchise showrooms

- It engaged with key dealers (phone and video conferencing) and feet-on-the-street through the pandemic lockdown with the objective to enhance trade morale
- It incentivised sales employees, generating higher sales in spite of the challenges.
- It commissioned a plant in South India, broadbasing its sales footprint away from Morbi (Gujarat) and responding quicker to market needs.

## Highlights, 2021-22

- The Company generated ₹2,08,274 Lakhs in revenue, an achievement given the fact that nearly three months were 'lost' due to the pandemic impact
- The Company added 500 dealers in the smaller towns and 50 showrooms; plugged

product gaps in markets and widened distribution presence

- New dealers contributed around 7.5% of revenues
- Revenues from Tier 2, 3 and 4 towns grew 40% (company's overall revenue growth 27%).

## Outlook, 2022-23

- The Company plans to add 1000 showrooms and 500 dealers
- The Company will continue to deepen its presence in Tier 3 and 4 markets
- The Company will launch three company-operated showrooms (Chennai, Kolkata and Ahmedabad)

## Zone-wise revenue mix (%)

| Zone    | North | South | East | West | Exports |
|---------|-------|-------|------|------|---------|
| Revenue | 44    | 26    | 18   | 09   | 03      |



## SOCIAL AND RELATIONSHIP CAPITAL: SUPPLY CHAIN MANAGEMENT

# How Somany protected its supply chain

(₹ Lakhs)

| Parameter         | 2018-19 | 2019-20 | 2020-21 | 2021-22  |
|-------------------|---------|---------|---------|----------|
| Total procurement | 79,842  | 79,693  | 75,247  | 1,02,124 |

## Overview

In the business of tile manufacture, there is a premium on the capacity to aggregate the right process in the right quantity at the right price and at the right time.

This priority has made it imperative for the Company to enter multi-year partnerships with vendors enjoying access to the right quality, certifications and processes,

empowering their ability to holistically deliver the right quality.

This supply chain stability of the Company made it possible to aggregate raw materials during periods of logistical disruption; it empowered the Company to stabilise costs at a time of resource inflation. This stability made it possible for the Company to

supply on-time and in full, the basis of its outperformance. The Company prioritised a supply chain leanness, which ensured available and cost-effective inventory management.

## Strengths

**Location:** The proximity of the Company's manufacturing units in Kassar and Kadi to resources and markets helped reduce logistic costs

**Value:** The Company entered extended supply contracts with vendors, generating a slower cost incidence in exchange for large procurement volumes

**Timely dispatch:** The Company serviced the varied and growing needs of customers

through a content customer relationship management function, enhancing service reliability that kept the shelves of trade partners stocked at all times

**Survey system:** The Company developed a comprehensive system in surveying vendor mines, tabling strengths and documentation of new vendors

**Low dependency:** The Company created systemic redundancy - two vendors per

resource - helping broadbase its supplier risk

**Lean structure:** The Company's lean supply chain structure shrank delivery time while widening the basket of goods delivered, strengthening a retailer's working capital efficiency

### Challenges, 2021-22

- The Company's supply chain encountered a resource shortage on account of a global container shortage.
- The business encountered an increase in diesel costs that affected logistics and could not be passed on to consumers.

### Counter initiatives, 2021-22

- The Company secured its raw materials in adequate quantity to ensure uninterrupted production enhancing manufacturing visibility
- The Company leveraged long-standing relationships with partner-vendors, deriving lower prices in exchange for high procurement volumes

### Vendor selection

We aim to leverage our business relations with our vendors to foster sustainability in our supply chain. We have implemented a comprehensive system to assess our suppliers. At the time of selection, our vendors are assessed on various criteria including business conduct, competitive pricing, environmental sustainability, social interest, quality and delivery standards. We also expect our suppliers to adopt to fair human right practices in their workplace.

Even post selection, the performance of each vendor is evaluated over a three-month trial period. If we observe any violation with respect to our code, we engage with our suppliers to implement corrective actions.

### Local procurement

In our endeavour to promote local economies, we procure a majority of our raw materials

from local communities where we operate. This makes it possible for us to also save on transportation costs and the corresponding GHG emissions from fuel consumption.

We also employ populations of our neighbouring communities as workmen in our plants. These individuals are imparted skill-based training, which augments their employability.

### Highlights, 2021-22

- The in-plant turnaround time for truck and material unloading declined 15%; turnaround time reduced from 8 hours to 6 hours; truck unloading turnaround time declined 10%
- Products like Chrome plated fittings and sanitary ware were clubbed in the same truck, strengthening logistical economies
- Inventory of non-moving and slow moving products that consumed space was liquidated

### Outlook

- The Company intends to invest in IT to generate real-time vendor quotations that accelerated decision-making and eliminated human error prospects
- The supply chain objective is to counter price rise challenges by working closely with the R&D and manufacturing teams, replacing high-cost items to moderate material costs
- The Company intends to moderate raw material and logistic costs through larger trucks that moderate transportation cost per tonne
- The Company plans to automate parts of its logistics system, enhancing efficiency and transparency

### Big numbers

# 2,305

Active dealers as on 31st March 2022

## COMMUNITY CAPITAL: CORPORATE CITIZENSHIP

# Corporate social responsibility



## Overview

At Somany, corporate social responsibility is integral to our culture. We strongly believe in empowering local communities and promoting inclusive growth. We work closely with the people living near our operational facilities as a part of our CSR activities.

The Company continues to address the needs of marginalised communities and spent ₹117 Lakhs Under CSR during the year under review.

## Focus

Health and well-being

Skill development

Protection of national heritage, art and culture

Education

Sports Promotion

## CSR initiatives, 2021-22

|  |   |
|--|---|
| Health and well-being                            | We provided aid of ₹10.39 Lakhs for the renovation of two anganwadi centres in Kassar (Haryana). This covered the expense of infrastructure (chairs, tables, kitchen utensils, roof repairing, wall repair and others)  |
|  | We contributed ₹5 Lakhs to set up medical oxygen concentrators in hospitals across Delhi NCR  |
|  | The residents of Morbi encountered difficulties in accessing health care due to a dearth of affordable primary health facilities. To address this issue, the Company spent ₹26.66 Lakhs to provide essential primary healthcare and Covid protection support through mobile health units  |
|  | We initiated a vision restoration drive in Kadi (Gujarat), restoring the cataract vision of ~800 underprivileged senior citizens through surgery. This drive included ophthalmic care education to older people, patients and their families during screening camps and post-operative care for cataract surgeries                  |
| Protection of national heritage, art and culture | We contributed ₹12 Lakhs for support to a museum to protect, promote and preserve art and culture in Bangalore  |
| Sports promotion in rural India                  | We contributed towards coaching, training, equipment, tournament expenses, travel allowances, sports education and skill development along with a financial stipend to young players or trainees  |
| Promoting education and skill development        | We provided ₹5 Lakhs for the construction of a class room in Gawar Village, District Tehri Garhwal (Uttarakhand) for education  |
|  | We collaborated with Ashoka University and contributed ₹20 Lakhs towards the need-based scholarship of female students across Haryana, Uttar Pradesh, Andhra Pradesh and Kerala. ₹5 Lakhs was allocated to establish Centers of Excellence, teaching and academic research department and development projects of Ashoka University |
|  | The Company's flagship Tile Master programme addresses mason skilling (tile laying, installation, adhesive application), enhancing livelihoods. By 2021-22, Tile Master initiative had trained 7844 masons/workers  |
| Rural development                                | We installed 20 surveillance cameras at few locations of Jhajjar District to enhance public safety, industrial security, traffic flow and crime detection   |

# What our team members have to say about the distinctive Somany culture



“During the pandemic, there were occasions when our plant heads and reporting seniors worked shoulder-to-shoulder with grassroots employees, even operating manufacturing machines when there was a shortage of labour and loading workers. Employees encountered a number of challenges and they could be overcome only because of a supportive management and because no job layoffs were made.”

**Rajan Mishra,**

Deputy Manager (Sorting and packing)



“The Company introduced the 45x90 cm tile, a worker-driven initiative. We sampled dealer feedback, examined international prices, shortlisted alternative sizes and finally came down to this size, introduced for the first time in the industry. Remember, it was employees that did it!”

**Naimish Patibandha,**

Senior General Manager, Ceramic sales,  
Ahmedabad



“I joined Somany as a Management Trainee in 1998 and have been here since. I never thought of leaving because I was given the opportunity to work in different product departments, different territories, different projects and with different colleagues. I have learned a lot and emerged as a holistically well-rounded professional. The Company gave me freedom, empowerment and leadership accessibility.”

**Vikas Mechu,**

General Manager (Sales)



“Though 90% employees are male and 10% women, Somany has always been a gender-respecting company. I have been here for almost half a decade, and the Company has made it gender-inclusive through events like Women’s Day celebrations, webinars on personal & professional well-being and provisions against sexual harassment. I am so attached to this company that I intend to retire here.”

**Poonam Middha,**

Deputy Manager



“I have been with Somany for 19 years. I started here as a software developer and worked in various departments (sales and supply chain). I am now in my fifth role. This flexibility has helped me become a well-rounded professional. This is a dream company: job satisfaction, recognition, promotion, salary increments and respect - all that an employee desires. During strategic meetings, employees enjoy a place at the strategic table and our opinions are valued.”

**Prateesh MC, Senior,**

Senior Deputy General Manager



# Risk management at Somany

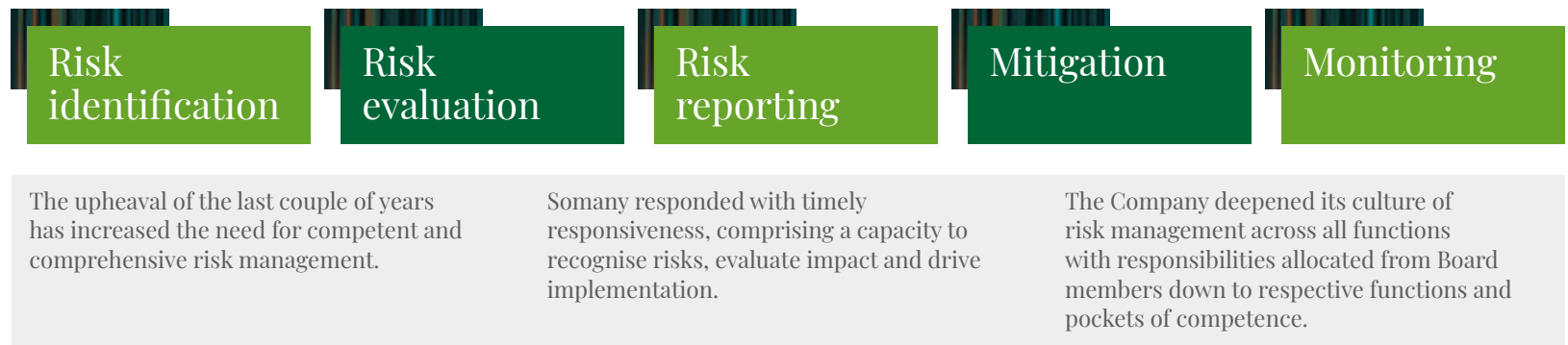
Somany's growth has been reinforced through a culture of robust and responsible risk management

## Overview

The concept of risk management is increasingly relevant in every business in view of the uncertainties and unforeseen affecting economies and businesses. At Somany, business sustainability is vital and it is derived through identification of probable business downsides and their proactive de-risking initiatives. The purpose is to ensure that a risk management framework is in place that includes policies, procedures and assessment approach that helps the Company monitor and manage multiple organisational risks.



## Risk management structure



## Principal risks and mitigation measures

| Key risks          | Explanation  | Mitigation measures  |
|--------------------|--|--|
| Economic risk      | Economic slowdown could impact the Company's cash flows and profitability  | A shift in demand from China to India has been witnessed in the sector resulting in increased exports. The Indian economy reported a growth of 8.7% in 2021-22 as against the contraction of (7.3)% in 2020-21. The economic health of the Company is expected to be protected despite inflation in 2022-23, strengthening the Company's prospects |
| Gas price risk     | Continuous increase in gas prices could affect profitability   | The Company passed on a part of the cost increase to consumers and absorbed a part. A decline in margins could be countered through an increased proportion of value-added products  |
| Regulation risk    | Tightening environment regulations could warrant sizable investment in technologies or affect the capacity to operate at full capacity | The Company's robust compliance management system, investments and training have resulted in carbon footprint moderation and the Company's respect as a responsible corporate citizen  |
| Competition risk   | Increasing competition could affect the Company's market position  | The Company enjoys a prominent brand and is the second largest in India's organised tile and sanitaryware industry. The Company has deepened investments in its brand, marketing, distribution and digitalisation, enhancing responsiveness  |
| Technological risk | The use of obsolete technologies could affect the Company's brand, quality and profitability   | The relative youthfulness of the Company's assets, coupled with ongoing technology/asset upgradation, have empowered the Company to export world-class products.   |
| Fraud risk         | The Company's business can be affected by fraud on account of weak systems   | The Company has stringent controls and checks to prevent malpractices. Its centralised payment system, coupled with dual authorisation, enhanced financial checks and balances   |
| Inflation risk     | The Company's business can be affected by inflation that cannot be passed on to consumers  | The Company will continue to leverage economies of scale, cost management and logistical efficiencies to protect competitiveness   |

# Management discussion and analysis



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## Global economic overview

The global economy grew an estimated 5.9% in 2021 compared to a de-growth of 3.3% in 2020. This improvement was largely due to increased vaccination rollout the world over and a revival in economic activity based on catch-up consumption.

The global economic recovery is attributed to an accelerated vaccine rollout across 4.4 billion people, around 56% of the global population (single dose). The spot price of Brent crude oil increased 53.3% from US\$ 50.37 per barrel at the beginning of 2021 to US\$ 77.24 per barrel

at the end of the calendar year, strengthening the performance of oil exporting countries and moderating growth in importing nations. Global FDI reported an increase from US\$ 929 billion in 2020 to an estimated US\$ 1.65 trillion in 2021.

The global economy was affected by prohibitive shipping freight rates, a shortage of shipping containers and semiconductor chips in 2021, affecting global economic recovery. Inflation was at its highest since 2011, especially in the

advanced economies, catalysed by a run up in commodity prices. Some emerging and developing economies were positioned to withdraw policy support to contain inflation even as the economic recovery was still incomplete.

The prominent feature of the global economic activity during the year under review was a sharp revival in commodity prices to record levels following the drop at the time of pandemic outbreak. The commodities that

reported a sharp increase in prices comprised steel, coal, oil, copper, foodgrains, fertilisers and gold.

The global economy is projected to grow at a modest 2.6% in 2022 following the Russia-Ukraine crisis. A higher interest rate environment could affect emerging markets and developing economies with large foreign currency borrowings and external financing needs in 2022.

| Regional growth (%)               | 2021 | 2020  |
|-----------------------------------|------|-------|
| World output                      | 5.9  | (3.3) |
| Advanced economies                | 5.0  | (4.9) |
| Emerging and developing economies | 6.3  | (2.4) |

(Source: IMF, World Bank, UNCTAD)

## Performance of major economies

### United States

The country reported GDP growth of 5.7% in 2021 compared to a de-growth of 3.4% in 2020, following the government's investment of trillions of dollars in COVID relief.

### China

The country's GDP grew 8.1% in 2021 compared to 2.3% in 2020 despite it being the novel coronavirus epicentre.

### United Kingdom

The country's GDP grew 7.5% in 2021 compared to a 9.9% de-growth in 2020.

### Japan

The country reported growth of 1.7% in 2021 following a contraction in the previous year.

### Germany

The country reported a GDP growth of 2.9% in 2021 compared to a decline of 4.9% in 2020.

(Source: World Bank, IMF, Business Standard, Times of India)

## Indian economic overview

The Indian economy reported an attractive recovery in 2021-22, its GDP rebounding from a de-growth of 7.3% in 2020-21 to a growth of 8.7% in 2021-22. By the close of 2021-22, India

was among the six largest global economies, its economic growth rate was the fastest among major economies (save China), its market size at around 1.40 billion the second most populous

in the world and its rural under-consumed population arguably the largest in the world.

## Y-o-Y growth of the Indian economy

|                     | FY19 | FY20 | FY21  | FY22 |
|---------------------|------|------|-------|------|
| Real GDP growth (%) | 6.1  | 4.2  | (7.3) | 8.7  |

## Growth of the Indian economy, 2021-22

|                     | Q1, FY22 | Q2, FY22 | Q3, FY22 | Q4, FY22 |
|---------------------|----------|----------|----------|----------|
| Real GDP growth (%) | 20.1     | 8.4      | 5.4      | 4.1      |

The Indian economy was affected by the second wave of the pandemic that affected economic growth towards the fag end of the previous financial year and across the first quarter of the financial year under review. The result is that after a growth of 1.6% in the last quarter of 2020-21, the Indian economy grew 20.1% in the first quarter of 2021-22 due to the relatively small economic base during the corresponding period of the previous year.

India's monsoon was abundant in 2021 as the country received 99.3% of a normal monsoon, lower though than in the previous year. The estimated production of rice and pulses recorded volumes of 127.93 million tonnes and 26.96 million tonnes respectively. The total oilseeds production of the country recorded a volume of 371.47 million tonnes. Moreover, based on the spatial and temporal distribution of the 2021 monsoon rainfall, the agricultural gross value added (GVA) growth in 2021-22 is anticipated to be 3-3.5%. The country's manufacturing sector grew an estimated 12.5%, the agriculture sector 3.9%, mining and quarrying by 14.3%, construction by 10.7% and electricity, gas and water supply by 8.5% in 2021-22.

There were positive features of the Indian economy during the year under review.

Foreign direct investments (FDI) in India increased 1.9% to US\$ 83.57 billion in 2021-22 from US\$ 81.72 billion in 2020-21, a validation of global investing confidence in India's growth story. The government approved 100% FDI for insurance intermediaries and increased FDI limit in the insurance sector from 49% to 74% in Union Budget 2021-22.

India surpassed the ₹88,00,000 Lakhs target set for asset monetisation in 2021-22, raising over ₹97,00,000 Lakhs with roads, power, coal, mining and minerals accounting for a large chunk of the transactions.

The Indian government launched a four-year ₹6 Lakhs crore asset monetisation plan (roads and highways, pipelines, power transmission lines, telecom towers, railways station re-development, private trains, tracks, goods sheds, dedicated freight corridor, railways stadiums, airports, projects in major ports, coal mining projects, mineral mining blocks, national stadia, redevelopment of colonies and hospitality assets).

In 2021, India was the largest recipient of global remittances. The country received US\$ 87 billion during 2021, with the US being the largest source (20%). India's foreign exchange reserves stood at an all-time high of US\$ 642.45 billion as on 3rd September 2021, crossing US\$ 600 billion in forex reserves for the first time.

India's bank loan grow was 11.2% during the year under review, partly reflecting the low base effect of the precious year.

India's currency weakened 3.6% from ₹73.28 to ₹75.91 to a US dollar through 2021-22. The consumer price index (CPI) of India stood at an estimated 5.3% in 2021-22. India reported improving Goods and Services Tax (GST) collections month-on-month in the second half of 2021-22 following the relaxation of the lockdown, validating the consumption-driven improvement in the economy. The country recorded its all-time highest GST collections in March 2022 standing at ₹1.42 Lakhs crore,

which is 15% higher than the corresponding period in 2021.

India ranked 62 in the 2020 World Bank's Ease of Doing Business ranking. The country received positive FPIs worth ₹51,00,000 Lakhs in 2021 as the country ranked fifth among the world's top leading stock markets with a market capitalisation of US\$ 3.21 trillion in March 2022.

The fiscal deficit was estimated at ~₹15.91 trillion for the year ending 31st March 2022 on account of a higher government expenditure during the year under review.

India's per capita income was estimated to have increased 16.3% from ₹1.29 Lakhs in 2020-21 to ₹1.50 Lakhs in 2021-22 following a relaxation in lockdowns and increased vaccine rollout.

India's tax collections increased to a record ₹27.07 Lakhs crore in 2021-22 compared with a budget estimate of ₹22.17 Lakhs crore. While direct taxes increased 49%, indirect tax collections increased 30%. The tax-to-GDP ratio jumped from 10.3% in 2020-21 to 11.7% in 2021-22, the highest since 1999.

Retail inflation in March at 6.9% was above the RBI's tolerance level of 6% but fuel prices played no part in this surge. Retail inflation spiked to a 17-month high in March 2022, above the upper limit of the RBI's tolerance band for the third straight month.

(Source: Economic Times, IMF, World Bank, EIU, Business Standard, McKinsey, SANDRP, Times of India, Livemint, InvestIndia.org, Indian Express, NDTV, Asian Development Bank)

## Indian economic reforms and Budget 2022-23 provisions

The Budget 2022-23 seeks to lay the foundation of the Indian economy over the 'Amrit Kaal' period of the next 25 years leading to 100 years of independence in 2047. The government is emphasising the role of PM GatiShakti, Inclusive Development, Productivity Enhancement & Investment, Sunrise Opportunities, Energy Transition and Climate Action, as well as Financing of Investments.

The capital expenditure target of the Indian government expanded by 35.4% from ₹5.54 Lakhs crore to ₹7.50 Lakhs crore. The effective capital expenditure for 2022-23 is seen at ₹10.7 Lakhs crore. An outlay of ₹5.25 Lakhs crore was made to the Ministry of Defence, which is 13.3% of the total budget outlay. A boost was provided to India's electric vehicle policy 'Scheme for Faster Adoption and Manufacturing of

(Hybrid and) Electric Vehicle in India'. An announcement of nearly ₹20,00,000 Lakhs was made for the PM Gati Shakti National Master Plan to catalyse the infrastructure sector. An expansion of 25,000 km was initiated for 2022-23 for the national highways network. To boost the agricultural sector, an allocation of ₹2.37 Lakhs crore was made towards the procurement of wheat and paddy under MSP operations. An outlay of ₹1.97 Lakhs crore was announce for the Production Linked Incentive (PLI) schemes across 13 sectors.

### Outlook

The Indian economy is projected to grow by 8% in 2022-23, buoyed by tailwinds of consistent agricultural performance, flattening of the COVID-19 infection curve, increase in government spending, favourable reforms and

an efficient roll-out of the vaccine leading to a revival in economic activity.

Across the next three years, capital expenditure in core sectors – cement, metal, oil refining and power – should be about ₹5 trillion. Besides, the government's production linked incentives (PLI)-led capex should generate an incremental ₹1.4 trillion in sectors like consumer durables, pharmaceuticals and automobiles.

## Global tile industry overview

The global ceramic tiles market was estimated at US\$ 355.31 billion in 2021, catalysed by a growing population, urbanisation, increased disposable incomes, interiors prude among customers, aesthetic appeal, superior price-value proposition and preference for larger homes. This market is projected to reach a US\$ 633.5 billion by 2030, registering a CAGR of 6.3% from 2021 to 2030.

Asia-Pacific is the one of the most attractive market for ceramic tiles due to rapid socio-economic development. The growth of this market has been driven by increasing demand in China, India, Thailand, Indonesia, and Vietnam. Moreover, Asian cities are expected to account for 52.3% (5.1 billion) of the global urban population by 2050, a major growth driver for the sector.

Ceramic tiles have been accepted as a preferred flooring material for various reasons: strength, water-resistance, low maintenance, reliability, and durability. The flooring segment accounts

for the largest market share by value on account of their low maintenance and aesthetics, especially in the kitchen and bathroom.

Ceramic wall tile sizes and shapes transformed from square to rectangles with a progression towards large sizes. These slabs are being used for countertops, shower walls, tables and other large applications.

With GenZ entering the working age and millennials seeking to buy their own homes, the residential sector is projected to remain the fastest growing end-use sector. In India, this sector has been incentivised by Indian government's tax breaks on mortgage finance and interest subvention for the affordable homes category.

(Source: marketandmarkets.com, Forbes, fortunebusinessinsights.com, Globenewswire)

### Key tile sector trends

**Digital printing:** In recent years, the global ceramic tile industry has been influenced

by digital applications. Consumers prefer digitally printed tiles due to the ability to transfer intricate designs, making it possible to personalise tile designs.

**Dry pressed ceramics:** Consumers have shifted from marble to ceramic tiles as marble is more expensive and anti-skid tiles moderate slippage, enhancing the role of dry pressed ceramic tiles in kitchens, toilets and balconies.

**'Green' construction:** Ceramic tiles are anticipated to play a major role in 'green' construction. Cool roof tiles reflect solar energy, moderating inside temperature by ~10 to 20 degree Celsius.

### The global ceramic tiles market, by product

Floor tiles

Wall tiles

Other (ceiling tiles, roofing tiles, countertop tiles, etc)

### The global ceramic tiles market, by end-user

Residential

Commercial

### The global ceramic tiles market, by construction

Replacement and renovation

New construction

(Source: mordorintelligence.com, fortunebusinessinsights.com, Transparency and Markets)

### Indian tile industry overview

The Indian ceramic tiles market was estimated at US\$ 3,702 million three years ago and projected to grow to US\$ 7,144.7 million by 2027 (CAGR of 8.6% during the forecasted period). The industry is marked by increased spending on infrastructure by the government, urbanisation, growing population and consumer preference shift, promoting the demand for ceramic tiles in residential and commercial buildings. The size of the Indian tile industry is projected at 1,384 msm by 2027. Nearly ~40% of the industry is organised – and growing.

India is the second-largest producer and also the second-largest consumer of ceramic

tiles after China; its consumption quantum is estimated at 750 msm, accounting for ~6% of the world. India is the fourth largest exporter of ceramic tiles in, accounting for a global share of 10%, its exports being 274 msm in 2021 compared to 228 msm in 2017.

The new projects undertaken in the residential, commercial and hospitality segment are strengthening the demand for ceramic tiles. The replacement and renovation market is expected to report strong growth, catalysing the offtake of ceramic tiles.

(Source: indiancompanies.in, Allied market research)

### Global sanitaryware and bath fittings market

The global sanitaryware and bath fittings market was valued at US\$ 22.84 billion in 2021 and expected to reach US\$ 42.91 billion by 2030, growing at a CAGR of 6.5% during the forecasted period. This market segment is likely to be catalysed by increased construction in developing countries, rising concerns related to health & hygiene and the availability of abundant raw material. Ceramic tiles accounted for more than 50% of the global sanitaryware market by value.

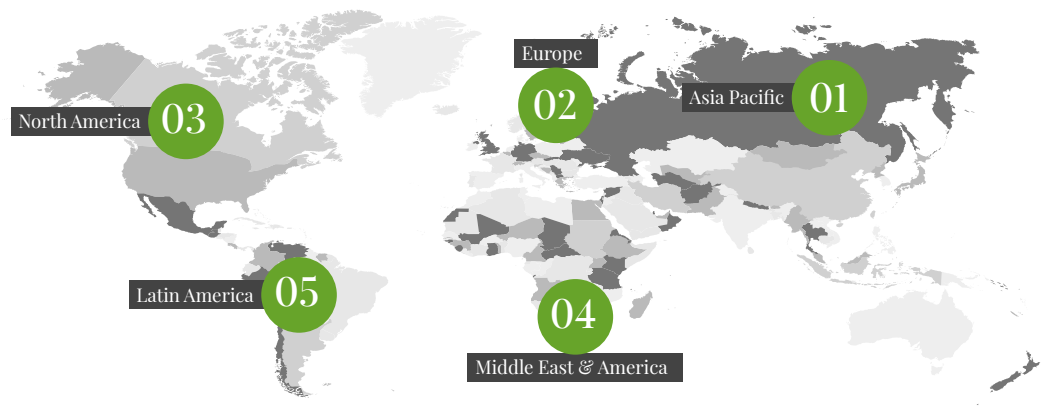
The Asia-Pacific region contributed to the growth of the global sanitary ware market. Upsurge in demand for sanitary ware

products (toilet sink, water closet and wash basin) coupled with real estate sector growth catalysed sanitaryware demand in this region.

The global sanitaryware and bath fittings market was estimated at 207.17 million pieces in 2021. The demand is expected to grow substantially following a rise in investment in commercial spaces and core projects (airports, hospitals, hotels and construction). Besides, ceramic tiles have proved to be the most popular to manufacture quality sanitary fittings. Ceramics dominated the sanitaryware market with a market share of 77.7% in 2021, owing to its versatility and pleasant appearance.

### Global sanitary ware market 2022-2030

Market by materials 2022-2030



(Forecasted)

(Source: researchandmarkets.com, Inkwood research, alliedmarketresearch.com)

## Indian sanitaryware and bath fittings market

India is evolving as a sanitaryware industrial hub. Several domestic and overseas producers are setting up manufacturing facilities owing to the abundant availability of raw material and affordable labour costs. In recent years, with sustained public and private initiatives, coupled with improving standards of living, the level of sanitation in India has increased.

The Indian sanitaryware and bathroom fittings market was valued at US\$ 1060 million in 2020, catalysed by increased national drinking water outlay, hygiene & sanitation programmes (Swachh Bharat Abhiyaan), government's Housing for All, Smart Cities, social media influence, consumer preference and better living standards. The market is expected to

reach US\$ 1651.9 million by 2027, growing at a CAGR of 7.4% between 2021 and 2027.

(Source: blueweaveconsulting.com, IMARC)

## Indian real estate market revival

The Indian real estate sector resulted in a healthy rebound in 2021. The sector was estimated at US\$ 200 billion in 2021. With balanced performance and revival, the real estate sector is driven by a revival in incomes, corporate investment and sustained nuclearisation of families. The sector's growth comes after nearly seven years of a decline, enhancing affordability. The sector is expected to reach US\$ 1 trillion market size by 2030, widening the market for related products.

Foreign capital flows into Indian real estate jumped 3x to US\$ 24 billion from 2017 to 2021 compared to the preceding five years. In terms of residential sector, India is among the top 10 price appreciating housing markets. The Indian residential (home sales and new launches) sector registered a significant improvement in the period between July and September 2021. The sector witnessed a remarkable year of growth with home sales rising by 71% year on

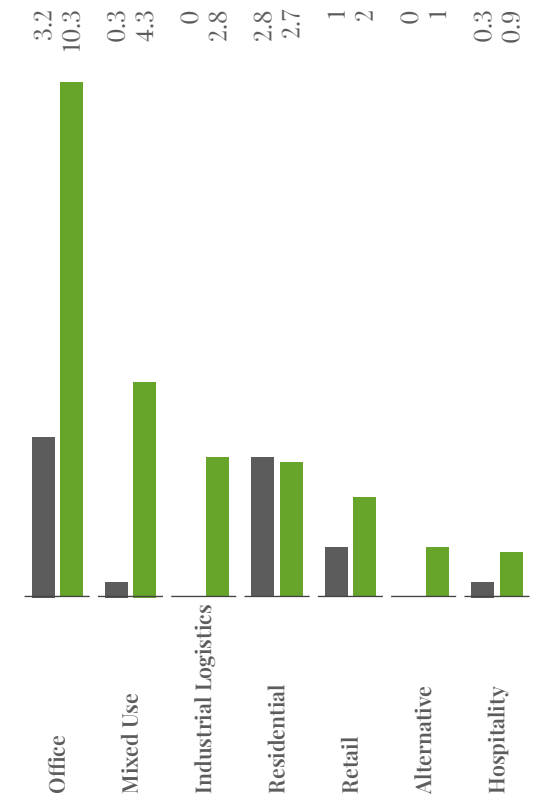
year (YoY) with 237,000 units sold across the top eight cities of the country, reaching 90% of pre-Covid 2019 levels.

New launches rose 85% across the top eight cities of the country in 2021. The mid-segment (priced between ₹40 Lakhs and ₹80 lakh), had the maximum share of total launches, at 39%, followed by the sub-affordable segment (₹40 Lakhs and below), with a 26% share. The premium segment (80 Lakhs to ₹150 Lakhs) accounted for 25% share in the year's launches. The last quarter of CY2021 outperformed, with housing sales in the top eight cities attaining a new high of 90,860 units. This is considered the highest quarterly sales performance since 2015. Besides, township projects and large-sized homes emerged as a preferred choice in residential segment in 2021 and will continue to drive real estate growth in the coming years.

(Source: IBEF, Times of India, ETimes, Mint)

## Sector wise foreign investments during 2012-16 and 2017-21 (in US\$ billion)

Foreign investment into office asset class have consistently mopped up at least US\$ 2 billion annually since 2017 except 2021



■ Foreign investment (US\$ billion 2012-2016)  
■ Foreign investment (US\$ billion 2017-2021)

Source: Colliers, Fici





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## Key tile and bathware demand drivers

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### Residential sector

**Demand for affordable housing:** The Indian affordable housing market is expected to grow 1.5x from ~ 25 million households in 2010 to 38 million in 2030.

**Sectoral rebound:** In 2022, the capital value of Indian residential segment is expected to increase by 5% due to a number of factors such as attractive pricing, growing preference for better homes and amenities. NITI Aayog expects the Indian real estate sector to account for 13% of the country's GDP by 2025 and cross US\$ 1 trillion in market size in 2030.

**Boost in tiles sector:** By 2027, the market size of Indian ceramic tiles industry is expected to reach US\$ 7,144.7 million from US\$ 3,720.2 million in 2019, growing at a CAGR of 8.6% due to the demand growth in the real estate sector fueled by government initiatives such as Smart City and Pradhan Mantri Awas Yojana.

**Per capita consumption of tiles:** India's per capita consumption of tiles is around 0.60 sqm compared with the global average of 1.40 sqm. Also, countries like China and Brazil have per capita consumption of 4.00 sqm and 3.40 sqm respectively.

**Bigger homes:** Prior to the pandemic, 2 BHK homes made the largest contribution to home sales. Post-pandemic there has been an increase in 3 BHK and 4 BHK apartments signifying homebuyers' preference for bigger and more comfortable homes.

(Source: Times of India, IBEF, indiancompanies.in)

### Commercial sector

**Growth in market size:** The commercial real estate sector is expected to grow at 13% CAGR between 2022-2027 due to traction in the hospitality and retail sector.

**Return to office:** The total office space leased

reached a figure of 46 msf in 2021 indicating the re-opening of offices after two years of work-from-home.

**Revival of retail:** In 2021, the total retail transaction was around 16 msf signifying the cessation of covid restrictions and a return to normalcy with the reopening of malls and main streets.

**Hospitality sector growth:** The Indian hospitality market in India is projected to grow to ₹1,210.9 billion by 2023, expanding at a CAGR of ~13% year on year, on the back of high arrival rate of foreign tourists and increasing disposable incomes.

(Source: Times of India, Mordor intelligence, indiancompanies.in)

### Policy

**Boost to PMAY-G:** The Indian government has declared an additional funding of RS. 2.17 Lakhs crore to fulfil its target of building 295 Lakhs houses.

**RBI policy:** The Reserve Bank of India's (RBI) Monetary Policy Committee (MPC) has maintained its existing repo and reverse repo rates in order to sustain current real estate demand trends by enhancing the affordability for consumers.

**Deadline extension:** The Indian government has extended its deadline to build pucca houses for rural families from 2022 to 2024.

(Source: IBEF)

### Financial

**Rising income levels:** India's per capita income is expected to reach around US\$ 1850 in 2022 and US\$ 1920 in 2023. The access to greater disposable income will lead to more frequent discretionary spends such as eating out and ordering in.

**Housing loans:** Despite the pandemic, outstanding home loans grew 9.6% to ₹22.3 Lakhs crore in 2021, recording the highest growth of home loans in smaller towns (tier-2 and tier-3) of the country. India home loan market is anticipated to grow at a brisk rate of around 22% by 2026 on account of increasing urbanisation and affordable mortgage rates.

(Source: Trading Economics, techsciresearch.com)

### Demographics

**Growing population:** India's population has grown from 555.2 million in 1970 to 1.39 billion in 2021, a 146% increase. Further, it is expected to reach 1.5 billion by 2030, catalysing the demand for residential and commercial spaces.

**Economic recovery:** High-frequency indicators (HFIs) are being monitored to track the progress of economic recovery in India since the first COVID-19 case was reported in January 2020. The country is showing strong signs of recovery from the devastation caused by the pandemic, with an upswing being reported in 19 out of the 22 economic indicators (HFIs) as compared to the pre-Covid levels.

**Urbanisation:** As of 2021, more than one-third (35.4%) of India's population is living in cities. By the year 2031, 75% of India's national income is expected to come from the cities, expected to catalyse home building.

**Youth populace:** More than 50% of India's population is below the age of 25 and over 65% below the age of 35, an economically productive age group. Also, India has one of the world's largest young population. Currently the median age of the country is estimated at around 28, younger than most large countries.

(Source: Invest India, ETimes, urbanet.info, Mint, Quartz India)



### Lifestyle trends

**Simplified home maintenance:** Large format ceramic tiles tie into wellness design, massive slabs, shower walls, tables and other large designs. Such formats are becoming extremely popular in residential applications as it eliminates grout lines between tiles, simplifies home maintenance and creates a spacious and chic look.

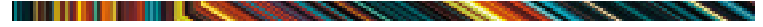
**Biophilia:** Ceramic tile designs are moving to more natural and untreated wood looks, as the timber elements evoke calm environment and a sense of nature. These natural inspirations are part of an overall trend toward wellness design, a definite growth industry since the start of the pandemic.

**Water conservation:** With an increasing awareness about sustainable water use, consumer choices are led by terms like 'water conservation'. Companies are now launching their sanitaryware and bath fittings around the concept of water conservation.

**Personalised fittings:** Consumers are inclined towards personalised and premium products and are open to spend more than usual. Customised instructions include color, size, smoothness/thickness, design, aesthetics of a space, among others, driving the growth of tiles industry.

(Source: Forbes)

Why the Indian tiles and bathware segments are likely to keep growing



Population growth

1.40

Billion, population of India, 2021

1.50

Billion, population of India, 2030

(Source: worldometers.info)

Per capita income

1850

US\$, India's GDP per capita, 2022

1920

US\$, India's GDP per capita, 2023E

(Source: Trading Economics)

Age of home ownership

35-45

Average age of home buyers in 2010

25-40

Average age of home buyers in 2022E

(Source: Times of India)

Housing affordability

~25

Million households in India, 2010

38

Million households in India, 2030E

1.5

x, potential growth rate of affordable housing in India

(Source: IBEF)

Millennial advantage

>400

Millennial population in India, 2022

~3.6

US\$, spending capacity of Indian millennials, 2022E

55

% of total home buyers are from the millennial age group (2022)

(Source: Business Insider, Anarock Property)

Urbanisation

35.4

% of the Indian population that is urban, 2021

56.6

% of the global population that is urban, 2021

(Source: Kneoma, Statistics Times)

40

% of the population would reside in urban India by 2030E

60

% of the population that could reside in urban India, 2050E

(Source: Mint, un.org)

290

million people in India who lived in cities in 2001

340

million people in India who lived in cities in 2008

600

million people in India who may live in cities in 2030E

877

million people in India who could live in cities, 2050E

(Source: The Hindu Business Line, Mint, orfonline.org)

## Standalone financial overview

### Analysis of the profit and loss statement

Revenues: Revenues from operations stood at ₹2,07,380 Lakhs in 2021-22 (grew by 27.2%), as against ₹1,63,029 Lakhs in 2020-21. Other income of the Company stood at ₹2,212 Lakhs, accounting for a meagre 1.1% of the Company's revenues, validating the Company's reliance on its core business operations.

Expenses: Total expenses of the Company increased by 27.6% from ₹1,55,145 Lakhs in 2020-21 to ₹1,97,896 Lakhs in line with scale of business. Material costs (including purchases of traded goods), accounting for a 64.6% of the Company's revenues, increased by 32.6% from ₹1,01,114 Lakhs in 2020-21 to ₹1,34,026 Lakhs in 2021-22. Employees expenses accounting for a 8.9% of the Company's revenues increased by 13.1% from ₹16,423 Lakhs in 2020-21 to ₹18,575 Lakhs in 2021-22. Moreover, the Company's power and fuel cost increased from ₹12,624 Lakhs in 2020-21 to ₹22,193 Lakhs in 2021-22.

### Analysis of the Balance Sheet

#### Sources of funds

The capital employed by the Company stood at ₹97,637 Lakhs as on 31st March 2022 as compared to ₹86,559 Lakhs as on 31st March 2021. Return on capital employed, a measurement of returns derived from every rupee invested in the business, improved

due to lower costs, improved product mix and increased revenues that enhanced amortisation.

The net worth of the Company increased from ₹61,622 Lakhs as on 31st March 2021 to ₹70,403 Lakhs as on 31st March 2022, following increased plough back from the earnings reported during the year under review. The Company's equity share capital comprised 42,474,208 equity shares of ₹2 each in the year under review.

Long-term debt of the Company decreased by 53.9% to ₹1,776 Lakhs as on 31st March 2022 following debt repayment and better terms of trade. Long-term debt-equity ratio of the Company stood at 0.03x in 2021-22 compared to 0.06x in 2020-21. Finance cost declined by 40.7% from ₹1,443 Lakhs in to ₹859 Lakhs in 2021-22 following debt repayment.

#### Applications of funds

Fixed assets (gross) of the Company enhanced 11.4% from ₹58,005 Lakhs as on 31st March 2021 to ₹64,625 Lakhs as on 31st March 2022 following the investment in production capacities. Depreciation and amortisation enhanced 5.1% from ₹4,455 Lakhs in 2020-21 to ₹4,682 Lakhs in 2021-22.

### Investments

Non-current investments of the Company enhanced from ₹6,769 Lakhs as on 31st March 2021 to ₹9,620 Lakhs as on 31st March 2022.

### Working capital management

Current assets of the Company declined by 3.6% from ₹64,230 Lakhs as on 31st March 2021 to ₹61,898 Lakhs as on 31st March 2022. Inventories including raw materials, work-in-progress and finished goods, among others, increased 8.6% from ₹13,695 Lakhs as on 31st March 2021 to ₹14,877 Lakhs as on 31st March 2022. The inventory cycle stood at 26 days of turnover equivalent in 2021-22 as compared to 31 days of turnover equivalent in 2020-21. The Company's debtors' turnover cycle improved from 50 days of turnover equivalent in 2020-21 to 42 days in 2021-22, with total amount of ₹23,449 Lakhs in 2021-22 as against ₹22,019 Lakhs in 2020-21. Loans and advances made by the Company declined by 83.9% from ₹1,085 Lakhs as on 31st March 2021 to ₹175 Lakhs as on 31st March 2022.

### Margins

EBITDA margin of the Company decreased by 122 bps from 8.5% in 2020-21 to 7.2% while the net profit margin of the Company enhanced by 85 basis points.

## Key numbers

| Particulars                 | 2021-22 | 2020-21 |
|-----------------------------|---------|---------|
| Debtors' cycle (days)       | 42 days | 51      |
| Inventory cycle (days)      | 26 days | 31      |
| Interest coverage ratio (x) | 14.60   | 7.52    |
| Current ratio (x)           | 1.20    | 1.44    |
| EBITDA/Turnover (%)         | 7.29    | 8.5     |
| Debt-equity ratio (x)       | 0.35    | 0.37    |
| Net profit margin (%)       | 4.26    | 3.4     |
| Return on Net Worth (%)     | 13.57   | 9.2     |
| Book value per share (₹)    | 165.75  | 145.08  |
| Earnings per share (₹)      | 20.62   | 13.00   |

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## Human resource review

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Human resources have become increasingly critical for success in the face of increasing competition. Somany, one of the most established brands, focused on creating a strong team to address diverse market challenges.

The Company adopted best practices dovetailed with the creation of Standard Operating Procedure (SOP) for most functions, resulting in functional consistency.

The Company pioneered the launch of an e-learning portal within the industry; its revamped e-learning modules that catalysed learning. Besides, during the year

under review, the Company participated in ‘Significant excellence in HR practices’ award and was recognised as a company with ‘Significant excellence in HR practices’ by CII. The Company conceptualised a cloud-based software to manage key result areas that automated processes, decreased manual intervention and increased process efficiency.

### Audit discipline

Somany has in place a strong internal audit committee and an internal control system to identify potential risks and report them to the Board on a quarterly basis. The Board

has a specific Audit Committee comprising Independent Directors of the Company, ensuring increased transparency and zero-manipulation.

The Company focuses on arranging executive committee meetings on a weekly basis, wherein the committee discusses about the various potential risks and brainstorm on the mitigation strategies for them. This committee does not only discuss about potential risks but also compliance issues, which might otherwise be a risk.

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## Internal control systems and their adequacy

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The Company has a set of robust control systems in place to streamline monitoring, reporting and compliance. These processes have been developed and strengthened over time with the key focus being on governance, alignment of processes to new regulations, audit reviews to determine key improvement areas and assessment of risks to develop mitigation procedures. The Company will continuously work on enhancing analytics, broaden audit coverage and check exceptions.

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## Cautionary statement

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This statement made in this section describes the Company’s objectives, projections, expectation and estimations which may be ‘forward-looking statements’ within the meaning of applicable securities laws and regulations. Actual results could differ materially from those either expressed or implied. Important factors that could make a difference to the Company’s operation include among others, economic conditions affecting demand/supply and price conditions, variation in prices of raw materials, changes in Government regulations, tax regimes, economic developments and other incidental factors.

# Board's Report

*Dear members*

Yours Directors have pleasure in presenting the 54th Board's Report together with the Annual Audited Financial Statements of the Company for the year ended 31st March 2022.

## Financial Highlights

(₹ In Lakhs)

| Particulars   | Standalone                   |                               | Consolidated                 |                               |
|---|------------------------------|-------------------------------|------------------------------|-------------------------------|
|   | YEAR ENDED<br>MARCH 31, 2022 | YEAR ENDED<br>MARCH 31, 2021* | YEAR ENDED<br>MARCH 31, 2022 | YEAR ENDED<br>MARCH 31, 2021* |
| Revenue   | 2,07,380.24                  | 1,63,029.09                   | 2,09,446.05                  | 1,65,135.65                   |
| Profit Before Depreciation, Interest and Taxes          | 17,236.25                    | 15,300.22                     | 21,995.46                    | 20,295.06                     |
| Profit before Tax (after Exceptional item)              | 11,695.55                    | 7,558.13                      | 12,636.25                    | 8,273.67                      |
| Tax Expenses  | 2,916.78                     | 2,037.23                      | 3,294.62                     | 2,214.70                      |
| Profit After Tax  | 8,778.77                     | 5,520.90                      | 9,341.63                     | 6,058.97                      |
| Non-controlling Interests                               | -                            | -                             | 472.92                       | 356.66                        |
| Profit After Tax (attributable to controlling interest) | 8,778.77                     | 5,520.90                      | 8,868.71                     | 5,702.31                      |
| Transferred to General Reserve                          |                              | -                             |                              | -                             |

\*Restated Financials

## FINANCIAL REVIEW

(The financial discussion is based on Standalone Financial Statements)

The year under review (FY22) was continued to be a challenging year for your Company on account of national as well as global factors. Resurgence of Covid wave caused uncertainties in overall economic environment particularly in the first quarter of the fiscal and the geopolitical issues like Ukraine war further added to this. Company performed well in subsequent quarters of the fiscal to gain the lost grounds of first quarter. These uncertainties led to spike in input costs in general and energy cost in particular. This affected the financial performance of your Company adversely causing pressure on margins.

Our revenue increased by 27.2% to ₹2,07,380.24 Lakhs in FY22 from ₹1,63,029.09 Lakhs in FY21 supported by a strong rebound in the market demand after the second wave of Covid pandemic. The Profit before Interest, Depreciation and Tax, Profit before Tax (PBT) excluding

Exceptional items and Profit after Tax (PAT) for the year under review, were ₹17,236.25 Lakhs, ₹11,695.55 Lakhs and ₹8,778.78 Lakhs respectively. Improvement in profitability is primarily attributable to the higher sales performance and increase in value added mix.

On the Balance Sheet front, your Company's Net Worth increased to ₹70,403.15 Lakhs in FY22 as compared to ₹61,621.55 Lakhs in FY21. The Company's total debt increased to ₹24,951.72 Lakhs in FY22 as compared to ₹22,526.94 Lakhs during FY21. The Net block (including capital work-in-progress) of your Company increased to ₹45,854.58 Lakhs during FY22 as compared to ₹43,298.41 Lakhs during FY21, primarily due to ongoing modernization cum expansion of one of the line at Northern Plant. The long-term investment increased to ₹9,619.78 Lakhs in FY22 from ₹6,769.01 Lakhs in FY21 due to additional investments in some of the subsidiaries. The Company's net current assets decreased to Rs.33,584.70 Lakhs during FY22 from ₹38,397.14 Lakhs during FY21, mainly due to decrease in total receivables and cash balance.

## CORPORATE HIGHLIGHTS

### Access to Capacity

During the year under review, your Company had access to ~63 million square meters (msm) of tiles, mainly through its own plants (26.28 msm), through subsidiaries/associates (26.39 msm) and through other outsourced partners (~10 msm). In the Bathware segment, your Company had manufacturing capacity of 1.15 million pieces per annum of sanitaryware and 0.65 million pieces per annum of bath fitting items in its subsidiaries.

### Capital Expenditure

Your Company continued to invest in expanding and upgrading its plant and machinery and infrastructure. During the year under review, Company undertook the largest capacity addition through three different projects. These three project are spread across three different geographies, which will garner the strategic advantage to the company as well. This will result in net addition of approximately 11 msm of tiles capacity. Gross block increased by ₹4,116.09 Lakhs (previous year ₹3,834.62 Lakhs) on account of addition in fixed assets.

### Branding and Distribution

Yet another financial year 2021-22 full of uncertainties passed on, taking the learnings of the previous year and moving ahead with a positive attitude we progressed steadily, it was important for us to keep an eye on the ever evolving situation and resultant market scenario. Nobody was clear how to progress, whether to go whole hog or work on a cautious calibrated approach, we decided to work on the cautious approach and worked on our marketing levers accordingly with regular market and industry insights were able to operate in more planned way. We enhanced our focus on the digital marketing and did continuous and engaging campaigns, so that the brand remains active and relevant.

In the financial year we introduced our new Salman Khan TVC for a 5-week TV campaign in News Genre, targeting channels in HSM (Hindi Speaking markets), Tamilnadu and Kerala markets. The campaign started from 15th December 2021 and was aired across leading News channels – Aaj Tak, India TV, News 18, Zee News, Manorama News, Ntv live, Asianet news, TV 9, ABP news, Gulistan news, Polimer News & Sun News.

The new SK campaign went live with a 360-degree approach across multiple platforms, including TV, digital & social media and outdoors and was successful in covering a significant ground to reach their target audience and rope in newer prospects to grow the captive base and increase the overall market penetration. The main advertisement featuring Salman Khan & Manoj Pahwa garnered over 1 million views in less than 48 hours. Somany Ceramics' YouTube channel's subscriber count also doubled within the campaign's duration. The overall campaign's performance exceeded expectations and showed outstanding results in terms of cost. The Brands overall TOM awareness increased significantly.

In digital media we worked on consistency. Leveraged the brand ambassador Salman Khan's popularity to the fullest. Moment marketing was capitalized upon, and communication was designed to be more relatable to attract the social media crowd across the population strata.

To further boost our presence, and make High Recall for the Brand SOMANY we also forayed into on ground cricket and participated in India Vs New Zealand & India Vs South Africa series which gave us a very good response in the mass markets as well as in the Niche segment as Cricket is like religion in India.

Further, brand SOMANY has won a series of awards in the last financial year, namely- Power of Desire – “The Most Desired Brands”, ET Best Brands in Building material and ET Iconic brands of India award.

The year being our 50th anniversary, was very special for all of us so we have created a SOMANY anthem with the winners of Indian Idols. A grand 3 days' celebration event was organized in GOA to celebrate our journey with our key dealers & employees.

We also on boarded a PR agency – Percept Ltd. during the year and they are actively involved in all the press coverage releases of franchise store launch, product launch and corporate interviews of the management.

Also during the year, Somany Ceramics hired a creative agency – Law and Kenneth Saatchi and Saatchi (LKSS) to work with us on the creative mandate for Somany Ceramics.

Moving ahead in strengthening the distribution network and expanding your Company's footprint, we now have 386 franchise outlets. Our Company also has 18 Company Owned Display Centres all over India.

For brand recall the company covered strategically placed pan India hoardings at major Dealer points and also at various Tier 3 and Tier 4 towns. To boost the brand imagery, we continued with our Airport strategy with “50 saalon ZSJ (Zameen se Judey)” campaign at the 4 major Airports in India. Branding & POSM (Point of Sale Material) was made available and plastered across Dealer touchpoints throughout the year and we have covered around 12000 + dealer touchpoints,

We also created innovative POSM elements such as slip shield stands for the dealer points for pushing our slip shield tiles. Another very interesting category that we have started pushing during the year was Ezy Fix adhesives by means of a unique display stands for the same was sent to the dealer points to display all our product range of adhesives. We also created a demonstrative display for our Temp Shield tiles.

A very positive response of pan India product launch of Emboss showcasing our new series of Tile designs to our dealers. We also did approx. 80 meets with masons & plumbers with an average of 30 mason/plumbers per meeting.

In Bathware segment, full-fledged marketing support was provided throughout the year, with major focus on BTL efforts we have executed

branding at more than 1000 Stores, also “Shop in Shop” zones in more than 125 stores across the nation to give an exclusive display zone for bathware products.

Regular, monthly POSM support was given to the Trade with Posters, Display Stands, Catalogues CP panels etc. and we covered around six thousand stores.

Social Media was an area where we focused separately for Bathware with continuous posts month on month.

## INDIAN ECONOMY & INDUSTRY SCENARIO AND OUTLOOK

### Economy

The year under review remained a challenging one. Various uncertainties affecting the overall economic activities happened. Resurgence of Covid wave impacted the growth severely in the first quarter of the year, however, the resilient Indian economy made a decent rebound very soon helping to achieve a decent growth rate of 8.7% in 2021-22 as compared to the de-growth of 7.3% in 2020-21.

As the year progressed, a number of positive indicators started reflecting the robustness of the economy that boos the overall business and consumer sentiments. Increase in Foreign Direct Investment (FDI) by 15% demonstrated the confidence of global investors. Indian government relaxed the FDI norms by allowing 100% FDI in insurance intermediaries and increasing the limit for 40% to 74% for insurance sector.

Going forward, the overall economic outlook seems promising in the backdrop of further improvement in economic activities across the sectors. The Indian economy is projected to grow at high single digit in FY23 coupled with the tailwinds of consistent agricultural growth, rising government spending, variety of favourable reforms, fattening of Covid infection curve led by higher number of vaccinations, etc.

### Industry

FY22 started with a challenging economic situation in general and muted demand for Tile, Sanitary Ware and Bath Fittings industry in particular since it is linked with discretionary spending of the consumer. However, the strong rebound in economical activities helped the industry to come back on track rapidly. Further, the home improvement got attention in general for the reason people spending more time at home. Work from Home culture further propel the home beautification though at a larger level in addition to the requirement of bigger space or home.

Although in the short-term the outlook seems to be under pressure, your company is optimistic on the medium to long term prospects in view of several government initiatives for encouraging infrastructure development and favorable demographics including increasing urbanization expected to drive the offtake in the Tiles, Sanitary Ware and Bathroom Fittings industry.

## DIVIDEND

Based on the Company’s performance during the period under review, your Board of Directors recommends a dividend of 150% i.e. ₹3/- per equity share as against Interim Dividend of 120% i.e. ₹2.40 per share in the previous year. This represent a payout ratio of 14.5%.

## DIVIDEND DISTRIBUTION POLICY

Pursuant to Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the dividend declared by the Company is in accordance with the company’s dividend distribution policy.

The Dividend Distribution policy is available on the website of the Company at the web link: [https://www.somanyceramics.com/pub/media/investorrelation/d/i/dividend\\_distribution\\_policy\\_scl.pdf](https://www.somanyceramics.com/pub/media/investorrelation/d/i/dividend_distribution_policy_scl.pdf)

## RESERVES

No amount has been transferred to any reserve.

## UTILISATION OF PROCEEDS ON ISSUE OF SHARES THROUGH QUALIFIED INSTITUTIONS PLACEMENT (QIP)

The Company has fully utilized the proceeds of ₹11,999.97 Lakhs (including issue expenses of ₹307.34 Lakhs), raised through qualified institutions placement of equity shares in December, 2015, for the purpose the funds were so raised.

## PUBLIC DEPOSITS

Your Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

## SCHEME OF AMALGAMATION

During the current year, the Hon'ble National Company Law Tribunal Kolkata Bench vide order dated 20th December 2021 and the Hon'ble National Company Law Tribunal Delhi Bench vide order dated 24th December 2021, sanctioned the Scheme of Amalgamation of Schablona India Limited (Amalgamating Company) engaged in the business of manufacturing and trading of tiles and home decor, with the Company under Section 230 to 232 of the Companies Act, 2013 from the appointed date i.e. 1st April 2019. The Scheme became effective on 1st January 2022 on filing of orders with respective Registrar of Companies.

Pursuant to the aforesaid orders, the Board of Directors in its meeting held on 13th January 2022, allotted 94,782 equity shares to the eligible Shareholders of Amalgamating Company and the Listing approvals for the aforesaid allotted shares were obtained from both the Stock Exchanges namely BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.



Subsequently, the trading approvals for trading of above shares at BSE Limited and National Stock Exchange of India Limited were received on 2nd March 2022.

## SHARE CAPITAL

Authorized Share Capital: Your Company has Authorized Share Capital of ₹3230 Lakhs divided into 1615 lakhs Equity Shares of ₹2/- each.

In terms of the scheme of amalgamation, authorized share capital of the company has since been increased by ₹500 lakhs (2,50,00,000 equity shares of ₹2 each) on merger of authorised share capital of M/s Schablona India Limited (Amalgamating Company) with the Company.

Issued, Subscribed and Paid up Share Capital: Your Company has its Issued, Subscribed and Paid up Share Capital of ₹849.48 Lakhs divided into 424.74 Lakhs Equity Shares of ₹2/- each.

In terms of the scheme of amalgamation, 3 (Three) fully paid-up equity shares of ₹2 each of the Company were issued and allotted to the Shareholders of M/s Schablona India Limited (Amalgamating Company) for every 100 (Hundred) Equity shares of ₹4/- each held by them. These shares rank pari passu in all respect (including dividend) with the existing shareholders of the Company. Accordingly, the Issued, Subscribed and Paid up Share Capital of the Company got increased by ₹1.90 Lakhs (94,782 equity shares of ₹2/- each)

## SUBSIDIARY / ASSOCIATE / JOINT VENTURE COMPANIES

During the year, the Board of Directors reviewed the affairs of its subsidiaries and associate companies. In accordance with Section 129(3) of the Companies Act, 2013, the consolidated financial statements of the Company, incorporating financials of all its subsidiaries and associate companies, which forms part of this Annual Report, have been prepared. During the year under review, one Wholly Owned Subsidiary namely Somany Max Private Limited was incorporated on 24th February 2022 and one step down Subsidiary namely SRCL Buildwell Private Limited was incorporated on 9th November 2021 which is a wholly owned subsidiary of SR Continental Limited. Except that an existing Subsidiary namely Somany Bath Fittings Private Limited became Wholly Owned Subsidiary. No existing Subsidiary, Joint Venture or Associate Company has ceased.

In accordance with Section 136 of the Companies Act, 2013, the audited financial statements, including the consolidated financial statements along with related information of the Company and audited accounts of each of its subsidiaries, are available on Company's website at <http://www.somanyceramics.com>. These documents will also be available for inspection at the registered office of the Company at 2, Red Cross Place, Kolkata - 700001, India between 3:00 p.m. and 5:00 p.m. in working days till the date of ensuing Annual General Meeting (AGM).

The statement required under Section 134 of the Companies Act, 2013 in respect of the subsidiary companies, associates and joint venture in the

form AOC-1 is provided at **Annexure – 1** to this report, which comprises performance and financial position of each of Subsidiaries, Associates and Joint Venture.

Refer para on Subsidiary Companies in the Corporate Governance Report for additional details.

## PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

All contracts/ arrangements/ transactions entered by the Company during FY 2021-22 with related parties were on an arm's length basis and in the ordinary course of business. There were no Material Related Party Transactions (MRPTs) undertaken by the Company during the year that require Shareholders' approval under Regulation 23(4) of the SEBI Listing Regulations or Section 188 of the Act. The approval of the Audit Committee was sought for all RPTs. Certain transactions which were repetitive in nature were approved through omnibus route. All the transactions were in compliance with the applicable provisions of the Act and SEBI Listing Regulations. Details with respect to transaction(s) with the Related Party(ies) entered into by the Company during the reporting period are disclosed in the accompanying Financial Statements and the details pursuant to clause (h) of Section 134(3) of Act and Rule 8(2) of the Companies (Accounts) Rules, 2014 are given in Form AOC-2 is annexed as **Annexure – 2**.

Your directors draw attention of the shareholders to the financial statements which set out related party disclosures.

Related Party Transactions Policy as approved by the Board has been uploaded on the Company's website [www.somanyceramics.com](http://www.somanyceramics.com) at the web link: [https://d3bvng1ozw4ph9.cloudfront.net/media/investorrelation/r/p/rpt\\_policy\\_w.pdf](https://d3bvng1ozw4ph9.cloudfront.net/media/investorrelation/r/p/rpt_policy_w.pdf)

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Disclosure pursuant to Section 134(3)(g) of the Companies Act, 2013 regarding Particulars of Loans, Guarantees and investments covered under Section 186 of the Companies Act, 2013 are provided in the notes to Financial Statements (Standalone) forming part of this Annual Report.

## RISK MANAGEMENT

The Company has Risk Management Systems in place in accordance to Section 134(3)(n) of the Companies Act, 2013. Risk Management Policy of the Company is also in place and necessary steps have been taken from time to time to strengthen it further. The Risk Management process is followed to identify, assess and prioritise risks that need to be minimised, monitored and mitigated and is quite elaborate. These measures help in reducing and controlling the impact of adverse events and maximise the realisation of opportunities. Major risks are identified systematically and mitigated on a continuous basis. A few of the identified risks pertain to competitive intensity and cost volatility.

The Risk Management Policy as approved by the Board has been uploaded on the Company's website [www.somanyceramics.com](http://www.somanyceramics.com) at the web link: [https://d3bvng1ozw4ph9.cloudfront.net/media/investorrelation/r/i/risk\\_management\\_policy\\_scl\\_-\\_website.pdf](https://d3bvng1ozw4ph9.cloudfront.net/media/investorrelation/r/i/risk_management_policy_scl_-_website.pdf)

### INVESTOR EDUCATION & PROTECTION FUND (IEPF)

Pursuant to Sections 124 and 125 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), dividend, if not claimed for a period of seven years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to IEPF.

Further, all the shares in respect of which dividend has remained unclaimed for seven consecutive years or more from the date of transfer to unpaid dividend account shall also be transferred to the demat account of IEPF Authority. The said requirement does not apply to shares in respect of which there is a specific order of Court, Tribunal or Statutory Authority, restraining any transfer of the shares.

In the interest of the shareholders, the Company sends periodical reminders to the shareholders to claim their dividends in order to avoid transfer of dividends/shares to IEPF Authority. Notices in this regard are also published in the newspapers and the details of unclaimed dividends and shareholders whose shares are liable to be transferred to the IEPF Authority, are uploaded on the Company's website.

In light of the aforesaid provisions, the unpaid/ unclaimed dividend for the year ended 31st March 2015 is due for transfer to IEPF on or after 6th October 2022.

During the period under review, the Company transferred 4,059 Equity Shares of Rs. 2/- each against which dividend remained unclaimed for a consecutive seven years from 2013-14 to 2020-21, to Investor Education and Protection Fund (IEPF) pursuant to Section 124 (6) of the Companies Act, 2013 within the scheduled time.

Further, a Dividend amount of Rs. 4,59,252/- which remained unclaimed for the year 2013-14 was transferred to IEPF pursuant to Section 124 of the Companies Act, 2013 within the Scheduled time.

### STATEMENT ON COMPLIANCES OF APPLICABLE SECRETARIAL STANDARDS

In requirement of Para 9 of revised Secretarial Standards on Board Meeting i.e. SS-1, your Directors state that they have devised proper systems to

ensure compliance with the provisions of applicable Secretarial Standards and that such systems are adequate and operating effectively.

### DIRECTORS' RESPONSIBILITY STATEMENT

To the best of the knowledge and belief of the Directors of the Company and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 134(3) (c) and Section 134 (5) of the Companies Act, 2013:

- a) In the preparation of the annual accounts for the year ended 31st March 2022, the applicable accounting standards read with requirements set out under Schedule III to the Act, had been followed with proper explanation and there are no material departures from the same;
- b) The Directors' had selected such accounting policies, applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2022 and of the profit of the Company for the year ended on that date.
- c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) The Directors had prepared the annual accounts on a going concern basis.
- e) The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

### CONSOLIDATED FINANCIAL RESULTS

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

The consolidated net profit of your Company was ₹8,868.71 Lakhs in the year under review compared to ₹5,702.31 Lakhs in the corresponding previous year.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

The list of Directors and Key Managerial Personnel at the end of the reporting period is as under:

| Name   | Designation                              | Category                 |
|--|--|--------------------------|
| Mr. Shreekant Somany<br>(DIN: 00021423)              | Chairman & Managing Director             | Executive                |
| Mr. Abhishek Somany<br>(DIN: 00021448)               | Managing Director                        | Executive                |
| Mr. Salil Singhal<br>(DIN: 00006629)                 | Independent Director                     | Non-Executive            |
| Mr. Rameshwar Singh Thakur<br>(DIN: 00020126)        | Independent Director                     | Non-Executive            |
| Mr. Ravinder Nath<br>(DIN: 00062186)                 | Independent Director                     | Non-Executive            |
| Mrs. Rumjhum Chatterjee<br>(DIN: 00283824)           | Independent Director                     | Non-Executive            |
| Mr. Vineet Agarwal<br>(DIN: 00380300)                | Independent Director                     | Non-Executive            |
| Mr. Siddharath Bindra<br>(DIN: 01680498)             | Independent Director                     | Non-Executive            |
| Mr. Ghanshyam Girdharbhai Trivedi<br>(DIN: 00021470) | Non-Independent Director                 | Non-Executive            |
| Mr. Saikat Mukhopadhyay                              | Chief Financial Officer                  | Key Managerial Personnel |
| Mr. Ambrish Julka                                    | Company Secretary and Compliance Officer | Key Managerial Personnel |

Mr. Ghanshyam Girdharbhai Trivedi (DIN: 00021470), Non Executive Non Independent Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible offered himself for re-appointment.

During the financial year under review, Mrs. Anjana Somany (DIN: 00133542), Whole-time Director of the Company resigned from the Directorship of the Company w.e.f. 16th June 2021. The Board places on record its appreciation for contribution made by her during her tenure of Directorship in the Company.

The term of appointment of Mr. Rameshwar Singh Thakur (DIN: 00020126) and Mrs. Rumjhum Chatterjee (DIN: 00283824) as Independent Directors is completing on 23rd May 2023 and 31st August 2023, respectively. Your Directors upon recommendation of Nomination and Remuneration Committee proposed to reappoint Mr. Rameshwar Singh Thakur (DIN: 00020126) and Mrs. Rumjhum Chatterjee (DIN: 00283824) as Independent Directors for the second term of 5 years w.e.f. 24th May 2023 and 1st

September 2023, respectively, subject to the approval of the Shareholders at the ensuing Annual General Meeting of the Company.

The term of Mr. Abhishek Somany (DIN: 00021448) as Managing Director of the Company is due for completion on 31st May 2023. Your Directors upon recommendation of Nomination and Remuneration Committee proposed to reappoint Mr. Abhishek Somany (DIN: 00021448), as Managing Director for further period of 3 Years i.e. from 1st June 2023 to 31st May 2026. The proposal for confirmation of re-appointment of Mr. Abhishek Somany (DIN: 00021448) as Managing Director for further period of 3 years shall be put up before the ensuing Annual General Meeting for the approval of the Shareholders of the Company.

The disclosures required pursuant to Regulation 36 of the SEBI Listing Regulations and the Secretarial Standards on General Meeting ("SS-2") are given in the Notice of this AGM, forming part of the Annual Report.

Mr. Saikat Mukhopadhyay, Chief Financial Officer ("CFO") of the Company resigned w.e.f. 31st May 2022. The Board places on record its

appreciation for the contribution made by him during his tenure as CFO in the Company.

### DECLARATION OF INDEPENDENCE

All Independent Directors of the Company have given requisite declarations under Section 149(7) of the Companies Act 2013, (“ACT”) that they meet the criteria of independence as laid down under Section 149(6) of the Act alongwith Rules framed thereunder, Regulation 16(1)(b) of SEBI Listing Regulations and have complied with the Code of Conduct of the Company as applicable to the Board of Directors and Senior Managers. In terms of Regulation 25(8) of the SEBI Listing Regulations, the Independent Directors have confirmed that they are not aware of any circumstance or situation, which exists or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgement and without any external influence. The Company has received confirmation from all the Independent Directors of their registration on the Independent Directors Database maintained by the Indian Institute of Corporate Affairs, in terms of Section 150 read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

The Independent Directors of the company have complied with the Code for Independent Directors as prescribed in Schedule IV to the Act.

In the opinion of the Board, the Independent Directors possess the requisite expertise and experience and are persons of high integrity and repute. They fulfill the conditions specified in the Act as well as the Rules made thereunder and are independent of the management.

### BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and SEBI Listing Regulations evaluation has been carried out by the Board, Nomination and Remuneration Committee (NRC) and by the Independent Directors. The Board has carried out an annual performance evaluation of its own, individual Directors including Independent Directors (excluding the director being evaluated) and its Committees.

Board evaluation was carried out on the basis of questionnaire, prepared after considering various inputs received from the Directors, covering various aspects revealing the efficiency of the Board’s functioning such as Development of suitable strategies and business plans, size, structure and expertise of the Board and their efforts to learn about the Company and its business, obligations and governance.

Performance evaluation of every Director was carried out by Board and Nomination and Remuneration Committee on parameters such as appropriateness of qualification, knowledge, skills and experience, time devoted to Board deliberations and participation in Board functioning, extent of diversity in the knowledge and related industry expertise, attendance and participations in the meetings and workings thereof and

initiative to maintain high level of integrity & ethics.

In their separate meeting, the Independent Directors had carried out performance evaluation of Non-Independent Directors, the Board as a whole and the Chairman, taking into account the views of Executive and Non-Executive Directors.

The quality, quantity and timeliness of flow of information between the Company Management and the Board which is necessary for the Board to effectively and reasonably perform their duties were also evaluated in the said meeting.

The performances of Committees were evaluated on parameters such as whether the Committees of the Board are appropriately constituted, Committees has an appropriate number of meetings each year to accomplish all of its responsibilities, Committees maintain the confidentiality of their discussions and decisions, Committee conducts a self-evaluation at least annually, Committees make periodically reporting to the Board along with its suggestions and recommendations.

Independent Director’s performance evaluation was carried out on parameters such as Director upholds ethical standards of integrity, the ability of the director to exercise objective and independent judgment in the best interest of Company, the level of confidentiality maintained. The Directors expressed their satisfaction with the evaluation process.

The Board found the evaluation satisfactory and no observations were raised during the said evaluation in current year as well as in previous year.

### NOMINATION AND REMUNERATION POLICY

Your Company has formulated the nomination and remuneration policy for its Directors, Key Managerial Personnel and other Employees of the Company. This Policy sets out the guiding principles for Nomination and Remuneration Committee of the Company for recommending to the Board the remuneration of the directors, Key Managerial Personnel, Senior Management and other employees of the Company.

The Nomination and Remuneration Committee shall identify and ascertain the integrity, qualification, positive attributes, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board their appointment based upon the need of the Company.

Nomination and Remuneration policy covers the appointment of Directors, Key Managerial Personnel, Senior Management and other employees of the Company including Remuneration.

The Nomination and Remuneration policy is available for the stakeholders at the website of the Company [https://d3bvnglozw4ph9.cloudfront.net/media/investorrelation/n/o/nomination\\_and\\_remuneration\\_policy\\_revised.pdf](https://d3bvnglozw4ph9.cloudfront.net/media/investorrelation/n/o/nomination_and_remuneration_policy_revised.pdf)

## MEETINGS OF THE BOARD

During the year, the Board of Directors met 7 times, i.e., on June 16, August 5, November 11, December 10 in 2021 and on January 13, February 2, March 31 in 2022. For details, please refer to the Report on Corporate Governance, which forms a part of this Annual Report.

## COMMITTEES OF THE BOARD

During the year, Two (2) Meetings of Nomination and Remuneration Committee, Four (4) meetings of Stakeholders Relationship Committee and Seven (7) meetings of Audit Committee, One (1) meeting of Corporate Social Responsibility, Twelve (12) meetings of Share Transfer Committee, One (1) Meeting of Company Administrative Committee and and Two (2) meetings of Risk Management Committee were held, the details of which are given in the Corporate Governance Report forming part of this Annual Report.

## AUDIT COMMITTEE

The constitution of the Audit Committee is Mr. Rameshwar Singh Thakur, Chairman of the Committee and Mr. Salil Singhal, Mr. Vineet Agarwal and Mr. Ghanshyam Girdharbhai Trivedi are other members of the Audit Committee.

All the recommendations made by the Audit Committee were accepted by the Board.

## AUDITORS

### Statutory Auditor

M/s. Singhi & Co., Chartered Accountants, having Firm Registration No.302049E, were appointed at the 49th Annual General Meeting (AGM) held on 25th August 2017, for a term of 5 years until the conclusion of the ensuing AGM. The tenure of M/s Singhi & Co. for 5 years as Statutory Auditor of the Company concludes at the ensuing AGM of the Company.

The Company has received confirmation from the Statutory Auditors to the effect that their re-appointment, if made, will be in accordance with the limits specified under the Act and the firm satisfies the criteria specified in Section 141 of the Act read with Rule 4 of the Companies (Audit and Auditors) Rules, 2014.

The Board of Directors of the Company on the recommendation of the Audit Committee has recommended the re-appointment of M/s Singhi & Co. as the Statutory Auditors of the Company pursuant to Section 139 of the Act for a second term of 5 (five) years to hold office from the conclusion of the ensuing AGM till the conclusion of 59th AGM of the Company to be held in the year 2027, subject to approval by the Members at the ensuing AGM.

The observations of the Auditors, if any, are explained wherever necessary, in the appropriate notes to the accounts.

The Statutory Auditor's report does not contain any qualifications, reservations, adverse remarks or disclaimers, which would be required to be dealt with in the Boards' Report.

Pursuant to provisions of the Section 143(12) of the Companies Act, 2013, the Statutory Auditors has not reported any incident of fraud during the year under review.

### Secretarial Auditor

M/s Pinchaa & Co., Company Secretaries having Unique Code Number (U.C.N.) P2016RJ051800 were appointed to conduct Secretarial Audit under the provisions of Section 204 of the Companies Act, 2013 for the financial year 2021-22. The Secretarial Audit Report for the financial year ended 31st March 2022 is annexed and marked as **Annexure – 3** to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

Further, the Board has re-appointed M/s Pinchaa & Co., Company Secretaries having U.C.N. P2016RJ051800 as Secretarial Auditor of the Company for the FY 2022-23.

Pursuant to provisions of the Section 143(12) of the Companies Act, 2013, the Secretarial Auditor has not reported any incident of fraud during the year under review.

### Internal Auditors

Your Directors, during the year under review, re-appointed M/s. Grant Thornton Bharat LLP, (LLPIN: AAA-7677), to act as the Internal Auditors of the Company for the financial year 2021-22 pursuant to Section 138 of the Companies Act, 2013 read with The Companies (Accounts) Rules, 2014.

## ANNUAL RETURN

Pursuant to Section 92(3) and Section 134(3)(a) of the Companies Act, 2013, the Company has placed a copy of the Annual Return as at 31st March 2022 on its website at <https://www.somanyceramics.com> at web link: [https://d3bvng1ozw4ph9.cloudfront.net/media/investorrelation/f/o/form\\_mgt\\_7.pdf](https://d3bvng1ozw4ph9.cloudfront.net/media/investorrelation/f/o/form_mgt_7.pdf)

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company implemented Corporate Social Responsibility Policy in accordance with the provisions of Section 135 of the Companies Act, 2013 read with The Companies (Corporate Social Responsibility Policy) Rules, 2014 on recommendation of Corporate Social Responsibility Committee (CSR Committee) and on approval of the Board of Directors of the Company.

CSR Committee undertakes CSR activities in accordance with its Corporate Social Responsibility Policy (CSR Policy) uploaded on the Company's website at [www.somanyceramics.com](https://www.somanyceramics.com) at the web link: [https://d3bvng1ozw4ph9.cloudfront.net/media/investorrelation/c/o/corporate\\_social\\_responsibility\\_policy\\_revised\\_16-06-2021.pdf](https://d3bvng1ozw4ph9.cloudfront.net/media/investorrelation/c/o/corporate_social_responsibility_policy_revised_16-06-2021.pdf)

In fiscal 2022, 2% of the average net profit of the Company, made during the three immediately preceding financial years comes out to be ₹116.68 Lakhs. A report on CSR activities is provided in **Annexure – 4** to this report.

### INTERNAL CONTROL SYSTEMS

The Company has an effective Internal Control System in place considering the size, scale and complexity of operations.

The internal control is supplemented by the detailed internal audit programme, reviewed by management and by the Audit Committee and documented Policies, SOPs, Guidelines and Procedures.

The Internal Audit monitors and evaluates the efficacy and adequacy of internal control system in the company, its compliance with operating systems, accounting procedures and policies at all locations of the company.

### INTERNAL FINANCIAL CONTROL

The Company has an adequate Internal Financial Control (IFC) System in accordance with the Section 134(5)(e) of the Companies Act 2013 for ensuring the orderly and efficient conduct of its business including adherence to company policies safeguarding of its assets, prevention & deduction of frauds and errors, accuracy & completeness of accounting records and timely preparation of reliable financial information.

The standard controls defined in the IFC framework are reviewed by the Internal auditors and management concurrently to strengthen the existing processes and activities of the company by way of formulating new guidelines and incorporating necessary changes in the SOP.

### HUMAN RESOURCE (HR)

The Financial Year 2021-22 has been an eventful year with numerous challenges and occasions, however, with strong team collaboration, resilience and critical thinking we have been able to sail through them successfully. Sensing the recurring pattern of Covid variants after every 3-4 months, our focus has always been to ensure uncompromised adherence to safety processes.

An active vaccination drive was organized across all business premises, to safeguard people health and ensure a safe work environment. Moreover, regular Covid testing helped to identify infection at very early stages. Constant reminders and updates related to COVID were shared regularly and health and safety measure trainings were imparted every month to ensure people are fully aware. Well-equipped COVID Centres were also set up to extend care and support to people during pandemic.

Considering the changes in business landscape, HR processes were streamlined with further digitalization and enhancement of lesser productive workflows which were made more efficient. L&D team

revamped conventional learning content into more agile and need based modules. In addition to professional/ skill development modules, new learning solutions were introduced in areas of Emotional Intelligence; employee wellness, digital thinking; Transformational leadership etc.

This year, 10 new courses were launched on our E-Campus portal. By leveraging modern learning tools and technology, we have significantly broadened reach of our learning offerings to employees across India. With parallel focus on both classroom learning and virtual learning experiences, approx. 90% people availed learning opportunities offered by Somany.

To revive employee's focus and engagement towards their goals and performance, well-tailored Performance orientation workshops were organized company-wide. These experiential workshops aimed at making goal setting, employee appraisal and feedback processes, more relevant, value adding and growth-fostering.

During pandemic, many employees' families were shattered as their bread earners and loved ones succumbed to the illness. That's when the Benevolent Fund and Bereavement policy was introduced that allows the bereaving family to avail organization's financial support through such hard times.

With onset of pandemic, employee wellness and engagement have become all the more important part of our HR strategy. We revamped and strengthened our New Joiners connect (Samwad) and Stay Interview program. While continuing virtual celebrations of events, it was a challenge to build back on the culture of physical celebration among teams. With this intent, we brought back in-house Birthday celebrations, while continuing to maintain all COVID safety protocols. This year, we organized our Annual Children's day event "Nanhe Kalakar" as a unique experiential virtual talent show.

### WHISTLE BLOWER POLICY/ VIGIL MECHANISM

The Company has a continuous Vigil Mechanism/ Whistle Blower Policy in line with Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in terms of Section 177(9) of the Companies Act, 2013. The policy enables the stakeholders (including Directors and employees) to report unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct.

The Policy provides adequate safeguards against victimization of Director(s)/ employee(s) and enables direct access to the Chairman of the Audit Committee in exceptional cases. The protected disclosures, if any, reported under this Policy are appropriately and expeditiously investigated by the Chairman. The details of the Whistle Blower Policy is also explained in the Corporate Governance Report and is also available on the website of the Company at the weblink: [https://d3bvng1ozw4ph9.cloudfront.net/media/investorrelation/v/i/vigil\\_mechanism\\_whistle\\_](https://d3bvng1ozw4ph9.cloudfront.net/media/investorrelation/v/i/vigil_mechanism_whistle_)

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

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

The information on conservation of energy, R&D, technology absorption, foreign exchange earnings and outgo as required under Section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 forms part of this Report as **Annexure – 5**.

## PARTICULARS OF EMPLOYEES

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

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

## EMPLOYEE STOCK OPTION

The Nomination and Remuneration Committee and Board of Directors of the Company in their meeting held on 10th December 2021 approved the Somany Ceramics Employee Stock Plan 2021 (hereinafter to be referred as "Somany Ceramics Employee Stock Option Plan 2021" or the "Plan" or "Scheme") for grant of 4,23,794 Options to Eligible Employees/Directors of the Company and/or group companies including Subsidiary or Associate Companies and recommended the same to the Shareholders of the Company for their approval.

The Plan was approved by the shareholders of the Company on 7th April 2022 through Postal ballot. As per Regulation 12(3) of SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, the company obtained in-principle approval of the stock exchanges prior to the grant of options.

The Nomination and Remuneration Committee granted 3,50,102 options to 33 eligible employees of the Company on 29th April 2022. The grant of options was done at the latest available closing price prevailing on the National Stock Exchange of India Limited being the Stock Exchange which recorded the highest trading volume in the Equity Shares of the Company on 28th April 2022 i.e. the previous trading day immediately preceding the date on which the grant of Options was approved by the Committee.

The disclosure required under Regulation 16 (2) of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 made to the prospective option grantees. The details of the Plan is also available on the website of the Company at the weblink: [https://d3bvng10zw4ph9.cloudfront.net/media/investorrelation/e/s/esop\\_details.pdf](https://d3bvng10zw4ph9.cloudfront.net/media/investorrelation/e/s/esop_details.pdf)

## CORPORATE GOVERNANCE

Your Company has been following the principles and practices of good Corporate Governance. A separate report on Corporate Governance and a certificate from the Statutory Auditors confirming compliance with the Corporate Governance requirements forms part of this Report as **Annexure – 7**.

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

Your Company continues to follow robust policy on Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace.

The Company has a Policy on Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace and matters connected therewith or incidental thereto covering all the aspects as contained under "The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013". The company has complied with the provision relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013.

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

## OTHER DISCLOSURES

- I. There were no significant material orders passed by the Regulators / Courts during the financial year 2021-22 which would impact the going concern status of the Company and its future operations.
- II. There were no significant material changes and commitments in terms of Section 134(3) (l) of the Companies Act, 2013, affecting the financial position of the Company.
- III. The maintenance of cost records as specified by the Central Government under sub-Section (1) of Section 148 of the Companies Act, 2013 is not applicable to the Company.
- IV. There are no proceedings initiated/ pending against your Company under the Insolvency and Bankruptcy Code, 2016 which materially impact the business of the Company.
- V. There has been no change in the nature of business of the Company.

- VI. There was no instance of one-time settlement with any Bank or Financial Institution.

For and on behalf of the Board  
SOMANY CERAMICS LIMITED

Place: Noida  
Dated: 10th August 2022

Shreekant Somany  
Chairman and Managing Director  
DIN:00021423



# Business Responsibility Report

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

|     |  |   |                                   |          |               |
|-----|--|---|-----------------------------------|----------|---------------|
| 1.  | Corporate Identity Number (CIN) of the Company   | L40200WB1968PLC224116   |                                   |          |               |
| 2.  | Name of the Company  | Somany Ceramics Limited   |                                   |          |               |
| 3.  | Registered address   | 2, Red Cross Place, Kolkata - 700 001   |                                   |          |               |
| 4.  | Website  | www.somanyceramics.com  |                                   |          |               |
| 5.  | E-mail id  | corporateaffairs@somanyceramics.com   |                                   |          |               |
| 6.  | Financial Year reported  | 1st April 2021 to 31st March 2022   |                                   |          |               |
| 7.  | Sector(s) that the Company is engaged in (industrial activity code-wise)                       | Code as per NIC – 23929 – Ceramic/Vitrified Wall & Floor Tiles, Sanitaryware and Bath Fittings. |                                   |          |               |
| 8.  | List three key products/services that the Company manufactures/ provides (as in balance sheet) | Ceramic/Vitrified Wall & Floor Tiles, Sanitaryware & Bath Fittings.                             |                                   |          |               |
| 9.  | Total number of locations where business activity is undertaken by the Company                 | A   | Number of International Locations | NIL      |               |
|     |  | B   | Number of National Locations      |          |               |
|     |  | i   | Manufacturing Locations           |          |               |
|     |  |   | Own                               | 2        |               |
|     |  |   | Subsidiaries/Associates/JVs       | 15       |               |
|     |  | ii  | Sales Depot                       | 5        |               |
|     |  | iii   | Showrooms/ Display centers        | 403      |               |
|     |  | Iv  | Registered Office                 | 1        |               |
|     |  | v   | Corporate Office                  | 1        |               |
| 10. | Markets served by the Company  | Local   | State                             | National | International |
|     |  | √   | √                                 | √        | √             |

## SECTION B: FINANCIAL DETAILS OF THE COMPANY

|    |   |   |
|----|---|---|
| 1. | Paid up Capital   | ₹849.48 Lakhs   |
| 2. | Total Turnover  | ₹2,07,380.24 Lakhs  |
| 3. | Total profit after taxes  | ₹8,778.77 Lakhs   |
| 4. | Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) | The Company has spent ₹116.68 Lakhs (2% of the average net profit after taxes in the previous three financial year) towards CSR activities during the year.   |
| 5. | List of activities in which expenditure in 4 above has been incurred:-                        | <ul style="list-style-type: none"> <li>Promoting health care including preventive health care</li> <li>Skill Development &amp; livelihood/ employment enhancement Promoting Education</li> <li>Protection of National Heritage, Art and Culture</li> <li>Training to promote rural sports, nationally recognised sports, paralympic sports and olympic sports.</li> <li>Rural development projects</li> </ul> |

**SECTION C: OTHER DETAILS**

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

**SECTION D: OTHER DETAILS**

## 1. Details of Director/Directors responsible for Business Responsibility Report (BR)

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

1. DIN : 00021423
2. Name: Mr. Shreekant Somany
3. Designation: Chairman and Managing Director

## b) Details of the BR Head

| S. No. | Particulars         | Details                        |
|--------|---------------------|--------------------------------|
| 1.     | DIN (if Applicable) | 00021423                       |
| 2.     | Name                | Mr. Shreekant Somany           |
| 3.     | Designation         | Chairman and Managing Director |
| 4.     | Telephone number    | 0120-4627900                   |
| 5.     | E-mail id           | sks@somanyceramics.com         |

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

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

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

| S. No. | Questions  | P1  | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|--------|--|---|----|----|----|----|----|----|----|----|
| 1.     | Do you have a policy/ policies for   | Y   | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  |
| 2.     | Has the policy being formulated in consultation with the relevant stakeholders?  | Y   | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  |
| 3.     | Does the policy conform to any national / international standards? If yes, specify? (50 words)   | Company has adopted various national and international standards viz:<br>1. ISO 9001: 2015 for Quality Management System<br>2. ISO 14001: 2015 for Environment Management System<br>3. ISO 45001: 2018 Occupational Health and Safety Management System.<br>4. ISO 22000: 2018 for Food Safety Management System. |    |    |    |    |    |    |    |    |
| 4.     | Has the policy being approved by the Board? If yes, has it been signed by MD/owner/CEO/appropriate Board Director?   | Y   | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  |
| 5.     | Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?                                  | Y   | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  |
| 6.     | Indicate the link for the policy to be viewed online?  | <a href="https://www.somanyceramics.com/investor-relation/?ajax=1&amp;category=21">https://www.somanyceramics.com/investor-relation/?ajax=1&amp;category=21</a>   |    |    |    |    |    |    |    |    |
| 7.     | Has the policy been formally communicated to all relevant internal and external stakeholders?  | The policies have been posted on the Company's website for information of all stakeholders.   |    |    |    |    |    |    |    |    |
| 8.     | Does the company have in-house structure to implement the policy/policies.   | Y   | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  |
| 9.     | Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies? | Y   | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  |
| 10.    | Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?                                 | Y   | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  |

a) If answer to the question at serial number no. 1 against any principle is 'No', explain why:

(Tick up to 2 options): N/A

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

### 3. Governance related to BR

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

The assessment is an ongoing activity and is an integral part of corporate functions.

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

Yes, the Company publishes Business Responsibility (BR) Report on an annual basis and forms part of the Annual Report. This BR Report is also uploaded on the Company's website i.e www.somanyceramics.com

## SECTION E: PRINCIPLE- WISE PERFORMANCE

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

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

Yes, The Company's policy relating to ethics, bribery and corruption serves as the guiding philosophy for all employees of the Company as well as subsidiary Companies. The Company encourages its business Partners to follow the Code.

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

During the year, no complaint was received from the investors.

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

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

- Slip Shield Floor Tiles
- Training and Certification to Masons through Tile Master Programme
- Establish alternate fuel like bio mass as a replacement of gas or fossil fuel

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

- Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?
- Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Energy efficient process:

- During the period under review, Solar Plant generated more than 25.72 Lakhs units (after Installation 2.0Mwp additional capacity in Q4) and optimized use of the renewable energy. (2) Conversion of higher capacity (KW) motors with Lower Capacity (KW) motors (3) Installation of LED lights (4) Installation of variable frequency drives in fans, blowers & pumps of kilns & cooling towers (5) Stopped idle running of some lines/ equipment's by automation (6) optimization of Grid power for power cost reduction and (7) optimization of power trading for the power cost reduction.
- Substantial natural gas saving achieved in horizontal dryer of GVT 01 plant by using some additional heat recovery from GVT 01 kiln.
- Energy efficient motors used in Kilns & Horizontal Dryers to reduce electrical power consumption.
- Saved energy consumption by reducing the maximum working air pressure of air compressors.
- Industrial Effluent (Water): Treatment of all effluents through ETP's to separate the water and solids. The Solid waste is used as a raw material in the process and water is reused in the process.
- Domestic Effluents: The domestic effluent is treated through STP unit to remove all the impurities (COD & BOD) and to reuse the water in process. Sludge generated is used as a manure for gardening. Our Industry is zero water discharge.
- Process Waste: All in-process wastes are recycled and re-used in process

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

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

The sourcing practices of the Company are devised to achieve environmental sustainability, cost reduction and social interest. The criteria used for vendor selection including transportation are cost effective with high quality standard and are eco-friendly. The selection of the vendors is done on the principles of sustainability. It

is ensured that vendors adopt the best human resource practices and take care of global warming.

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

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

The Company accords priority to local suppliers of goods and services. The Company takes steps for capacity building of local and small vendors. The Company's contractors who supply labour and transportation services for plant operations employ workmen from nearby communities. The training is provided to workforce for occupational health and safety.

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

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

- vii. Please indicate the Number of complaints relating to child labour, forced labour, in voluntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

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

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

|     |  |        |
|-----|--|--------|
| I   | Permanent Employees                    | 87.98% |
| II  | Permanent Women Employees              | -      |
| III | Causal/Temporary/Contractual Employees | 86.49% |
| IV  | Employees with Disabilities            | 100%   |

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

- i. Please indicate the total number of employees.

The total numbers of permanent employees are 1888 as on 31st March 2022.

- ii. Please indicate the total number of employees hired on temporary/contractual/casual basis.

Total temporary/contractual/casual employees are 1956 as on 31st March 2022.

- iii. Please indicate the number of permanent women employees.

There were 34 permanent women employees as on 31st March 2022.

- iv. Please indicate the number of permanent employees with disabilities.

There was 1 permanent employee with disabilities as on 31st March 2022.

- v. Do you have an employee association that is recognized by management?

No, there is no employee association which is recognized by Management.

- vi. What percentage of your permanent employees is members of this recognized employee association?

N.A

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

1. Has the company mapped its internal and external stakeholders? Yes/No

Yes.

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?

Yes.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.

Our CSR approach focuses on the development of communities around the vicinity of our plants and covers area of promoting education, construction of art and public library, vocational skills also developed innovative programmes that leverage our capabilities as a tile manufacturer.

Our “Tile Master” initiative has cumulatively trained more than 7500 masons/workers on tile laying techniques and improved their productivity and livelihood.

**Principle 5 – Business should respect and promote human rights.**

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/ Others?

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

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

During the period under review, the Company has not received any complaint from any stakeholder except the investor and customer complaints which were addressed suitably from time to time.

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

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

The Policy on environment covers the Company only.

2. Does the company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc.?

Y/N. If yes, please give hyperlink for webpage etc.

Yes. The Company has an Environmental Policy which guides the organization to continually mitigate the impact on climate change and global warming as a result of our operations. The company works continuously to reduce the waste and is focused on creating green infrastructure designed for better energy efficiency and efficient operations. The policy is on the website of the Company at the weblink: [https://d3bvng1ozw4ph9.cloudfront.net/media/investorrelation/e/n/evnironmental\\_policy.pdf](https://d3bvng1ozw4ph9.cloudfront.net/media/investorrelation/e/n/evnironmental_policy.pdf)

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

Yes.

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

The locations of the Company are certified for requirements under ISO 9001, ISO 14001 (Environmental System), ISO 45001 (Occupational Health and Safety System), ISO 22000 (Food Safety Management System), CII Green Pro (Green Product Certification). Audit by Independent Auditors are carried out to check the level of compliance.

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

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

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

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

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

None.

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

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

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

- a) Indian Council of Ceramic Tiles and Sanitary ware (ICCTAS)
  - b) Confederation of Indian Industry (CII)
  - c) PHD Chamber of Commerce
  - d) Merchant Chamber of Commerce and Industry
  - e) The Associate Chamber of Commerce of India
  - f) All India Pottery Manufacturer
2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

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

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

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

The Company has taken a holistic approach towards the development of the deprived groups of the society. The Company work in the areas of education, healthcare, skill development and protection of art and culture. To oversee implementation of various initiatives, Company has formed a Board Level Committee called Corporate Social Responsibility (CSR) Committee.

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

The Company undertakes various CSR projects either directly or through CSR Foundation of the Company /registered trust and/or by making contribution to the Fund(s) created by the Government from time to time and NGOs undertaking CSR activities.

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

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

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

The Company has spent an amount of ₹116.68 Lakhs in various CSR activities during the financial year 2021-22. The details of the amount

incurred on areas covered are given in Annexure to the report on Corporate Social Responsibility forming part of this Report.

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

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

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

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

The Company has an effective system for addressing customer complaints. The customer complaints filed against the Company for defects in the products of the Company are negligible in number compared with annual sales volume.

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

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

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

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

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

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

#### **OTHER DISCLOSURES**

- I. There were no significant material orders passed by the Regulators / Courts during the financial year 2021-22 which would impact the going concern status of the Company and its future operations.
- II. There were no significant material changes and commitments in

terms of Section 134(3) (l) of the Companies Act, 2013, affecting the financial position of the Company.

- III. The maintenance of cost records as specified by the Central Government under sub-Section (l) of Section 148 of the Companies Act, 2013 is not applicable to the company.
- IV. During the reporting period the company has incorporated one wholly owned subsidiary i.e. Somany Max Private Limited and no existing subsidiary, joint venture or associate company has ceased.
- V. There are no proceedings initiated/ pending against your company under the Insolvency and Bankruptcy Code, 2016 which materially impact the business of the Company.
- VI. There was no instance of one-time settlement with any Bank or Financial Institution.

## ACKNOWLEDGEMENT

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

For and on behalf of the Board  
SOMANY CERAMICS LIMITED

Place: Noida  
Dated: 10th August 2022

Shreekant Somany  
Chairman and Managing Director  
DIN:00021423



# ANNEXURE – 1

Statement pursuant to Section 134 of the Companies Act, 2013

## FORM AOC-1

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

### PART-A: Subsidiaries

(₹ in Lakhs)

| Name of the Subsidiary companies   | SR Continental Ltd. | Somany Bathware Ltd. | Somany Excel Vitrified Pvt. Ltd. | Somany Piastrelle Private Limited | Amora Tiles Pvt. Ltd. | Somany Fine Vitrified Pvt. Ltd. | Somany Sanitary Ware Pvt. Ltd. | Sudha Somany Ceramics Pvt. Ltd. | Amora Ceramics Pvt. Ltd. | Somany Bath Fittings Private Limited | SRCL Buildwell Private Limited* | Somany Max Private Limited |
|--|---------------------|----------------------|----------------------------------|-----------------------------------|-----------------------|---------------------------------|--------------------------------|---------------------------------|--------------------------|--------------------------------------|---------------------------------|----------------------------|
| Reporting period for the subsidiary concern, if different from the holding Company's reporting period                        | Not Applicable      |                      |                                  |                                   |                       |                                 |                                |                                 |                          |                                      |                                 |                            |
| Reporting Currency and Exchange rate as on the last date of the relevant Financial Year in the case of Foreign subsidiaries. | Not Applicable      |                      |                                  |                                   |                       |                                 |                                |                                 |                          |                                      |                                 |                            |
| Date since when subsidiary was acquired  | 25th June 1979      | 26th December 2006   | 30th October 2015                | 18th February 2021                | 29th November 2013    | 30th May 2015                   | 1st June 2015                  | 20th September 2017             | 30th March 2018          | 1st May 2018                         | 9th November 2021               | 24th February 2022         |
| Share Capital  | 268.50              | 50.00                | 351.00                           | 965.00                            | 1,040.00              | 1,500.00                        | 990.00                         | 3,612.50                        | 900.00                   | 185.91                               | 1.00                            | 1.00                       |
| Reserves & surplus / (Accumulated Losses)  | 105.12              | 48.00                | 46.14                            | (12.80)                           | 420.29                | 553.42                          | 214.74                         | (314.82)                        | (390.98)                 | 560.55                               | (7.16)                          | (0.35)                     |
| Total assets   | 382.10              | 98.30                | 473.50                           | 11,843.09                         | 3,456.32              | 6,340.34                        | 4,187.42                       | 22,506.86                       | 3,217.46                 | 1,391.68                             | 10.42                           | 1.07                       |
| Total liabilities (Excluding Share Capital & Reserves)   | 8.48                | 0.30                 | 76.36                            | 10,890.89                         | 1,996.03              | 4,286.93                        | 2,982.69                       | 19,209.18                       | 2,708.44                 | 645.22                               | 16.58                           | 0.42                       |
| Investments  | 1.00                | -                    | -                                | -                                 | -                     | -                               | -                              | -                               | -                        | -                                    | -                               | -                          |
| Turnover including other income  | 16.16               | 4.48                 | 892.08                           | -                                 | 8,086.50              | 8,355.20                        | 5,540.48                       | 11,957.94                       | 4,566.29                 | 3,349.33                             | 5.85                            | -                          |
| Profit / (Loss) before taxation  | (10.46)             | 2.79                 | 33.74                            | (12.83)                           | (275.49)              | (300.01)                        | 93.67                          | 588.98                          | (188.64)                 | 9.36                                 | (7.90)                          | (0.42)                     |
| Provisions for taxation  | -                   | 0.10                 | 8.77                             | (0.36)                            | (74.18)               | (83.43)                         | 68.75                          | 165.13                          | (47.09)                  | 2.50                                 | (0.74)                          | (0.07)                     |
| Profit / (Loss) after taxation   | (10.46)             | 2.69                 | 24.97                            | (12.47)                           | (201.30)              | (216.59)                        | 24.92                          | 423.85                          | (141.55)                 | 6.86                                 | (7.16)                          | (0.35)                     |
| Other Comprehensive Income   | -                   | -                    | -                                | -                                 | 8.25                  | 2.21                            | (0.33)                         | 0.77                            | 1.58                     | 1.00                                 | -                               | -                          |
| Proposed Dividend  | -                   | -                    | -                                | -                                 | -                     | -                               | -                              | -                               | -                        | -                                    | -                               | -                          |
| % of shareholding  | 100%                | 100%                 | 100%                             | 100%                              | 51%                   | 51%                             | 51%                            | 60%                             | 51%                      | 100%                                 | 100%                            | 100%                       |

\* SRCL Buildwell Private Limited is subsidiary of SR Continental Ltd.

- Name of the Subsidiary which is yet to commence operations - Somany Piastrelle Private Limited and Somany Max Private Limited.
- Name of the subsidiaries which have been liquidated or sold during the year - None

## Part B: Associates and Joint Ventures

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

| Name of the associates/ joint ventures  | Acer Granito Pvt. Ltd. | Vicon Ceramic Pvt. Ltd. | Vintage Tiles Pvt. Ltd. |
|---|------------------------|-------------------------|-------------------------|
| Latest audited balance sheet date   | 31st March 2022        | 31st March 2022         | 31st March 2022         |
| Date on which the Associate or Joint Ventures was associated or acquired                | 08th March 2014        | 26th November 2013      | 13th January 2012       |
| Shares of associate/ joint ventures held by the Company at the year end                 | 1,460,000              | 2,535,000               | 4,500,000               |
| Amount of investment in associates/ joint venture (₹ in Lakhs)                          | 511.00                 | 253.50                  | 1399.50                 |
| Extend of Holding %   | 26.04%                 | 26.00%                  | 50.00%                  |
| Description of how there is significant influence                                       | Section 2(6)           | Section 2(6)            | Section 2(6)            |
| Reason why the associates/ joint venture is not consolidated                            | NA                     | NA                      | NA                      |
| Net worth attributable to Shareholding as per latest audited Balance Sheet (₹ in Lakhs) | 736.20                 | 287.15                  | 762.12                  |
| Profit/ Loss for the year (₹ in Lakhs)  | 211.28                 | 69.23                   | 57.16                   |
| a) Considered in Consolidation (₹ in Lakhs)   | 211.28                 | 69.23                   | 57.16                   |
| b) Not considered in consolidation  | -                      | -                       | -                       |

- Name of the Associates or joint Venture which are yet to commence operations - None
- Name of the Associates or joint Venture which have been liquidated or sold during the year -None

For and on behalf of the Board  
Ambrish Julka  
Company Secretary

For and on behalf of the Board  
Abhishek Somany  
Managing Director  
DIN: 00021448

For and on behalf of the Board  
Shreekant Somany  
Chairman and Managing Director  
DIN: 00021423

Place: Noida  
Dated: 10th August 2022

# ANNEXURE – 2

## 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 transaction under third proviso thereto.

### 1. Details of contracts or arrangements or transactions not at arm's length basis: NIL

| SL. No. | Particulars  | Details |
|---------|--|---------|
| a)      | Name (s) of the related party & nature of relationship   | NA      |
| b)      | Nature of contracts/arrangements/transaction   | NA      |
| c)      | Duration of the contracts/arrangements/transaction   | NA      |
| d)      | Salient terms of the contracts or arrangements or transaction including the value, if any.                         | NA      |
| e)      | Justification for entering into such contracts or arrangements or transactions.                                    | NA      |
| f)      | Date of approval by the Board.   | NA      |
| g)      | Amount paid as advances, if any.   | NA      |
| h)      | Date on which the special resolution was passed in General meeting as required under first proviso to Section 188. | NA      |

### 2. Details of material contracts or arrangement or transactions at arm's length basis: NIL

| SL. No. | Particulars  | Details |
|---------|--|---------|
| a)      | Name (s) of the related party & nature of relationship                                     | NA      |
| b)      | Nature of contracts/arrangements/transaction   | NA      |
| c)      | Duration of the contracts/arrangements/transaction   | NA      |
| d)      | Salient terms of the contracts or arrangements or transaction including the value, if any. | NA      |
| e)      | Date(s) of approval by the Board, if any   | NA      |
| f)      | Amount paid as advances, if any.   | NA      |

Place: Noida  
Dated: 10th August 2022

For and on behalf of the Board  
Shreekant Somany  
Chairman and Managing Director  
DIN: 00021423

# ANNEXURE – 3

FORM NO.: MR-3

## SECRETARIAL AUDIT REPORT

For the Financial Year ended on 31st March 2022

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

To  
The Members,  
**Somany Ceramics Limited**  
2, Red Cross Place,  
Kolkata-700 001 (West Bengal)

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

Based on our verification of Somany Ceramics Limited’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2022 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2022 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; **(Not applicable to the Company during the reporting period under audit)**

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):-

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not applicable to the Company during the reporting period under audit)
- (d) The Securities and Exchange Board of India (Share based Employee Benefit and Sweat Equity) Regulations, 2021
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the Company during the reporting period under audit)**
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company during the reporting period under audit)** &
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable to the Company during the reporting period under audit)**

(vi) As confirmed and certified by the management, there is no sectoral law specifically applicable to the Company based on their Sector/ Business.

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

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

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

**We further report that**, during the year under review:

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

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

information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

**We further report that** during the audit period:

1. the Hon'ble National Company Law Tribunal Kolkata bench vide order dated 20th December 2021 and the Hon'ble National Company Law Tribunal Delhi bench vide order dated 24th December 2021, sanctioned the Scheme of Amalgamation of Schablona India Limited (Amalgamating Company) with the Company under Section 230 to 232 of the Companies Act, 2013.

**For Pinchaa & Co.**  
Company Secretaries  
Firm's U.C.N. P2016RJ051800  
Firm's PR Certificate No. 832/2020

**Akshit Kr. Jangid**  
Partner  
M. No. FCS 11285  
C. P. No.: 16300

Dated: 25.06.2022  
Place: Jaipur  
UDIN: F011285D000530782

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

## “Annexure-A”

To  
The Members,  
**Somany Ceramics Limited**  
CIN:L40200WB1968PLC224116  
2, Red Cross Place,  
Kolkata-700 001 (West Bengal)

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

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

**For Pinchaa & Co.**  
Company Secretaries  
Firm's U.C.N. P2016RJ051800  
Firm's PR Certificate No. 832/2020

**Akshit Kr. Jangid**  
Partner  
M. No. FCS 11285  
C. P. No.: 16300

Dated: 25.06.2022  
Place: Jaipur  
UDIN: F011285D000530782

# ANNEXURE – 4

## REPORT ON CSR ACTIVITIES OF THE COMPANY

FOR THE YEAR ENDED MARCH 31, 2022

### 1. Brief outline on CSR Policy of the Company

Your Company is committed to transforming health, education, sanitation & making available safe drinking water & social sector ecosystems and had been pursuing CSR initiatives even before it was mandated by law.

Your Company have always laid emphasis on progress with social commitment and believe strongly in core values of empowerment and betterment of not only the employees but also of communities by giving preference to the local areas around its business operations. Your Company shall continue to make a meaningful and measurable impact in nation building, sustainable development, accelerated inclusive growth and social equity through its CSR initiatives. The targeted beneficiaries of CSR activities undertaken by your Company are the marginalized, disadvantaged, poor or deprived Sections of the communities.

As per the CSR Policy, the CSR Project are being identified and selected by the CSR Committee of the company considering various factors such as need assessment, available budget and measurable impacts, etc. For the period under review, your Company carried out the CSR activities either directly or through H.L Somany Foundation, a Section 8 Company under the Companies Act, 2013. During the year your company undertook several CSR initiatives in the field of Health, Education, Skill Development, Preserving works of art & culture, Rural Development and various other activities as per CSR Policy of the Company.

### 2. Composition of the Committee:

| Sl. No. | Name of Director      | Designation / Nature of Directorship                            | Number of meetings of CSR Committee held during the year | Number of meetings of CSR Committee attended during the year |
|---------|-----------------------|---|--|--|
| 1.      | Mr. Abhishek Somany   | Chairman of CSR Committee and Managing Director of the Company  | 1  | 1  |
| 2.      | Mr. Salil Singhal     | Member of CSR Committee and Independent Director of the Company | 1  | 1  |
| 3.      | Mr. Ravinder Nath     | Member of CSR Committee and Independent Director of the Company | 1  | 1  |
| 4.      | Mr. Siddharath Bindra | Member of CSR Committee and Independent Director of the Company | 1  | 1  |

### 3. The composition of CSR Committee, CSR Policy and CSR projects/activity approved by the board are disclosed on the website of the company.

The web link of the Composition of CSR Committee is [https://www.somanyceramics.com/pub/media/investorrelation/b/o/board\\_of\\_directors\\_composition\\_committee\\_2019.pdf](https://www.somanyceramics.com/pub/media/investorrelation/b/o/board_of_directors_composition_committee_2019.pdf)

The web link to the Contents of the CSR Policy is [https://d3bvng1ozw4ph9.cloudfront.net/media/investorrelation/c/o/corporate\\_social\\_responsibility\\_policy\\_revised\\_16-06-2021.pdf](https://d3bvng1ozw4ph9.cloudfront.net/media/investorrelation/c/o/corporate_social_responsibility_policy_revised_16-06-2021.pdf)

The web link of the CSR projects/activity is [https://d3bvng1ozw4ph9.cloudfront.net/media/investorrelation/d/e/details\\_of\\_csr\\_projects.pdf](https://d3bvng1ozw4ph9.cloudfront.net/media/investorrelation/d/e/details_of_csr_projects.pdf)

### 4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014.

Not applicable for the Company.

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year.

No amount is available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and no amount is required for set off for the financial year.

| SL. No. | Financial Year | Amount available for set-off from preceding financial years (in Rs) | Amount required to be setoff for the financial year, if any (in Rs) |
|---------|----------------|---|---|
| 1.      | 2021-22        | NIL   | NIL   |

6. Average net profit of the company as per Section 135(5): ₹5833.87 Lakhs
7. (a) Two percent of average net profit of the company as per Section 135(5): ₹116.68 Lakhs  
 (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: NIL  
 (c) Amount required to be set off for the financial year, if any: NIL  
 (d) Total CSR obligation for the financial year (7a+7b-7c): ₹116.68 Lakhs
8. (a) CSR amount spent or unspent for the financial year

(₹ in Lakhs)

| Total Amount Spent for the Financial Year (in ₹) |   |                  |   |        |                  |
|--|---|------------------|---|--------|------------------|
|  | Total Amount transferred to Unspent CSR Account as per Section 135(6) |                  | Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5) |        |                  |
|  | Amount  | Date of transfer | Name of the Fund  | Amount | Date of transfer |
| 116.68   | NIL   | -                | -   | Nil    | -                |

- (b) Details of CSR amount spent against ongoing projects for the financial year:-

There are no ongoing projects of the company for the financial year.

| 1      | 2                   | 3  | 4                    | 5                       |          | 6                | 7                                       | 8   | 9  | 10                                       | 11  |                         |
|--------|---------------------|--|----------------------|-------------------------|----------|------------------|---|---|--|--|---|-------------------------|
| S. No. | Name of the Project | Item from the list of activities in Schedule VII to the Act. | Local area (yes/ No) | Location of the project |          | Project duration | Amount allocated for the project (in ₹) | Amount spent in the current financial Year (in ₹) | Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹) | Mode of Implementation - Direct (Yes/No) | Mode of Implementation - Through Implementing Agency. |                         |
|        |                     |  |                      | State                   | District |                  |   |   |  |  | Name  | CSR Registration Number |
| 1.     | -                   | -  | -                    | -                       | -        | -                | -                                       | -   | -  | -  | -   | -                       |



(c) Details of CSR amount spent against other than ongoing projects for the financial year:

| 1      | 2  | 3  | 4                               | 5  |  | 6   | 7  | 8   |                         |
|--------|--|--|---------------------------------|--|--|---|--|---|-------------------------|
| S. No. | Name of the Project                            | Item from the list of activities in Schedule VII to the Act. | Local area (yes/ No)            | Location of the project  |  | Amount spent for the project (₹ in Lakhs) | Mode of Implementation - Direct (Yes/No) | Mode of Implementation - Through Implementing Agency. |                         |
|        |  |  |                                 | State  | District   |   |  | Name  | CSR Registration Number |
| 1.     | Covid -19 Relief                               | (i) Promoting health care including preventive health care   | No                              | New Delhi  | New Delhi  | 5.00                                      | No                                       | H. L. Somany Foundation                               | CSR00003400             |
| 2.     | Renovation of 2 Anganvadi Centres              | (i) Promoting health care including preventive health care   | Yes                             | Haryana  | Bahadurgarh  | 10.39                                     | No                                       | H. L. Somany Foundation                               | CSR00003400             |
| 3.     | Mobile Health Units and other medical services | (i) Promoting health care including preventive health care   | Yes                             | Gujarat  | Morbi  | 26.66                                     | No                                       | H. L. Somany Foundation                               | CSR00003400             |
| 4.     | Vision Restoration Drive                       | (i) Promoting health care including preventive health care   | Yes                             | Gujarat  | Kadi   | 23.20                                     | No                                       | H. L. Somany Foundation                               | CSR00003400             |
| 5.     | Training to Mason -Tile Master Program         | (ii) Skill Development & livelihood/ employment enhancement  | Some amount spent in local area | Maharashtra/ Uttar Pradesh/ Haryana/ Rajasthan/ Delhi and others | Sangali/ Noida/ Jhajjar/ Jaipur/New Delhi and others | 4.15                                      | Yes                                      | Direct by the Company                                 | -                       |
| 6.     | Construction of a class room                   | (ii) Promoting education                                     | No                              | Uttarakhand  | Tehri Garwal   | 5.00                                      | No                                       | H. L. Somany Foundation                               | CSR00003400             |

| 1      | 2  | 3  | 4                    | 5                       |             | 6   | 7  | 8   |                         |
|--------|--|--|----------------------|-------------------------|-------------|---|--|---|-------------------------|
| S. No. | Name of the Project  | Item from the list of activities in Schedule VII to the Act.   | Local area (yes/ No) | Location of the project |             | Amount spent for the project (₹ in Lakhs) | Mode of Implementation - Direct (Yes/No) | Mode of Implementation - Through Implementing Agency. |                         |
|        |  |  |                      | State                   | District    |   |  | Name  | CSR Registration Number |
| 7.     | Infrastructure development, scholarship for students, establishing and running of centres of excellence, establish and running of teaching and academic department research and development projects | (ii) Promoting Education   | No                   | New Delhi               | New Delhi   | 25.00                                     | No                                       | H. L. Somany Foundation                               | CSR00003400             |
| 8.     | Support to a Museum for Promotion and Protection of works of Art and Culture   | (V) Protection of National Heritage, Art and Culture   | No                   | Karnataka               | Bangalore   | 12.00                                     | No                                       | H. L. Somany Foundation                               | CSR00003400             |
| 9.     | Providing coaching, training, equipment, tournament expenses, travel allowances, education, skill development and financial stipends to the young players  | (vii) Training to promote rural sports, nationally recognised sports, paralympic sports and olympic sports | No                   | New Delhi               | New Delhi   | 1.00                                      | No                                       | H. L. Somany Foundation                               | CSR00003400             |
| 10.    | Installation surveillance Cameras for the safety of community  | (x) Rural development projects   | Yes                  | Haryana                 | Bahadurgarh | 4.00                                      | No                                       | H. L. Somany Foundation                               | CSR00003400             |

(d) Amount spent in Administrative Overheads : ₹0.27 Lakh\*

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

(e) Amount spent on Impact Assessment, if applicable : Not Applicable.

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) : ₹116.68 Lakhs

(g) Excess amount for set off, if any : NIL

| S. No. | Particulars   | Amount (₹ In Lakhs) |
|--------|---|---------------------|
| (i)    | Two percent of average net profit of the company as per Section 135(5)                                      | 116.68              |
| (ii)   | Total amount spent for the Financial Year   | 116.68              |
| (iii)  | Excess amount spent for the financial year [(ii)-(i)]   | Nil                 |
| (iv)   | Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any | Nil                 |
| (v)    | Amount available for set off in succeeding financial years [(iii)-(iv)]                                     | Nil                 |

9. (a) Details of Unspent CSR amount for the preceding three financial years:

There is no amount due of unspent CSR amount for the preceding three financial years.

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

There is no amount due of CSR amount spent in the financial year for ongoing projects of the preceding financial years.

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year:

| Date of creation or acquisition of capital asset(s): | Amount of CSR spent for creation or acquisition of capital asset(s): | Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. | Details of capital asset(s) created or acquired (including complete address and location of capital asset)   |   |
|--|--|--|--|---|
|  |  |  | Details  | Address   |
| (a)  | (b)  | (c)  | (D)  |   |
| 16.03.2022 to 31.03.2022                             | Rs. 23,60,085/-  | HelpAge India<br>C-14, Qutab Institutional Area,<br>New Delhi 110016   | Mobile Health Unit (Force Traveller Ambulance), Laptop, Printer, Office Equipment, BP Instrument-1, Stethoscope-1, Thermal Gun-1, Pulse Oxymeter-1, Weighing Scale Digital-1 | 3, Kamlapark Society,<br>Nr. Rushikesh School,<br>B/h Housing Board,<br>'Jai Sachidanand',<br>Morbi-363642, Gujarat |
| 23.03.2022 to 31.03.2022                             | Rs. 37,200/-   | Third Planet Foundation<br>369, The Centrum, First Floor,<br>Sultanpur, MG Road, New<br>Delhi – 110030                         | Fan, RO & Kitchen Utensils   | Kassar Anganwadi,<br>Bahadurgarh, Jhajjar,<br>Haryana   |
|  | Rs. 4,00,274/-   |  | 20 Surveillance Cameras and 2 LED TVs  | Bahadurgarh Sabji Mandi<br>& Brigadier Hoshiar<br>Singh Metro Station<br>Bahadurgarh                                |
| 04.03.2022 to 30.03.2022                             | Rs. 5,00,000/-   | Gita Foundation<br>Dhuadaar Gwad Motor<br>Marg, Narendra Nagar, Tehri<br>Garhwal, Uttarakhand-249175                           | Gita Foundation  | Dhuadaar Gwad<br>Motor Marg, Narendra<br>Nagar, Tehri Garhwal<br>Uttarakhand-249175                                 |

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per Section 135(5).

Not Applicable

The Company has spent the two per cent of the average net profit as per Section 135(5) of the Companies Act, 2013.

Place: Noida  
Date: 18th May 2022

Shreekant Somany  
Chairman and Managing Director  
DIN:00021423

Abhishek Somany  
Managing Director and Chairman of the CSR Committee  
DIN: 00021448

## ANNEXURE – 5

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

### CONSERVATION OF ENERGY

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

- (a) Energy conservation measures taken by the Company includes steps taken by the Company for utilizing alternate source of energy and the capital investment on energy conservation equipments:
- i. After upgradation of incoming power supply, the Company optimized the cheapest grid power up to the level of 97.85%, which helped to reduce the captive power generation and reduced our power cost substantially. Due to high voltage line & independent feeder the reliability of power has improved as power interruptions have gone down thus losses were reduced.
  - ii. Increase in power trading units at 33 KV which reduced the power cost. Company also traded the units 1.55 million (could not trade in Q1 due to lock down) at lowest price compare to the cost of the electricity supplied by grid.
  - iii. Utilised the waste heat of the kiln into the Horizontal Dryer by using heat recovery duct with insulation and saved substantial amount of natural Gas.
  - iv. Insulated the Heat recovery ducts at kiln & dryer area by identifying the hot spots with the help of thermal imager.
  - v. Used High Efficacy LED Lights which reduced Power Consumption.
  - vi. Installed variable frequency drives in fans, blowers & pumps of kilns & cooling towers in close loop with temperature sensors/pressure sensors/ultrasonic water level controllers which reduced power consumption & smoothen the process also.
  - vii. Small PLC timer used for the agitators to operate intermittently instead of continuous use. Reduced running by 40%.
  - viii. Small PLC (LOGO) timer used for the Glaze Ball Mills to stop the mill in auto mode when the grinding time is over which saved the electricity improve efficiency of the process.
  - ix. Highly Energy efficient IE3 motors used in kilns & Horizontal Dryers to reduce electrical power consumption.

- x. Low power loss capacitor with APFC relays used to maintain a good power factor at load end which reduce the voltage drop as well as the distribution losses.
- xi. Replacement of bigger motor with smaller one after load analysis by using VFD saved more electricity.
- xii. Solar Plant of the company generated more than 2.57 million units as solar power is a renewal energy so there is substantial reduction in emission of greenhouse gasses hence good for environment.
- xiii. Installed helical type gear box by replacing worm gearbox for Stirrer of Feed tank which saves electricity.
- xiv. Using inverter to the Fume suction blower of Digital p/m which reduced cost of the electricity.
- xv. The capital investment on energy conservation equipment's was ₹30.84 Lakhs during the financial year 2020-21 and the Annual Saving Impact is appx 22.65 lakhs Kwh Units

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

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

### TECHNOLOGY ABSORPTION

#### A. Research and Development;

- i. Specified areas of R&D

The company continuously strives for innovation and development of new products. The Slip Shield floor tiles are developed after an extensive research. The skid resistance property was developed without affecting on surface quality. It is a unique composition where both properties are optimized.

We developed a special composition which is responsible for the slip shield property without affecting the hardness and design transparency.

There are numbers of cost saving projects going on as a part of our continual effort towards cost optimization.

We have developed alternate cheaper frits to mitigate the continuous price of Zircon, Developed alternate vendor for various clay to get the benefit on cost and consistency. Reduced the ball mill grinding energy by 10% by searching high shrinkage clay in GVT body.

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

The Newly developed Slip Shield GVT tile has a huge market potential.

The improvement in processes through employee participation has resulted in the increase in the quality of the products and reduction in process loss.

The cost reduction through various initiatives like alternate vendor development, alternate composition of body & glaze, redesigning the carton boxes etc. resulted huge saving in cost part.

iii. Future R & D Plans

The research and development division of the company has always engaged themselves for development of new designs and variety of products to meet the high expectations of the customers.

It endeavors to develop new products which are different in design, effects and sizes with cost optimization. Many innovative steps are being taken to improve the fuel efficiency. Alternate fuel for running the spray dryer is the need of the hour and we are in the process of developing various bio fuel.

iv. Expenditure on R & D

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

**B. Technology absorption, adaptation and innovation**

The Company continues to fully adopt and keeps its R&D and technical staff fully abreast with the latest technologies and products globally. Employees attended various seminars, conferences to keep them updated and identify opportunities.

The Company has not imported any technology during the last three years.

**C. Foreign Exchange Earnings and Outgo:**

- (i) Foreign Exchange Earnings ₹6,619.02 Lakhs
- (ii) Foreign Exchange Outgo ₹1,294.78 Lakhs

For and on behalf of the Board

Shreekant Somany  
Chairman and Managing Director  
DIN:00021423

Place: Noida  
Dated: 10th August, 2022

## ANNEXURE – 6

### INFORMATION AS PER SECTION 134 AND SECTION 197 OF THE COMPANIES ACT, 2013 READ WITH COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2022.

#### REMUNERATION PAID/PAYABLE TO DIRECTORS FOR FINANCIAL YEAR 2021-22

| Name of the director       | Title                                  | Remuneration in fiscal 2022 (₹ in Lakhs) | Remuneration in fiscal 2021 (₹ in Lakhs) | No. of Stock Option / RSUs granted in fiscal 2022 | % increase of remuneration in 2022 as compared to 2021 | Excl. WTD                      | Incl. WTD                              |
|----------------------------|--|--|--|---|--|--------------------------------|--|
|                            |  |  |  |   |  | Ratio of remuneration to MRE # | Ratio of remuneration to MRE and WTD # |
| Mr. Shreekant Somany       | Chairman and Managing Director         | 298.72                                   | 153.97                                   | Nil   | 94.01%   | 86.97                          | 86.84                                  |
| Mr. Abhishek Somany        | Managing Director                      | 552.77                                   | 377.56                                   | Nil   | 46.40%   | 160.93                         | 160.68                                 |
| Mrs. Anjana Somany*        | Whole-Time Director                    | 5.69                                     | 24.26                                    | Nil   | -76.55%  | 1.66                           | 1.65                                   |
| Mr. Salil Singhal          | Independent Director                   | 2.70                                     | 1.00                                     | Nil   | 170%   | 0.79                           | 0.78                                   |
| Mr. Ravinder Nath          | Independent Director                   | 2.45                                     | 0.90                                     | Nil   | 172.22%  | 0.71                           | 0.71                                   |
| Mr. G. G. Trivedi          | Non-Executive Non Independent Director | 3.20                                     | 1.10                                     | Nil   | 190.91%  | 0.93                           | 0.93                                   |
| Mr. Siddharath Bindra      | Independent Director                   | 2.65                                     | 1.20                                     | Nil   | 120.83%  | 0.77                           | 0.77                                   |
| Mr. Rameshwar Singh Thakur | Independent Director                   | 3.25                                     | 1.25                                     | Nil   | 160%   | 0.95                           | 0.94                                   |
| Mrs. Rumjhum Chatterjee    | Independent Director                   | 2.40                                     | 0.80                                     | Nil   | 200%   | 0.70                           | 0.70                                   |
| Mr. Vineet Agarwal         | Independent Director                   | 2.65                                     | 1.05                                     | Nil   | 152%   | 0.77                           | 0.77                                   |

\*Ceased to be the Director of the company w.e.f. 16th June 2021.

# Rounded off to two decimal

RSUs: Restricted Stock Units

WTD: Whole-time Director

MRE: Median Remuneration of Employees

#### REMUNERATION OF KEY MANAGERIAL PERSONNEL (KMPS)

| Name of the KMP          | Title                                    | Remuneration in fiscal 2022 (₹ in Lakhs) | Remuneration in fiscal 2021 (₹ in Lakhs) | No. of Stock Option / RSUs granted in fiscal 2022 | % increase of remuneration in 2022 as compared to 2021 | Excl. WTD                      | Incl. WTD                              |
|--------------------------|--|--|--|---|--|--------------------------------|--|
|                          |  |  |  |   |  | Ratio of remuneration to MRE # | Ratio of remuneration to MRE and WTD # |
| Mr. Saikat Mukhopadhyay* | Chief Financial Officer                  | 130.99                                   | 118.46                                   | Nil   | 10.58%   | 38.14                          | 38.08                                  |
| Mr. Ambrish Julka        | Company Secretary and Compliance Officer | 31.88                                    | 28.98                                    | Nil   | 10.02%   | 9.28                           | 9.27                                   |

\*Mr. Saikat Mukhopadhyay ceased to be the Chief Financial Officer of the Company w.e.f. 31st May 2022 due to resignation.

# Rounded off to two decimal

RSUs: Restricted Stock Units

WTD: Whole-time Director

MRE: Median Remuneration of Employees

The Median Remuneration of Employees (MRE) excluding Whole-time Directors (WTDs) was ₹3,43,486 and ₹3,43,281 in fiscal 2022 and fiscal 2021 respectively. The increase in MRE (excluding WTDs) in fiscal 2022, as compared to fiscal 2021 is 0.06%.

The Median Remuneration of Employees (MRE) including Whole-time Directors (WTDs) was ₹3,44,005 and ₹3,43,641 in fiscal 2022 and fiscal 2021 respectively. The increase in MRE (including WTDs) in fiscal 2022, as compared to fiscal 2021 is 0.11%.

The number of Permanent employees on the rolls of the Company as of 31st March 2022 and 31st March 2021 was 1888 and 1934 respectively.

The aggregate remuneration of employees excluding WTD increased by 11.66% over the previous fiscal. The aggregate increase in salary for WTDs and other KMPs was 45% (on annualised basis) in fiscal 2022 over fiscal 2021. This was based on the recommendation of the nomination and remuneration committee to revise the remuneration as per industry benchmarks.

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

For and on behalf of the Board

Place: Noida  
Dated: 10th August 2022

Shreekant Somany  
Chairman and Managing Director  
DIN:00021423

## ANNEXURE – 7

### Independent Auditor's Certificate on compliance with the conditions of Corporate Governance as per provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, as amended

To

**The Members of Somany Ceramics Ltd.**

2, Red Cross Place,

Kolkata - 700001

1. The Corporate Governance Report prepared by Somany Ceramics Limited (hereinafter the "Company"), contains details as required by the provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('Applicable criteria') with respect to Corporate Governance for the year ended 31st March 2022. This Certificate is required by the Company for annual submission to the Stock Exchanges and to be sent to the Shareholders of the Company.

#### MANAGEMENT'S RESPONSIBILITY

2. The preparation of the Corporate Governance Report is the responsibility of the management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.
3. The management along with the Board of Directors of the Company are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

#### AUDITOR'S RESPONSIBILITY

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion whether the Company has complied with the specific requirements of the Listing Regulations referred to in paragraph 3 above.
5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised) and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered

Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes (Revised) requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

#### OPINION

7. Based on the procedures performed by us and according to the information and explanations given to us, that we are of the opinion that the Company has complied in all material respect with the conditions of Corporate Governance as stipulated in the Listing Regulations, as applicable for the year ended 31st March 2022, referred to in paragraph 1 above.

#### OTHER MATTERS AND RESTRICTION ON USE

8. This report 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.
9. This report is addressed to and provided to the Members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For Singhi & Co.  
Chartered Accountants  
Firm Reg. No. 302049E

Bimal Kumar Sipani  
Partner  
Membership Number: 088926  
UDIN: 22088926AOXORH3350

Place: Noida (Delhi-NCR)

Date: 10th August 2022



# Corporate Governance Report

## 1 COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

## 2 BOARD OF DIRECTORS

The Composition of the Board is in conformity with Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI (LODR) Regulations, 2015), having an optimal combination of Executive Directors and Non-Executive Directors with varied professional backgrounds, representing a judicious mix of professionalism, knowledge and experience. As on 31st March 2022, the Company's Board comprised of Nine (9) directors, of which Two (2) are Executive Directors who are Managing Director, Six (6) are Independent Directors and One (1) is Non-Executive Non-Independent Director. None of the Non-Executive Director of the Company has any pecuniary relationship or transaction with the Company.

It is hereby confirmed that Independent Directors have fulfilled all the conditions of SEBI (LODR) Regulations, 2015 and they are Independent of the Management. It is hereby further confirmed that none of the Independent Directors resigned during the period under review.

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

| Director                           | Category | No. of Board Meeting held during the tenure of the Member | No. of Board Meetings attended | Attended last AGM | Number of Directorships in other Companies (\$) | No. of Committee positions held in other Companies @ |        | No. of Shares held |
|------------------------------------|----------|---|--------------------------------|-------------------|---|--|--------|--------------------|
|                                    |          |   |                                |                   |   | Chairman   | Member |                    |
| Mr. Shreekant Somany               | P        | 7   | 7                              | Yes               | 4   | 1  | 3      | 119538             |
| Mr. Abhishek Somany                | P        | 7   | 7                              | Yes               | 1   | -  | -      | 1933631*           |
| Mrs. Anjana Somany**               | P        | 1   | 1                              | No                | -   | -  | -      | -                  |
| Mr. Salil Singhal                  | I        | 7   | 5                              | No                | 5   | -  | -      | -                  |
| Mr. Ravinder Nath                  | I        | 7   | 6                              | Yes               | 2   | 1  | 1      | -                  |
| Mr. Siddharath Bindra              | I        | 7   | 6                              | No                | 1   | -  | -      | -                  |
| Mr. Rameshwar Singh Thakur         | I        | 7   | 7                              | Yes               | 1   | -  | -      | -                  |
| Ms. Rumjhum Chatterjee             | I        | 7   | 6                              | Yes               | 2   | -  | -      | -                  |
| Mr. Vineet Agarwal                 | I        | 7   | 5                              | No                | 6   | -  | 4      | 2034               |
| Mr. Ghanshyam Girdharibhai Trivedi | N        | 7   | 7                              | Yes               | 1   | -  | -      | 2000               |

Category: P =Promoter, I =Independent, N = Non-Executive & Non-Independent Director.

(\$) Excludes Directorships in Indian Private Limited Companies other than subsidiaries of Public Limited Companies and memberships of various

Chambers and other non-corporate organizations.

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

\*Out of 1933631 equity shares 1914093 equity shares are held as Karta of Abhishek Somany (HUF).

\*\*Mrs. Anjana Somany resigned from the directorship of the Company w.e.f. 16th June 2021.

| Name of Director                  | Listed entities where the person is a director   | Category of directorship   |
|-----------------------------------|--|--|
| Mr. Shreekant Somany              | Shree Cement Limited<br>JK Tyre & Industries Limited                                       | Non-Executive Independent Director<br>Non- Executive Independent Director                              |
| Mr. Abhishek Somany               | -  | -  |
| Mrs. Anjana Somany**              | -  | -  |
| Mr. Salil Singhal                 | Indraprastha Medical Corporation Limited   | Non-Executive Independent Director   |
| Mr. Ravinder Nath                 | Voith Paper Fabrics India Limited<br>Kanoria Chemicals & Industries Limited                | Non-Executive Non-Independent Director<br>Non-Executive Independent Director                           |
| Mr. Siddharath Bindra             | -  | -  |
| Mr. Rameshwar Singh Thakur        | -  | -  |
| Mr. Vineet Agarwal                | Transport Corporation of India Limited.<br>TCI Express Limited.<br>TCI Developers Limited. | Executive Director<br>Non-Executive Non-Independent Director<br>Non-Executive Non-Independent Director |
| Mrs. Rumjhum Chatterjee           | *Blue Star Limited   | Non-Executive Independent Director   |
| Mr. Ghanshyam Girdharbhai Trivedi | -  | -  |

\*Resigned w.e.f. 25th April 2022.

\*\*Mrs. Anjana Somany resigned from the directorship of the Company w.e.f. 16th June 2021.

#### Key Board Qualification:

The Company is in the business of manufacturing and trading of tiles, Sanitaryware and Bath Fittings and required various types of skills and expertise to run the business which includes the technical skills related to the business of the company or the skills and expertise which help the business to grow in the present market situation. The list of core skills/ expertise/competencies identified by the board of directors as required in the context of its business(es) and sector(s) for it to function effectively are as follows;

Strategy, Corporate Governance, Sales & Marketing, Communication, General management, Business Development, Corporate Laws, Laws relating to Commerce and Industry, Human Resource Management, Change Management, Women Empowerment and Capacity Building Experience, Financial Skills, Business Planning, Product Pricing, Operation, etc.

The Board Members have the skills and expertise as required to run the business in a way which benefit the stakeholders. The Board of the Company comprises of Executive as well as Non-Executive Directors, Independent Directors (including woman director) who possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, human resource management, sales, marketing administration, research, corporate governance, technical operations and other disciplines related to the company's business.

In the table below, the specific areas of focus or expertise of individual Board Members have been highlighted. However, the absence of a mark against a Member's name does not necessarily mean the Member does not possess the corresponding qualification or skill.

| Name of Directors                  | Area of Expertise |                   |     |            |            |            |           |          |
|------------------------------------|-------------------|-------------------|-----|------------|------------|------------|-----------|----------|
|                                    | Financial         | Sales & Marketing | Law | Management | Technology | Governance | Diversity | Research |
| Mr. Shreekant Somany               | √                 | √                 | √   | √          | √          | √          | √         | √        |
| Mr. Abhishek Somany                | √                 | √                 | √   | √          | √          | √          | √         | √        |
| Mrs. Anjana Somany <sup>^</sup>    | √                 | √                 | √   | √          | √          | √          | √         | √        |
| Mr. Salil Singhal                  | √                 | √                 | √   | √          | √          | √          | √         | √        |
| Mr. Ravinder Nath                  | √                 | √                 | √   | √          | √          | √          | √         | √        |
| Mr. Vineet Agarwal                 | √                 | √                 | √   | √          | -          | √          | √         | √        |
| Mr. Siddharath Bindra              | √                 | √                 | √   | √          | √          | √          | √         | √        |
| Mr. Ghanshyam Girdharibhai Trivedi | √                 | √                 | √   | √          | √          | √          | √         | √        |
| Mr. Rameshwar Singh Thakur         | √                 | √                 | √   | √          | √          | √          | √         | √        |
| Mrs. Rumjhum Chatterjee            | √                 | √                 | √   | √          | -          | √          | √         | √        |

As mandated by Regulation 26 of SEBI (LODR) Regulations, 2015, none of the Directors of the Company are member of more than ten Board Level Committees in Public Companies nor are they Chairman of more than five Board Level Committees in Listed Companies in which they are directors.

<sup>^</sup> Mrs. Anjana Somany resigned from the directorship of the Company w.e.f. 16th June 2021.

#### INTER-SE RELATIONSHIP OF DIRECTORS

Mr. Shreekant Somany, Chairman & Managing Director of the Company is spouse of Mrs. Anjana Somany, Whole-time director (resigned from directorship w.e.f. 16th June 2021) and father of Mr. Abhishek Somany, Managing Director of the Company.

#### BOARD FUNCTIONS

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

1. Laying down the corporate philosophy and the mission of the Company;
2. Formulating the strategic business plans;
3. Setting standard for ethical behavior;
4. Compliance with all the rules and regulations;
5. Informing shareholders of the various developments within the Company.

#### MEETING OF THE BOARD OF DIRECTORS

There were 7 (Seven) Board meetings held during the year 2021-22 i.e. on June 16, August 5, November 11, December 10 in 2021 and on

January 13, February 2, March 31 in 2022. The meetings of the Board of Directors were held through video conferencing.

#### 3. CODE OF CONDUCT

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

#### 4. CHAIRMAN AND MANAGING DIRECTOR (CMD) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

The CMD and CFO of the Company have jointly issued a certificate pursuant to provisions of Regulation 17(8) of the SEBI (LODR) Regulations, 2015, certifying that the financial statements do not contain any materially untrue statement and those statements represent a true and fair view of the Company's affairs. The said certificate is annexed and forms part of this Annual Report.

## 5. COMMITTEES OF THE BOARD

### AUDIT COMMITTEE

#### Composition

As at 31st March 2022, the Audit Committee comprises of Four (4) members, with majority of Independent Directors, as members of the Committee meets its constitution requirements, in terms of Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (LODR) Regulations, 2015. The constitution of the Audit Committee is Mr. Rameshwar Singh Thakur, Chairman of the Committee and Mr. Salil Singhal, Mr. Vineet Agarwal, Mr. Ghanshyam Girdharbhai Trivedi are other members of the Audit Committee.

All members of the Audit Committee are financially literate. The Audit Committee members are accomplished professionals from the corporate and academic world. The Company Secretary of the Company acts as the Secretary to the Committee. Minutes of each Audit Committee Meeting is placed and discussed in the next meeting of the Board. The terms of reference of the Audit Committee cover the areas as stipulated under Part C of Schedule II of SEBI (Listing Regulations, 2015) and Section 177 of the Companies Act, 2013, besides other terms as may be referred to by the Board of Directors.

#### Terms of Reference

Brief description of the terms of reference are:-

1. Effective supervision of the financial reporting process, ensuring financial and accounting controls and compliance with the policies of the Company,
2. Periodical interaction with the statutory and internal auditors to ascertain the quality and veracity of the Company's transactions,
3. Grant of Omnibus approval for transactions contemplated to be undertaken by the Company with related parties subject to the approval of shareholders of the Company, as may be required,
4. Review of adequacy and effectiveness of Internal Audit Function and the Internal Control System,
5. Overall direction on the risk management system,
6. Review of the annual and quarterly financial statements with management before submission to the Board,
7. Compliance with listing and other legal requirements relating to financial statements,
8. Review related party transactions,
9. Review the functioning of Vigil Mechanism, qualifications in the audit report, if any,

### Invitees to the Audit Committee

Both the Statutory and Internal Auditors of the Company are regular invitees to the Audit Committee meetings to brief the committee members on the respective reports. The meeting of the Audit Committee is generally attended by the Chairman & Managing Director, Managing Director, Chief Financial Officer and other departmental heads.

#### Frequency of Meetings

During the year 2021-22, 7 (Seven) Audit Committee meetings were held on June 16, August 5, September 28, November 11, December 10 in 2021 and on February 2, March 31 in 2022. The meetings of the Audit Committee were held in physical mode and/or through video conferencing.

The maximum gap between any two meetings was less than 120 days.

The attendance of the Audit Committee Meetings is given below:

| Name of Member Director                    | No. of Meetings held during the tenure of the member | No. of Meetings attended |
|--|--|--------------------------|
| Mr. Rameshwar Singh Thakur (Chairman)      | 7  | 6                        |
| Mr. Vineet Agarwal (Member)                | 7  | 6                        |
| Mr. Salil Singhal (Member)                 | 7  | 6                        |
| Mr. Ghanshyam Girdharbhai Trivedi (Member) | 7  | 7                        |

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

### SHARE TRANSFER COMMITTEE

Your Company has a Share Transfer Committee comprising of Mr. Shreekant Somany, Chairman, Mr. Abhishek Somany and Mr. Siddharath Bindra, Members of the Committee. The Committee met 12 (Twelve) times during the year under review. The Board has delegated the power of Share Transfer to the Company's Registrar & Share Transfer Agents, who processes the transfers, in respect of physical and shares under Demat. During the year under review, total of 6000 shares were transmitted and dispatched within the stipulated time period specified under the laws, documents for which found valid in all respects. There were no pending transfers including transmission as on 31st March 2022.

## STAKEHOLDER'S RELATIONSHIP COMMITTEE

The Company has a Stakeholder's Relationship Committee to oversee redressal of shareholders'/Investors' grievances relating to transfers, transmissions, issue of duplicate share certificate(s) and all other matters concerning shareholders' complaints. Mr. Rameshwar Singh Thakur, Independent Director of the Company is the Chairman of the Committee and other members of the Committee are Mr. Siddharath Bindra, Mr. Ghanshyam Girdharbhai Trivedi and Mr. Shreekant Somany. Mr. Ambrish Julka, General Manager (Legal) and Company Secretary of the Company is the Compliance Officer. Total Four meetings of this Committee were held during the year 2021-22, i.e. on June 16, August 5, November 11 in 2021 and on February 2 in 2022. The meetings of the Stakeholders Relationship Committee were held through video conferencing. During the year under review, no complaints were received and nil complaints are pending as on 31st March 2022.

The attendance of the Stakeholders Relationship Committee is given below:

| Name of Member Director                    | No. of Meetings held during the tenure of the member | No. of Meetings attended |
|--|--|--------------------------|
| Mr. Rameshwar Singh Thakur (Chairman)      | 4  | 4                        |
| Mr. Siddharath Bindra (Member)             | 4  | 2                        |
| Mr. Ghanshyam Girdharbhai Trivedi (Member) | 4  | 4                        |
| Mr. Shreekant Somany (Member)              | 4  | 4                        |

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

## NOMINATION AND REMUNERATION COMMITTEE

The Company has a Nomination and Remuneration Committee comprising of Four (4) Non-executive directors, of which more than half are Independent Directors. Mr. Salil Singhal, Non-Executive Independent Director is the Chairman of the Committee. Mr. Siddharath Bindra, Non-Executive Independent Director, Mr. Rameshwar Singh Thakur, Non-Executive Independent Director and Mr. Ghanshyam Girdharbhai Trivedi, Non-Executive Non-Independent Director are other members of the Committee.

During the year 2021-22, Two (2) Committee meetings were held i.e. on June 16 and December 10 in 2021. The meetings of the Nomination and Remuneration Committee were held through video conferencing.

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

| Name of Member Director                    | No. of Meetings held during the tenure of the member | No. of Meetings attended |
|--|--|--------------------------|
| Mr. Salil Singhal (Chairman)               | 2  | 2                        |
| Mr. Siddharath Bindra (Member)             | 2  | 2                        |
| Mr. Ghanshyam Girdharbhai Trivedi (Member) | 2  | 2                        |
| Mr. Rameshwar Singh Thakur (Member)        | 2  | 2                        |

Mr. Rameshwar Singh Thakur, attended the last Annual General Meeting who is the Chairman of Audit Committee and Stakeholders Relationship Committee on behalf of Mr. Salil Singhal (Chairman of Nomination and Remuneration Committee), duly authorized by him, to answer shareholders queries.

## Terms of Reference

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

Identifying and selection of candidates for appointment as Directors/ Independent Directors, Key Managerial Personnel (KMP) and as Senior Management employees, based on certain criteria laid down;

Formulate and review from time to time the Policy for selection and appointment of Directors, KMP and senior management employees and their remuneration;

Review and evaluate the performance of the Board of Directors and Senior Management Employees based on certain criteria as approved by the Board. In reviewing the overall remuneration of the Board of Directors and Senior Management, the Committee ensures that the remuneration is reasonable and sufficient to attract, retain and motivate the best managerial talent, the relationship of remuneration to performance is clear and meets appropriate performance benchmarks and that the remuneration involves a balance between fixed and incentive pay reflecting short term and long term objectives of the Company.

## PERFORMANCE EVALUATION CRITERIA FOR INDEPENDENT DIRECTORS AND THE BOARD:

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

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

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

Details of the Remuneration paid/payable to Directors for the Financial Year 2021-22 are as follows:

(In Lakhs)

| Directors                  | Salary & Perquisites<br>(₹) ** | Commission for 2021-<br>22 (₹) | Sitting Fees (₹) | Total (₹) |
|----------------------------|--------------------------------|--------------------------------|------------------|-----------|
| Mr. Shreekant Somany*      | 298.72                         | -                              | -                | 298.72    |
| Mr. Abhishek Somany*       | 378.32                         | 174.45                         | -                | 552.77    |
| Mrs. Anjana Somany***      | 5.69                           | -                              | -                | 5.69      |
| Mr. Salil Singhal          | -                              | 1.5                            | 1.2              | 2.7       |
| Mr. Ravinder Nath          | -                              | 1.5                            | 0.95             | 2.45      |
| Mr. Siddharath Bindra      | -                              | 1.5                            | 1.15             | 2.65      |
| Mr. G. G. Trivedi          | -                              | 1.5                            | 1.70             | 3.20      |
| Mr. Rameshwar Singh Thakur | -                              | 1.5                            | 1.75             | 3.25      |
| Mrs. Rumjhum Chatterjee    | -                              | 1.5                            | 0.90             | 2.40      |
| Mr. Vineet Agarwal         | -                              | 1.5                            | 1.15             | 2.65      |

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

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

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

Apart from sitting fees, the Non-Executive directors of the Company are entitled for commission @1% of net profits of the Company in terms of resolution passed by the Shareholders of the Company at their Annual General Meeting held on 30th August 2018 to Non-Executive Directors of the Company up to and for the Financial Year ended 31st March 2023. However, no commission has been paid to the Non-Executive Directors for the financial year 2020-21.

\*\*\*Remuneration pertaining to her tenure as Director in the Company.

Mrs. Anjana Somany resigned from the directorship of the Company w.e.f. 16th June 2021.

During the period under review, Mr. Shreekant Somany, Chairman and Managing Director had forgone his commission for the financial year 2020-21. Further, Mr. Abhishek Somany, Managing Director had forgone a part of his salary amounting to ₹27 Lakhs during the Financial year 2021-22.

Apart from the above remuneration details no other kind of fixed components, performance link incentives are given to the Directors.

There have been no materially significant pecuniary relationships or transactions between the Company and its Directors in the financial year under review.

#### **CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE**

Your Company has a CSR Committee, in terms of Section 135 of the Companies Act, 2013. The Chairman of the Committee is Mr. Abhishek Somany, Managing Director of the Company. Mr. Salil Singhal, Mr. Ravinder Nath and Mr. Siddharath Bindra, Independent Directors of the Company are the other members of the Committee.

During the year ended 31st March 2022, 1 (One) Committee meeting was held i.e. on 16th June 2021, which was attended by the members through Video Conferencing as under:

| <b>Directors</b>      | <b>Category</b>                    | <b>No. of Meetings held during the tenure of the member</b> | <b>No. of Meetings attended</b> |
|-----------------------|------------------------------------|---|---------------------------------|
| Mr. Abhishek Somany   | Non-Independent Executive Director | 1   | 1                               |
| Mr. Salil Singhal     | Independent Director               | 1   | 1                               |
| Mr. Ravinder Nath     | Independent Director               | 1   | 1                               |
| Mr. Siddharath Bindra | Independent Director               | 1   | 1                               |

However, the Board of Directors had reconstituted Corporate Social Responsibility Committee in its meeting held on 18th May 2022 by induction of Mr. Gahanshyam Girdhbhai Trivedi, Non-Executive Non- Independent Director as a member of the Committee.

#### **RISK MANAGEMENT COMMITTEE**

The Company has a Risk Management Committee comprising of Mr. Abhishek Somany, Managing Director, Mr. Rameshwar Singh Thakur, Non-Executive Independent Director, Mr. Vineet Agarwal, Non-Executive Independent Director, Mr. Amir Mahapatra, Vice President (Technical), Mr. Saikat Mukhopadhyay, Chief Financial Officer and Mr. Bikash Mishra (Senior Manager). Mr. Abhishek Somany, Managing Director is the Chairman of the Committee and Mr. Bikash Mishra, Senior Manager is the Coordinator of the Committee and others are members of the Committee.

During the year 2021-22, Two (2) Committee meetings were held i.e. on 5th August in 2021 and February 2 in 2022. The meetings of the Risk Management Committee were held through video conferencing.

The attendance of the Risk Management Committee Meetings is given below:

| <b>Name of Member/Director</b>      | <b>No. of Meetings held during the tenure of the member</b> | <b>No. of Meetings attended</b> |
|-------------------------------------|---|---------------------------------|
| Mr. Abhishek Somany (Chairman)      | 2   | 1                               |
| Mr. Rameshwar Singh Thakur (Member) | 2   | 2                               |
| Mr. Vineet Agarwal (Member)         | 2   | 2                               |
| Mr. Amir Mahapatra (Member)         | 2   | 2                               |
| Mr. Saikat Mukhopadhyay (Member)*   | 2   | 2                               |
| Mr. Bikash Mishra (Coordinator)     | 2   | 2                               |

\*Mr. Saikat Mukhopadhyay resigned as Chief Financial Officer of the Company w.e.f. 31st May 2022 and consequently ceased to be the member of Risk Management Committee from that date.

## Terms of Reference

Terms of reference of Risk Management Committee are as follows:

- (1) To formulate a detailed risk management policy which shall include:
  - (a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
  - (b) Measures for risk mitigation including systems and processes for internal control of identified risks.
  - (c) Business continuity plan.
- (2) To ensure that appropriate methodology, processes and systems are in place to monitor, evaluate risks associated with the business of the Company and ensuring the cyber security of the Company;
- (3) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- (4) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- (5) To keep the board of directors informed periodically about the nature and content of its discussions, recommendations and actions to be taken;
- (6) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

## COMPANY ADMINISTRATIVE COMMITTEE

The Company Administrative Committee was constituted by the Board for considering matters routine in nature and matters required to be resolved between two Board Meetings of the Company. Mr. Shreekant Somany, Chairman and Managing Director of the Company, is the Chairman of the Committee. Mr. Abhishek Somany, Managing Director, Mr. Salil Singhal and Mr. Siddharath Bindra, Non-Executive Independent Directors of the Company are other members of the Committee. During the year ended 31st March 2022, one Committee meeting was held on 25th August 2021 which was attended by the members as under:

| Directors             | Category                           | No. of Meetings held during the tenure of the member | No. of Meetings attended |
|-----------------------|------------------------------------|--|--------------------------|
| Mr. Shreekant Somany  | Non-Independent Executive Director | 1  | 1                        |
| Mr. Abhishek Somany   | Non-Independent Executive Director | 1  | 1                        |
| Mr. Salil Singhal     | Independent Director               | 1  | -                        |
| Mr. Siddharath Bindra | Independent Director               | 1  | 1                        |

## 6. SEPARATE MEETING OF INDEPENDENT DIRECTORS

As stipulated by the Code for Independent Directors under Schedule IV to the Companies Act, 2013 and Regulation 25 (3) of the SEBI (LODR) Regulations, 2015, a separate meeting of the Independent Directors of the Company was held on 29th March 2022 and attended by the Independent Directors except Mr. Siddharath Bindra to review the performance of Non-Independent Directors (including the Chairman) and the Board as a whole. The Independent Directors also reviewed the quality, content and timeliness of the flow of information between the Management and the Board and its Committees which is necessary to effectively and reasonably perform and discharge their duties.

## 7. INDUCTION AND TRAINING OF INDEPENDENT DIRECTOR

Independent Directors are familiarized with their roles, rights and responsibilities in the Company as well as the nature of industry in which the Company operates through induction programmes at the time of their appointment as Director. On appointment, the concerned Director is issued a Letter of Appointment setting out in detail, the terms of appointment, duties, responsibilities and expected time commitments. Each newly appointed Independent Director is taken through a formal induction programme giving brief description on Company's manufacturing, marketing, finance and other important aspects. The Company Secretary briefs the Directors



about their legal and regulatory responsibilities as a Director. The induction for Independent Directors include interactive sessions with Business and Functional heads. The details of familiarization programmes for Independent Directors are uploaded on the website of the Company, i.e. [www.somanyceramics.com](http://www.somanyceramics.com) at the weblink: <https://www.somanyceramics.com/investor-relation/>

## 8. EVALUATION OF THE BOARD'S PERFORMANCE

One of the key functions of the Board is to monitor and review the Board evaluation framework. Pursuant to the provisions of the Companies Act, 2013 and Regulation 17(10) of SEBI (LODR) Regulations, 2015, the Board has carried out evaluation of its own performance, performance of Individual Directors and as well as that of its Committees, including Chairman of the Board. The exercise was carried out through a structured evaluation process covering various aspects of Board's functioning such as composition of Board & its Committees, experience and competencies, performance of specific duties obligations, governance issues etc. Separate exercise was carried out to evaluate the performance of individual Directors, including the Board as a whole, Chairman, who were evaluated on parameters such as attendance, contribution at the meetings and otherwise, independent judgement, safeguarding of minority shareholder's interest etc.

## 9. WHISTLE BLOWER POLICY/VIGIL MECHANISM

With the rapid expansion of business in terms of volume, value and geography, various risks associated with the business have also increased considerably. One such risk identified is the risk of fraud & misconduct. The Audit Committee is committed to ensure fraud free work environment and to this end the said Committee has laid down a Whistle Blower Policy, duly approved by the Board, providing a platform to all the employees, vendors and customers to report any suspected fraud or error or confirmed incident of fraud /misconduct. The Board has adopted the Policy on Vigil Mechanism and uploaded the same on the Company's website i.e. [www.somanyceramics.com](http://www.somanyceramics.com) at the weblink: [https://www.somanyceramics.com/pub/media/investorrelation/s/c/scl\\_whistle\\_blower\\_policy-revised.pdf](https://www.somanyceramics.com/pub/media/investorrelation/s/c/scl_whistle_blower_policy-revised.pdf)

It is affirmed that no personnel of the Company has been denied access to the Audit Committee.

## 10. SUBSIDIARY COMPANIES

The Company does not have any material subsidiary whose income or net worth exceeds 10% of the consolidated income or net worth of the holding company and its subsidiaries in the immediately preceding accounting year. The Audited Annual Financial Statements of Subsidiary Companies are tabled at the Audit Committee meeting and Board meeting of the Company. Copies of the Minutes of the Board Meetings of Subsidiary Companies are circulated to all the Directors along with the agenda for the Board Meetings of the Company. The Board has approved and adopted a policy for determining Material Subsidiaries which has been uploaded on the Company's website i.e. [www.somanyceramics.com](http://www.somanyceramics.com) and at the web link i.e. [https://www.somanyceramics.com/pub/media/investorrelation/p/o/policy\\_on\\_material\\_subsidaries\\_revised\\_\\_1.pdf](https://www.somanyceramics.com/pub/media/investorrelation/p/o/policy_on_material_subsidaries_revised__1.pdf)

## II. RELATED PARTY TRANSACTIONS

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and Regulation 23 of the SEBI (LODR) Regulations, 2015 during the financial year were in the ordinary course of business and on an arm's length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013. There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company. Suitable disclosure as required by the Indian Accounting Standards (IND-AS 24) has been made in the notes to the Financial Statements. The Board has approved a policy for related party transactions which has been uploaded on the Company's website i.e. [www.somanyceramics.com](http://www.somanyceramics.com) at the web link i.e. [https://d3bvng1ozw4ph9.cloudfront.net/media/investorrelation/r/p/rpt\\_policy\\_w.pdf](https://d3bvng1ozw4ph9.cloudfront.net/media/investorrelation/r/p/rpt_policy_w.pdf)

Omnibus approval granted by Audit Committee for transactions contemplated to be undertaken by the Company with related parties subject to approval of the shareholders of the Company, wherever, required.

## 12. GENERAL BODY MEETINGS

The details of all the General Body Meetings conducted in the last 3 years are as under:

| Year    | Date       | Time       | Annual General Meeting      | Place of Meeting  |
|---------|------------|------------|-----------------------------|---|
| 2021-22 | 15.09.2021 | 12 Noon    | 53rd Annual General Meeting | Deemed place of meeting was Registered Office at 2 Red Cross Place, Kolkata- 700001 through Video Conferencing (“VC”) or Other Audio Visual Means (“OAVM”). |
| 2020-21 | 18.08.2020 | 12 Noon    | 52nd Annual General Meeting | Deemed place of meeting was Registered Office at 2 Red Cross Place, Kolkata- 700001 through Video Conferencing (“VC”) or Other Audio Visual Means (“OAVM”). |
| 2019-20 | 19.08.2019 | 11:30 A.M. | 51st Annual General Meeting | Sripati Singhania Hall, Rotary Sadan, 94/2, Chowringhee Road, Kolkata- 700020   |

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

| Date of Meeting held | AGM/ EOGM | Subject matter of the resolution   |
|----------------------|-----------|--|
| 15.09.2021           | AGM       | <ul style="list-style-type: none"> <li>Approval of shareholders for continuation of directorship of Mr. Ghanshyam Girdharbhai Trivedi (DIN: 00021470) after attaining age of 75 years as a Non-Executive Non- Independent Director of the Company.</li> <li>Authorize borrowings by way of Issuance of Non-Convertible Debentures/ Bonds/ Other Similar Instruments.</li> </ul>  |
| 18.08.2020           | AGM       | <ul style="list-style-type: none"> <li>Authorize borrowings by way of Issuance of Non-Convertible Debentures/ Bonds/ Other Similar Instruments.</li> <li>Re-appointment of Mr. Shreekant Somany (DIN: 00021423) as the Chairman &amp; Managing Director of the Company for a further period of 3 (Three) consecutive years, commencing from 1st September 2020 till 31st August 2023.</li> </ul>   |
| 19.08.2019           | AGM       | <ul style="list-style-type: none"> <li>Re-appointment of Mr. Salil Singhal (DIN: 00006629) as an Independent Director for his second term of five (5) consecutive years.</li> <li>Re-appointment of Mr. Ravinder Nath (DIN: 00062186) as an Independent Director for his second term of five (5) consecutive years.</li> <li>Re-appointment of Mr. Siddharath Bindra (DIN: 01680498) as an Independent Director for his second term of five (5) consecutive years.</li> <li>Alteration in Article 148 of Articles of Association of the Company.</li> <li>To approve continuation of payment of Remuneration to Mr. Shreekant Somany (DIN: 00021423), Chairman and Managing Director, who is promoter, in excess of threshold limits as per SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018.</li> <li>To approve continuation of payment of Remuneration to Mr. Abhishek Somany (DIN: 00021423), Managing Director, who is promoter, in excess of threshold limits as per SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018.</li> <li>To approve continuation of payment of Remuneration to Mrs. Anjana Somany (DIN: 00133542), Whole- time Director, who is promoter in excess of threshold limits as per SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018</li> </ul> |

## Postal Ballot

### A. Details of resolutions passed through Postal Ballot:

The Company sent Postal Ballot notice dated 10th December 2021 to the members seeking their approval through Postal Ballot for passing the following Special resolutions:

Resolution No. 1: Approval for adoption of Somany Ceramics Employee Stock Option Plan 2021 and grant of Employee stock options to the Eligible Employees/Directors of the Company thereunder.

Resolution No. 2: Approval for adoption of Somany Ceramics Employee Stock Option Plan 2021 and grant of stock options to the Eligible Employees/Directors of group companies including Subsidiary or Associate Companies thereunder.

The Company had appointed Mr. Akshit Kumar Jangid, Partner, Pinchaa & Co., Company Secretaries as the scrutinizer for conducting the Postal Ballot process. Accordingly, the postal Ballot was conducted by the scrutinizer and a report was submitted to the Chairperson.

The results of the voting conducted through Postal Ballot are as under:

#### RESOLUTION NO. 1

| Particulars     | Votes in favour of the Resolution |                                | Votes against the resolution |                                |
|-----------------|-----------------------------------|--------------------------------|------------------------------|--------------------------------|
|                 | Number of Shares                  | Percentage of valid votes cast | Number of Shares             | Percentage of valid votes cast |
| Remote e-voting | 29322447                          | 91.2603                        | 2808118                      | 8.7397                         |
| Total           | 29322447                          | 91.2603                        | 2808118                      | 8.7397                         |

#### RESOLUTION NO. 2

| Particulars     | Votes in favour of the Resolution |                                | Votes against the resolution |                                |
|-----------------|-----------------------------------|--------------------------------|------------------------------|--------------------------------|
|                 | Number of Shares                  | Percentage of valid votes cast | Number of Shares             | Percentage of valid votes cast |
| Remote e-voting | 29321982                          | 91.2588                        | 2808583                      | 8.7412                         |
| Total           | 29321982                          | 91.2588                        | 2808583                      | 8.7412                         |

### B. No special resolution is proposed to be passed through Postal Ballot at the ensuing Annual General Meeting.

## 14. DISCLOSURES

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

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

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

There was no materially significant related party transaction which may have potential conflict with the Interest of the Company at large. During the year under review, no employee of the Company has been

denied access to the Audit Committee in respect of suspected fraud or error, if any, under the vigil mechanism adopted by the Board.

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

## 15. DISCRETIONARY REQUIREMENTS

The Company has complied with all mandatory requirements prescribed by SEBI Listing Regulations and the Company has also complied with below mentioned discretionary requirements as stated under Part E of Schedule II to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:-

1. Company's financial statements are unmodified and Company continues to adopt best practices to ensure the regime of unmodified opinion.

- The reports of Internal Auditor are placed directly before the Audit Committee in every quarter.

## 16. MEANS OF COMMUNICATION

The annual, half yearly and quarterly results of the Company are generally published in Jansatta, New Delhi (Hindi Edition), The Financial Express (English Edition) New Delhi, Kolkata & Mumbai and Ekdin (Kolkata) (Bengali Edition) newspapers. The results of the Company are submitted to the National Stock Exchange of India Limited and BSE Limited in accordance with the SEBI (LODR) Regulations, 2015 and posted on its website: [www.somanyceramics.com](http://www.somanyceramics.com).

The presentations made to Institutional investors/ analysts are available at website of Company i.e. [www.somanyceramics.com](http://www.somanyceramics.com) at the web link at <https://www.somanyceramics.com/investor-relation>. The Company interact with their shareholders through various means of communication i.e. Print Media, Company's website, Annual Report etc.

## 17. GENERAL SHAREHOLDER'S INFORMATION

Registered Office:  
2, Red Cross Place, Kolkata – 700 001  
Phone: 033-22487406/5913,  
Email: [corporateaffairs@somanyceramics.com](mailto:corporateaffairs@somanyceramics.com)

### Plant locations

- V & P.O Kassar, Bahadurgarh Distt. Jhajjar, Haryana – 124507  
Phone: 01276-223300 Fax: 01276-241011  
Email: [amir.mahapatra@somanyceramics.com](mailto:amir.mahapatra@somanyceramics.com)
- GIDC Industrial Area,  
Distt. Mehsana, Kadi, Gujarat 382715  
Ph : 02764-242153/54, Fax : 02764-263011  
Email: [amir.mahapatra@somanyceramics.com](mailto:amir.mahapatra@somanyceramics.com)

## 18. DATE AND VENUE OF ANNUAL GENERAL MEETING

The 54th Annual General Meeting of the Company will be held on Friday, the 23rd September 2022 at 11:00 A.M. through Video Conferencing or Other Audio Visual Means.

## 19. FINANCIAL CALENDAR: APRIL 1 TO MARCH 31

Financial Reporting for 2022-2023 is as follows:

- First Quarter : Second week of August, 2022  
Second Quarter : Second week of November, 2022  
Third Quarter : Third week of January, 2023  
Fourth Quarter : Fourth week of May, 2023

## 20. DIVIDEND AND BOOK CLOSURE DATE

The Board of Directors of the Company has recommended a dividend of Rs 3/- per equity share of ₹2/- each for the year ended 31st March 2022 subject to the approval of the shareholders at the 54th Annual General Meeting of the Company and the amount of dividend will be paid and dividend warrants will be dispatched to the eligible shareholders on or before October 22, 2022

The Books shall remain closed from 17th September, 2022 to 23rd September, 2022.

## 21. LISTING ON STOCK EXCHANGE

Shares of the Company are listed at National Stock Exchange of India Limited (NSE) and BSE Limited (BSE). The Company has paid annual listing fees to both the Exchanges for the financial year 2022-23.

### National Stock Exchange of India Limited (NSE)

“Exchange Plaza”,  
Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051  
Trading Symbol :- SOMANYCERA

### BSE Limited (BSE)

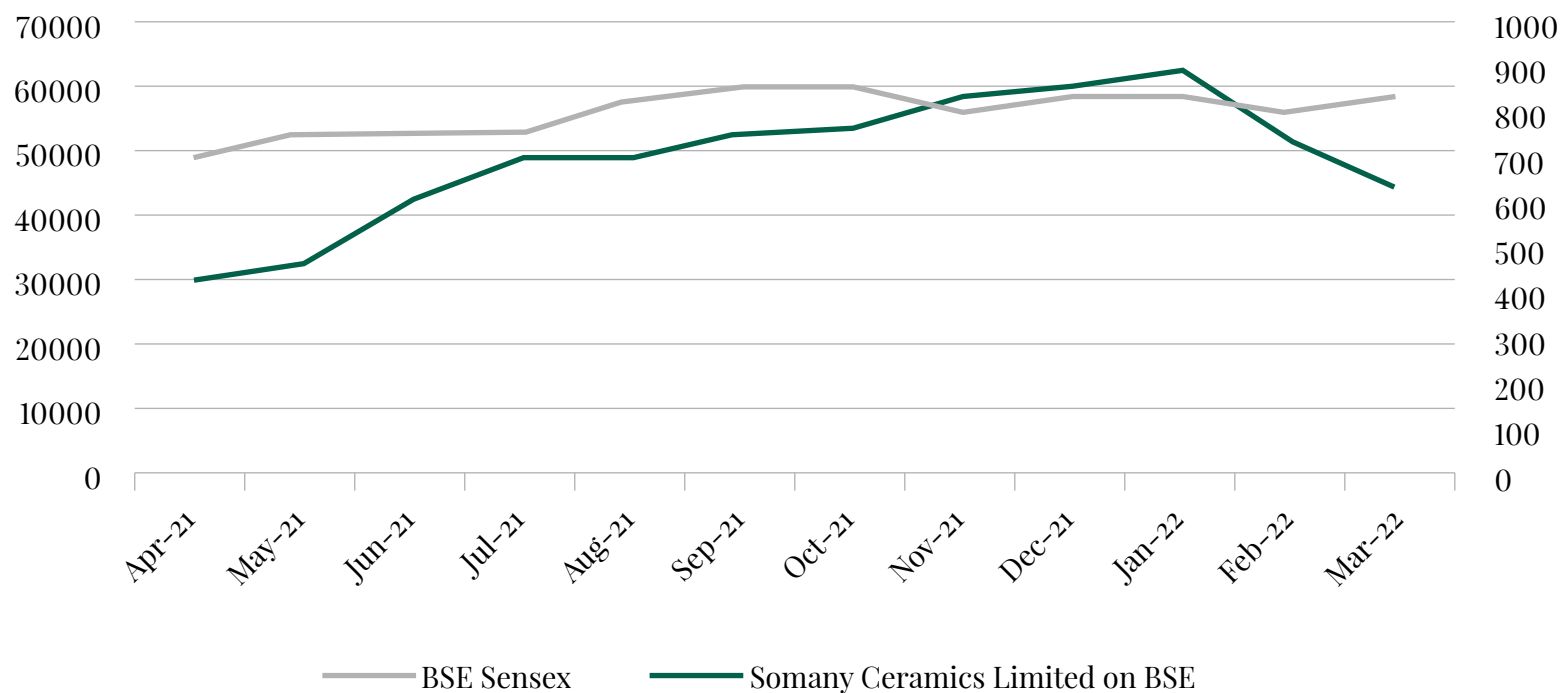
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai – 400 001  
Scrip Code : 531548  
Demat ISIN Number for NSDL and CDSL: INE 355A01028

| No. of Equity Shares | National Stock Exchange of India Limited* |         |                      | BSE Limited* |         |                      |
|----------------------|---|---------|----------------------|--------------|---------|----------------------|
|                      | High (₹)                                  | Low (₹) | No. of Shares Traded | High (₹)     | Low (₹) | No. of Shares Traded |
| Apr-21               | 459.00                                    | 406.50  | 983173               | 459.20       | 405.00  | 80643                |
| May-21               | 488.00                                    | 407.45  | 1892038              | 488.15       | 405.20  | 148392               |
| Jun-21               | 649.95                                    | 456.15  | 7311245              | 650.00       | 444.40  | 618304               |
| Jul-21               | 725.00                                    | 595.00  | 1089893              | 734.00       | 597.30  | 199074               |
| Aug-21               | 745.00                                    | 607.00  | 836299               | 748.00       | 597.05  | 99782                |
| Sep-21               | 790.80                                    | 636.60  | 979309               | 785.85       | 647.00  | 253120               |
| Oct-21               | 876.00                                    | 730.00  | 800610               | 864.05       | 730.25  | 151858               |
| Nov-21               | 970.00                                    | 698.10  | 1048905              | 952.45       | 728.05  | 159317               |
| Dec-21               | 894.80                                    | 799.95  | 432749               | 879.00       | 796.40  | 57387                |
| Jan-22               | 947.00                                    | 823.00  | 783791               | 950.00       | 824.50  | 70910                |
| Feb-22               | 928.80                                    | 708.50  | 650677               | 928.00       | 711.25  | 107357               |
| Mar-22               | 798.30                                    | 614.00  | 1384823              | 739.30       | 610.00  | 173274               |

\*Source: Official website of BSE and NSE

#### PERFORMANCE IN COMPARISON TO BROAD BASED INDICES

BSE SENSEX VS SOMANY CERAMICS LIMITED SHARE PRICE



## 22. REGISTRAR & SHARE TRANSFER AGENT

(Both for physical and demat segment) Maheshwari Datamatics Pvt. Ltd.

23, R. N. Mukherjee Road,

5th Floor, Kolkata – 700 001

Phone No. 033-2243 5809/2248 2248 E-mail: mdpldc@yahoo.com

## 23. SHARE TRANSFER SYSTEM

Matters related to share transfer and transmission are attended by the delegated authorities on a fortnightly basis. Share transfers are registered and returned within 15 days from the date of receipt, if the documents are in order in all respects. As per the requirement of Regulation 40(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has obtained half-yearly certificates from Practising Company Secretary for due compliance of share transfer formalities. However, it may be noted that as per SEBI stipulation the transfer of physical shares is not permitted with effect from 1st April 2019 except in cases where the claims are lodged for transmission or transposition of shares or where the transfer deed(s) lodged prior to above date were returned due to deficiency in the documents.

## 24. DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2022

| No. of Equity Shares | No. of Shareholders | Percentage of Shareholders | No. of Shares | Percentage of Shareholding |
|----------------------|---------------------|----------------------------|---------------|----------------------------|
| 1 to 500             | 22907               | 92.4863                    | 1231877       | 2.90                       |
| 501 to 1000          | 835                 | 3.3713                     | 638457        | 1.50                       |
| 1001 to 2000         | 450                 | 1.8169                     | 671264        | 1.58                       |
| 2001 to 3000         | 156                 | 0.6298                     | 397309        | 0.94                       |
| 3001 to 4000         | 85                  | 0.3432                     | 304118        | 0.72                       |
| 4001 to 5000         | 71                  | 0.2867                     | 324039        | 0.76                       |
| 5001 to 10000        | 120                 | 0.4845                     | 844301        | 1.99                       |
| 10001 and Above      | 144                 | 0.5814                     | 38062843      | 89.61                      |
| Total                | 24768               | 100.0000                   | 42474208      | 100.00                     |

Categories of Shareholding as on 31st March 2022.

| Category   | Number of Shares | Percent |
|--|------------------|---------|
| Indian Promoters                                   | 23269489         | 54.78   |
| Mutual Funds & UTI, Alternate Investment Funds     | 8102470          | 19.08   |
| Banks, Financial Institutions, Insurance Companies | 478778           | 1.13    |
| NBFCs Registered with RBI                          | NIL              | NIL     |
| Foreign Portfolio Investors                        | 1064731          | 2.51    |
| Foreign Portfolio Investors (Individual)           | NIL              | NIL     |
| Foreign Institutional Investors                    | NIL              | NIL     |
| Corporate Bodies                                   | 1515333          | 3.57    |
| Indian Public                                      | 7612270          | 17.92   |
| NRIs/Foreign Companies                             | 175065           | 0.41    |
| Investor Education and Protection Fund Authority   | 177822           | 0.42    |
| Trusts   | 52581            | 0.12    |
| Clearing Members                                   | 25669            | 0.06    |
| Total  | 42474208         | 100.00  |

## 25. DEMATERIALISATION OF SHARES

The Company's equity shares enjoy the DEMAT facilities with NSDL as well as CDSL. The shares held in dematerialised form in CDSL are 18,80,269 (4.43%) and in NSDL are 4,03,34,515 (94.96%) representing 4,22,14,784 (99.39%) Equity shares of the paid-up capital of the Company as on 31st March 2022. The total shares held in physical form are 2,59,424 (0.61%).

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

During the year 2021-22, there were no outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date, which would have an impact on the equity of the Company.

## 27. STOCK OPTIONS

The Nomination and Remuneration Committee and Board of Directors of the Company in their meeting held on 10th December 2021 approved the Somany Ceramics Employee Stock Plan 2021 (hereinafter to be referred as "Somany Ceramics Employee Stock Option Plan 2021" or the "Plan" or "Scheme") for grant of 4,23,794 Options to Eligible Employees/Directors of the Company and/or group companies including Subsidiary or Associate Companies and recommended the same to the Shareholders of the Company for their approval.

The Plan was approved by the shareholders of the Company on 7th April 2022 through Postal ballot. As per Regulation 12(3) of SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, the company obtained in-principle approval of the stock exchanges prior to the grant of options.

The Nomination and Remuneration Committee granted 3,50,102 options to 33 eligible employees of the Company on 29th April 2022. The grant of options was done at the latest available closing price prevailing on the National Stock Exchange of India Limited being the Stock Exchange which recorded the highest trading volume in the Equity Shares of the Company on 28th April 2022 i.e. the previous trading day immediately preceding the date on which the grant of Options was approved by the Committee.

The disclosure required under Regulation 16 (2) of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 made to the prospective option grantees. The details of the Plan are available on the Weblink [https://d3bvng10zw4ph9.cloudfront.net/media/investorrelation/e/s/esop\\_details.pdf](https://d3bvng10zw4ph9.cloudfront.net/media/investorrelation/e/s/esop_details.pdf)

## 28. COMMODITY PRICE/FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES

During the year 2021-22, there have been increase in various input

costs on account of overall economic uncertainties, which were partly passed on and partly absorbed. These inputs does not fall under the preview of commodities that can be covered through any hedging structure. As far as foreign exchange risk is concerned, there is no significant foreign exchange exposure. Further the regular monitoring mechanism is in place to take necessary steps to minimize foreign exchange risks.

## 29. CERTIFICATE FROM COMPANY SECRETARY IN PRACTICE

Mr. Akshit Kumar Jangid, Partner of Pinchaa & Co., Company Secretaries, has issued a certificate as required under the SEBI (LODR) Regulations, 2015, confirming that none of the directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as director of companies by the SEBI/ Ministry of Corporate Affairs or such any other authority. This certificate is enclosed as Annexure – A.

## 30. CONTACT FOR CLARIFICATION ON FINANCIAL STATEMENTS:

Individuals may contact

Mr. Sachin Jain (Senior General Manager), at:

F-36, Sector-6, Noida – 201301, Uttar Pradesh

Phone: 0120 - 4627900

Email: sachin.jain@somanyceramics.com

Shareholder's Enquiries: Individuals may contact

Mr. Shyamal Banerjee at:

2, Red Cross Place, Kolkata – 700 001

Phone : 033-22487406/ 5913

Email : sclinvestors@somanyceramics.com

Pursuant to the Uniform Listing Agreement entered by the Company with Stock Exchanges, the Company has created email-id for the redressal of investor grievances viz: sclinvestors@somanyceramics.com

## 31. CREDIT RATINGS

The Company has maintained the rating from CRISIL for Bank Loan during the year 2021-22 as under:-

| Rating Agency | Rating            |     |
|---------------|-------------------|-----|
| CRISIL        | Long-term Rating  | AA- |
|               | Short-term Rating | A1+ |

### 32. DETAILS OF COMPLIANCE WITH MANDATORY REQUIREMENTS AND ADOPTION OF THE NON-MANDATORY REQUIREMENTS UNDER THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

During the year, the Company has complied with the mandatory requirements as stipulated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. With respect to the Compliance with the non-mandatory requirements pursuant to Regulation 27(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has adopted the following non-mandatory requirements:

- During the year under review, there is no audit qualification on the company's Financial Statements.
- The Internal Auditor can report directly to the Audit Committee.

### 33. DETAILS PERTAINING TO UTILIZATION OF FUNDS

The Company has fully utilized the proceeds of ₹11,999.97 Lakhs (including issue expenses of ₹307.34 Lakhs), raised through qualified institutions placement of equity shares in December, 2015, for the purpose the funds were so raised.

#### OTHER DISCLOSURES

The total fee payable to M/s. Singhi & Co., the Statutory Auditors of the Company, on consolidated basis, for the Financial year 2020-21 and 2021-22 is ₹15.40 Lakhs and ₹24.68 Lakhs respectively out of which a sum of ₹23.33 lakhs has been paid during the Financial Year 2021-22.

The details of his directorship and membership in Companies are given below:

| S. No. | Name of the Public Limited Company in which he is a Director | Chairman/ Director      | Positions held in |                                       |                                      |   |                           |
|--------|--|-------------------------|-------------------|---------------------------------------|--------------------------------------|---|---------------------------|
|        |  |                         | Audit Committee   | Nomination and Remuneration Committee | Stakeholder's Relationship Committee | Corporate Social Responsibility Committee | Risk Management Committee |
| 1.     | Somany Ceramics Limited                                      | Managing Director & CEO | -                 | -                                     | -                                    | Chairman                                  | Chairman                  |
| 2.     | Somany Bathware Limited                                      | Director                | -                 | -                                     | -                                    | -   | -                         |
| 3.     | Indian Council of Ceramic Tiles and Sanitaryware             | Chairman                | -                 | -                                     | -                                    | -   | -                         |

There was no recommendation of any committee of the Board, which had not been accepted by the Board of Directors during the year under review.

During the Financial Year 2021-22, the Company did not raise any funds through preferential allotment or qualified institutions placement.

### 34. COMPLAINTS PERTAINING TO SEXUAL HARASSMENT

|  |     |
|--|-----|
| Number of complaints filed during the financial year         | Nil |
| Number of complaints disposed of during the financial year   | Nil |
| Number of complaints pending as on end of the financial year | Nil |

### 35. PARTICULARS IN RESPECT OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE ENSUING 54TH ANNUAL GENERAL MEETING OF THE COMPANY, PURSUANT TO REGULATION 36(3) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.

#### Mr. Abhishek Somany

Aged about 50 years, Mr. Abhishek Somany (DIN: 00021448), has done his Bachelor of Business Administration from Richmond University, U.K. with specialization in finance and marketing. He has played a major role in the growth of the Company. He has provided dynamic leadership in all the areas related to Company's business in general and marketing and brand building in particular.



### Mr. Ghanshyam Girdharbhai Trivedi

Aged about 75 years, Mr. Ghanshyam Girdharbhai Trivedi (DIN: 00021470), is an Associate Member of ICMA and holds degree in M.Sc. and LL.B. He has over 52 years of experience which includes 34 years of his rich experience in Ceramics, Glass and Sanitary Ware Industry. He is the President of AIPMA and a Members of many reputed organizations like ACS, AIMA and Indian Ceramic Society. He is also associated with the several professional bodies contributing to the growth and development of Ceramic, Glass and Sanitary Ware Industry in India. He is playing advisory role as a member of Committee of CGCRI-Ahmedabad, Council Member of ICS and AIPMA. He has participated in several National and International Conferences and has presented research papers which have benefited the Industry at large. He is associated with the Company since 1987 and holding 2000 equity shares of the Company. The details of his directorship and membership in Companies are given below:

| S. No. | Name of the Public Limited Company in which he is a Director | Chairman/ Director | Positions held in |                                       |                                      |
|--------|--|--------------------|-------------------|---------------------------------------|--------------------------------------|
|        |  |                    | Audit Committee   | Nomination and Remuneration Committee | Stakeholder's Relationship Committee |
| 1.     | Somany Ceramics Limited                                      | Director           | Member            | Member                                | Member                               |
| 2      | Somany Bathware Limited                                      | Director           | -                 | -                                     | -                                    |

### Mr. Rameshwar Singh Thakur

Mr. Rameshwar Singh Thakur (DIN: 00020126) aged about 74 years is holder of BE (Mechanical Engineering) degree, MBA from XLRI and also Graduate Chartered Institute of Management Accountants (London). He has experience of about 50 years in Business Planning, Product Pricing, Plant Accounts Functions Treasury and Taxation & International Business Development. He has successfully turned around Companies as CEO. The details of his directorship and membership in other Companies are given below:

| S. No. | Name of the Public Limited Company in which he is a Director | Chairman/ Director | Positions held in |                                       |                                      |                           |
|--------|--|--------------------|-------------------|---------------------------------------|--------------------------------------|---------------------------|
|        |  |                    | Audit Committee   | Nomination and Remuneration Committee | Stakeholder's Relationship Committee | Risk Management Committee |
| 1.     | Somany Ceramics Limited                                      | Director           | Chairman          | Member                                | Chairman                             | Member                    |
| 2.     | Neutral Publishing House Ltd.                                | Director           | -                 | -                                     | -                                    | -                         |

### Mrs. Rumjhum Chatterjee

Mrs. Rumjhum Chatterjee (DIN: 00283824) is aged about 62 years and is a graduate in Psychology from Calcutta University. She is one of the co-founders of Feedback Infra Group and serves as the Chairperson of the Feedback Foundation Trust which is deeply involved in rural and urban sanitation issues, including solid waste management where she has successfully implemented several projects across the country through community engagement.

A leading practitioner of the management of human capital in the infrastructure sector, she was recognized as one of the 20 Most Talented HR Leaders in India by the World HRD Congress in 2013.

She served as the first woman Chairperson for CII Northern Regional Council (2016-17) - the largest of the 4 Regions of CII, comprising 9 states.

She has a deep interest in women's empowerment. She served as Chairperson of CII Women Exemplar Program for 2015-17 and has been part of the Jury of the Selection Committee of the same program since its inception. She has represented industry's views on the subject before Parliamentarians in India. She also participated in a closed-door interaction to discuss women's empowerment with Prime Minister of Japan, Mr. Shinzo Abe, during his visit to India in January 2014.

Currently, she is the Co-Chair for CII's National Committee on CSR.

She serves as a Trustee of '3E Education Trust' (HDFC Schools).

The details of her directorship and membership in other companies are given below:

| S. No. | Name of the Private/Public Limited Company in which he/she is a Director | Chairman/ Director | Positions held in                     |   |                 |
|--------|--|--------------------|---------------------------------------|---|-----------------|
|        |  |                    | Nomination and Remuneration Committee | Corporate Social Responsibility Committee | Audit Committee |
| 1      | Blue Star Limited*   | Director           | Member                                | Member                                    | -               |
| 2      | C&S Electric Limited   | Director           | Member                                | Chairperson                               | Member          |

\*Resigned from directorship with effect from 25th April 2022.

**For and on behalf of the Board  
For Somany Ceramics Limited**

**Shreekant Somany**  
Chairman & Managing Director  
DIN No.: 00021423

### 36. DECLARATION ON COMPLIANCE WITH THE CODE OF CONDUCT

I hereby confirm and declare that, all the Directors and Senior Management Personnel of the Company have affirmed their compliances with the Code of Conduct of the Company, in so far as it is applicable to them, and there is no non-compliance thereof during the year ended 31st March 2022.

**Shreekant Somany**  
Chairman & Managing Director  
DIN: 00021423

Place: Noida  
Date: 10th August 2022

### 37. CMD/CFO CERTIFICATION

The Board of Directors

Somany Ceramics Limited

We have reviewed the financial statements and the cash flow statement of Somany Ceramics Limited for the year ended 31st March 2022 and that to the best of our knowledge and belief, we state that;

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

Yours sincerely

**Shreekant Somany**  
Chairman & Managing Director  
DIN: 00021423

Place: Noida  
Date: 18th May 2022

**Saikat Mukhopadhyay**  
Chief Financial Officer

## “Annexure-A”

### CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,  
The Members of  
**Somany Ceramics Limited**  
2, Red Cross Place,  
Kolkata-700 001 (West Bengal)

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Somany Ceramics Limited having CIN L40200WB1968PLC224116 and having registered office at 2, Red Cross Place, Kolkata-700 001 (hereinafter referred to as ‘the Company’), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations, representations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March 2022 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority:

| S. No. | Name of Director                  | DIN      | Date of appointment in the Company |
|--------|-----------------------------------|----------|------------------------------------|
| 1.     | Mr. Salil Singhal                 | 00006629 | 27/07/2002                         |
| 2.     | Mr. Rameshwar Singh Thakur        | 00020126 | 24/05/2018                         |
| 3.     | Mr. Shreekant Somany              | 00021423 | 01/09/1992                         |
| 4.     | Mr. Abhishek Somany               | 00021448 | 03/09/2001                         |
| 5.     | Mr. Ghanshyam Girdharbhai Trivedi | 00021470 | 01/09/2017                         |
| 6.     | Mr. Ravinder Nath                 | 00062186 | 26/09/2003                         |
| 7.     | Mrs. Rumjhum Chatterjee           | 00283824 | 01/09/2018                         |
| 8.     | Mr. Vineet Agarwal                | 00380300 | 01/05/2019                         |
| 9.     | Mr. Siddharath Bindra             | 01680498 | 26/05/2014                         |

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Pinchaa & Co.  
Company Secretaries  
Firm’s U.C.N. P2016RJ051800  
Firm’s P.R. Certificate No. 832/2020

Akshit Kr. Jangid  
Partner

M.No. FCS 11285

C. P. No.:16300

UDIN: F011285D000392688

Date: 26.05.2022  
Place: Jaipur

# Financial Section

# Independent Auditor's Report

To  
the Members of  
**Somany Ceramics Limited**

## Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the accompanying standalone financial statements of Somany Ceramics Limited ("the Company"), which comprise the Balance sheet as at March 31, 2022, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

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 Companies Act, 2013 ("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 March 31, 2022, its profit including other comprehensive income, the changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs), as specified under section

143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

| S.<br>N. | Key Audit Matter  | Auditor's Response   |
|----------|---|--|
| 1.       | <p><b>Valuation of trade receivables, loans receivables and other financial assets</b></p> <p>The carrying amount of trade receivables, loans receivables and other financial assets of the Company was ₹39,781.95 Lakhs as at March 31, 2022.</p> <p>(Refer Note no. 2.18, 5, 6, 10, 13 and 14 to the financial statements.)</p> <p>The Company assesses periodically and at each financial year end, the expected credit loss associated with its receivables. When there is expected credit loss impairment, the amount and timing of future cash flows are estimated based on historical, current and forward-looking loss experience for assets with similar credit risk characteristics.</p> <p>We focused on this area because of its significance and the degree of judgment required to estimate the expected credit loss and determining the carrying amount of trade and other receivables as at the reporting date.</p> | <p><b>How our audit addressed the key audit matter:</b></p> <p>We obtained an understanding of the Company's credit policy for trade receivables, process of approvals and terms and conditions for granting inter corporate deposits (ICD) and business exigencies for other financial assets and evaluated the processes for identifying impairment indicators. We have reviewed and tested the ageing of trade receivables and other financial assets and management's assessment on the credit worthiness of selected customers for trade receivables and recoverability of other receivables. We have obtained year-end balance confirmations for inter corporate deposits and obtained confirmation from selected customers as on date determined by us. We further discussed with the key management on the adequacy of the allowance for credit losses recorded by the Company and reviewed the supporting documents provided by management in relation to their assessment. We have also reviewed adequacy and appropriateness of allowance for credit losses based on available information. Based on our audit procedures performed, we found management's assessment of the recoverability of trade and other financial assets to be reasonable.</p> |
| 2.       | <p><b>Valuation of inventories</b></p> <p>As at March 31, 2022, the total carrying amount of inventories was ₹14,877.30 Lakhs (Refer Note 2.15 and 8 to the financial statements)</p> <p>The assessment of impairment of inventories involves significant estimation uncertainty, subjective assumptions and the application of significant judgment.</p> <p>Reviews are made periodically by management on inventories for obsolescence and decline in net realizable value below cost. Allowances are recorded against the inventories for any such declines based on historical obsolescence and slow-moving history. Key factors considered include the nature of the stock, its ageing and turnover rate.</p>  | <p><b>How our audit addressed the key audit matter:</b></p> <p>We have analyzed the ageing of the inventories, reviewed the historical trend on whether there were significant inventories written off or reversal of the allowances for inventory obsolescence. We conducted a detailed discussion with the key management and considered their views on the adequacy of allowances for inventory obsolescence considering the current economic environment. We have also reviewed the subsequent selling prices in the ordinary course of business and compared against the carrying amounts of the inventories on a sample basis at the reporting date. We found management's assessment of the allowance for inventory obsolescence to be reasonable based on available evidence.</p>  |
| 3.       | <p><b>Valuation of Current Investments</b></p> <p>As at March 31, 2022, the total carrying amount of current investments was ₹5,898.99 Lakhs (net of provision for impairment of ₹1844.73 Lakhs). (Refer Note 9 and 49 to the financial statements)</p> <p>Current investments include quoted debentures and mutual funds. Fair valuation of quoted debentures involves significant estimation uncertainty, subjective assumptions and the application of significant judgement due to illiquid in nature. This was an area of focus for our audit and the area where significant audit effort was directed.</p>  | <p><b>How our audit addressed the key audit matter:</b></p> <p>Our audit procedures included updating our understanding of the processes employed by the Company for accounting and valuing their current investments. We have reviewed year end confirmation of depository participants. We have verified that the Company was the recorded owner of all investments. Our audit procedures over the valuation of the Investments included reviewing valuation of all Investments held as at March 31, 2022 and testing for impairment. Based on the audit procedures performed we are satisfied with existence and valuation of investment.</p>   |

## Other Information

The Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the standalone financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report. Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the applicable laws and regulations.

## Responsibilities of Management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and statement of changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

- 1 As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

- c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Change in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act;
- e. On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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 with reference to these standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report;
- g. In our opinion, the remuneration paid /provided by the Company to its directors during the year is in accordance with the provisions of section 197 (16) of the Act.

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, as amended in our opinion and to the best of our information and according to the explanations given to us:

- a. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 38 to the standalone financial statements;
- b. The Company did not have material foreseeable losses in long-term contracts including derivative contracts;
- c. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- d (i) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediaries shall, whether,

directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

- (ii) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- e. Based on such audit procedures, we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations

under sub-clause (d)(i) and (d)(ii) above contain any material mis-statement

- f. The Company has not declared any dividend during the year therefore reporting regarding compliance of section 123 of the Companies Act, 2013 is not applicable.

**For Singhi & Co.**  
*Chartered Accountants*  
Firm Reg. No. 302049E

**Bimal Kumar Sipani**  
*Partner*  
Membership No. 088926  
UDIN:22088926AJEUGX3142

Place: Noida (Delhi-NCR)  
Date: May 18, 2022

## Annexure A to Independent Auditor's Report of even date to the members of Somany Ceramics Limited on the Standalone Financial Statements as of and for the year ended on March 31, 2022 (refer to in paragraph 1 of our report on other legal and regulatory requirements)

- (i) (a) (A) The Company has generally maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company has generally maintained proper records showing full particulars of intangible assets.
- (b) The Company has a regular programme of physical verification of its property, plant and equipment by which all property, plant and equipment are verified once in every three years. In accordance with this programme, certain property, plant and equipment were physically verified during the year and no material discrepancies were noticed.
- (c) The title deeds of immovable properties included in property, plant and equipment are held in the name of the Company except followings acquired by the Company pursuant to Scheme of Amalgamation (refer note no. 62 B to the standalone financial statements)

| Relevant line item in the Balance Sheet | Description of item of property | Gross Carrying value | Title deeds held in the name of      | Whether title deed holder is a promoter, director or relative of promoter / director or employee of promoter / director | Property held since which date   | Reason for not being held in the name of the Company       |
|---|---------------------------------|----------------------|--------------------------------------|---|--|--|
| Property, Plant and Equipment           | Land                            | 9.53                 | Erstwhile Schablona                  | No  | April 01, 2019 i.e. the appointed date as per Scheme of Amalgamation approved by the Hon'ble National Company Law Tribunal. (Refer Note no. 62 B to the Standalone Financial Statements) | Refer Note no. 62 B to the Standalone Financial Statements |
| Property, Plant and Equipment           | Building                        | 155.59               | India Limited (Amalgamating Company) | No  |  |  |

- (d) On the basis of our examination of records of the Company, the Company has not revalued any of its Property, Plant and Equipment (including Right of Use assets) or intangible assets during the year. Therefore, provisions of clause 3(i)(d) of the Order are not applicable to the Company.
- (e) According to the information and explanations given to us, no proceeding has been initiated or is pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and the rules made thereunder. Therefore, provisions of clause 3(i)(e) of the Order are not applicable to the Company.
- (ii) (a) According to the information and explanations given to us and records examined by us, the inventory has been physically verified by the management during the year and in our opinion, coverage and procedure of such verification by the management is appropriate. No discrepancies of 10% or more in the aggregate for each class of inventory were noticed as compared to the book records.
- (b) The Company has been sanctioned working capital limit from banks on the basis of security of current assets. There is no material difference between books of account of the respective quarters and quarterly returns/ statements filed by the Company with the banks.

- (iii) (a) Based on the books of account examined by us and according to information and explanation given to us, the Company has granted loans or provided advances in the nature of loans, or stood guarantee, or provided security during the year to the followings:

| Particulars (in ₹ Lakhs)   | Guarantees | Security | Loans     | Advances in nature of Loans |
|--|------------|----------|-----------|-----------------------------|
| <b>Aggregate amount granted/provided during the year:</b>                      |            |          |           |                             |
| - Subsidiaries#  | -          | -        | 11,962.50 | -                           |
| - Associates   | -          | -        | -         | -                           |
| - Joint Ventures   | -          | -        | -         | -                           |
| - Others   | -          | -        | 100.00    |                             |
| <b>Balance outstanding as at balance sheet date in respect of above cases:</b> |            |          |           |                             |
| - Subsidiary   |            | -        | 11,192.50 | -                           |
| - Associates   | -          | -        | -         | -                           |
| - Joint Ventures   | -          | -        | -         | -                           |
| - Others   | -          | -        | 100.00    |                             |

# includes loans to Associates Company consider as subsidiary under IND-AS.

- (b) In our opinion and according to the information and explanations given to us, the investments made and the terms and conditions of the grant of loans are, prima facie, not prejudicial to the Company's interest.
- (c) The schedule of repayment of principal and payment of interest with respect to loans have been stipulated and repayments or receipts of interest have been regular during the year.
- (d) Based on the books of account and other relevant records examined by us, there is no amount overdue for more than 90 days.
- (e) According to the information and explanations given to us and records examined by us, we have not come across any case where the loans granted which have fallen due during the year for repayment, have been renewed or extended or fresh loans granted to settle the overdue of existing loans given to the same parties. There is no advance in the nature of loan given by the Company.
- (f) According to the information and explanations given to us and records examined by us, no loans or advances in the nature of loans has been granted during the year which are either repayable on demand or without specifying any terms or period of repayment. Therefore provisions of the clause 3(iii)(f) of the Order are not applicable to the Company.
- (iv) According to information and explanations given by the management and based on audit procedures performed by us, the Company has complied with provisions of Section 186 of the Companies Act, 2013 in respect of loan granted and investments made during the year. The Company has not given any guarantee or security under section 186 of the Companies Act 2013. during the year. There is no loan granted or guarantee or security provided under section 185 of the Companies Act, 2013.
- (v) The Company has not accepted deposits or amount which are deemed to be deposits covered under sections 73 to 76 of the Companies Act 2013, read with the Companies (Acceptance of Deposits) Rules, 2014, (as amended) during the year. Therefore, provisions of clause 3(v) of the Order are not applicable to the Company.
- (vi) The maintenance of cost records has not been prescribed by the Central Government under the section 148 (1) of the Companies Act 2013, read with Companies (Cost Records and Audit) Rules, 2014 for the product manufactured by the Company. Therefore, provisions of clause 3(vi) of the Order are not applicable to the Company.
- (vii) (a) According to the records of the Company examined by us, the Company is generally regular in depositing undisputed statutory dues including Goods and Service Tax, 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 as applicable, with the appropriate authorities. There were no undisputed outstanding statutory dues as at the year end for a period of more than six months from the date they became payable.

- (b) According to the information and explanation given to us and the records of the Company examined by us, there are no statutory dues referred to in sub-clause (a) on account of any dispute except the followings:

| Name of Statute  | Nature of Dues                           | Period to which it relates                                  | Amount *<br>(₹ in Lakhs) | Forum where dispute is pending                     |
|--|--|---|--------------------------|--|
| The Sales Tax Act / The Value Added Tax                | Demand of Entry Tax                      | 2012-13 to 2016-17  | 38.88                    | Hon'ble High Court of Kolkata                      |
|  | Demand of Turnover Tax                   | 2011-12 and 2012-13   | 27.77                    | Deputy Commissioner, Commercial Taxes, Ahmedabad   |
| The Central Excise Act, 1944 and the Finance Act, 1994 | Demand for Cenvat credit                 | Financial Year 2016-17 to 2017-18                           | 287.87#                  | CESTAT Chandigarh                                  |
|  | Demand for Cenvat credit                 | Financial Year 2016-17                                      | 19.94                    | CESTAT Ahmedabad                                   |
| The Income Tax Act, 1961                               | Demand of Income Tax including penalties | Assessment Year 2012-13 and 2014-15 to 2017-18              | 7.21                     | Commissioner of Income Tax (Appeal), Kolkata       |
| The E.S.I Act, 1948                                    | Demand for Contribution                  | Financial Year 2014-15                                      | 15.41                    | Employee State insurance Corporation, RO-Ahmedabad |
| Local Area Development Tax                             | Entry Tax                                | Financial Year 2002-03, 2006-07 and April 2017 to June 2017 | 810.78                   | Hon'ble Punjab and Haryana High Court              |

\* Exclude matters in respect of which favorable order has been received at various appellate authorities.

# excluding Interest and penalty.

(viii) According to the information and explanations given to us, there are no transactions which have not been recorded in the books of account but have been surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 during the year.

(ix) (a) The Company has not defaulted in repayment of loans and in the payment of interest thereon during the year. Therefore, the provisions of clause 3(ix)(a) of the Order are not applicable to the Company.

(b) According to the information and explanations given to us, the Company has not been declared wilful defaulter by any bank or financial institution or other lender.

(c) Based on the books of account examined by us, term loans were applied for the purpose for which the loans were obtained during the year.

(d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, we report that no funds raised on short-term basis during the year have been used for long-term purposes by the Company.

(e) According to the information and explanations given to us, the Company has not taken any funds from any entity or person on

account of or to meet the obligations of its subsidiaries, associates or joint ventures. Therefore, the provisions of clause 3(ix)(e) of the Order are not applicable to the Company.

(f) According to the information and explanations given to us, the Company has not raised any loan during the year on pledge of securities held in its subsidiaries, joint ventures or associates.

(x) (a) During the year, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments). Therefore provisions of clause 3(x)(a) of the Order are not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Therefore, the provisions of clause 3(x)(b) of the Order are not applicable to the Company.

(ix) (a) Based upon the audit procedures performed and considering the principles of materiality outlined in Standards on Auditing for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or on the Company noticed or reported during the year nor we have been informed of any such case by the management during the course of the audit.

- (b) No report under sub-section (12) of Section 143 of the Companies Act, 2013 has been filed by auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) According to the information and explanations given to us, no whistle blower complaints were received by the Company during the year.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company and therefore, the provisions of Clause 3(xii) of the Order are not applicable.
- (xiii) 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 for the same have been disclosed in the standalone financial statements as required by the applicable Indian Accounting Standards.
- (xiv) (a) Based on information and explanations given to us and our audit procedure applied, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with them as referred to in section 192 of the Companies Act 2013. Therefore, the provisions of clause 3(xv) of the Order is not applicable to the Company.
- (xvi) (a) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Therefore, the provisions of clause 3(xvi)(a) of the Order are not applicable to the Company.
- (b) In our opinion, the Company has not conducted any Non-Banking Financial or Housing Finance activities during the year. Therefore, the provisions of clause 3(xvi)(b) of the Order are not applicable to the Company.
- (c) In our opinion, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Therefore, the provisions of clause 3(xvi)(c) of the Order are not applicable to the Company.
- (d) According to the representations given by the management, there is no CIC as part of the Group.
- (xvii) The Company has not incurred cash loss in the current financial year and in the immediately preceding financial year. Therefore, the provisions of clause 3(xvii) of the Order are not applicable to the Company.
- (xviii) There has been no resignation of statutory auditor during the year. Therefore, the provisions of clause 3(xviii) of the Order are not applicable to the Company.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) The Company has no unspent amount relating to CSR activity, which is required to be transferred to a fund specified in Schedule VII to the Companies Act 2013. Therefore, the provisions of clause 3(xx) of the Order are not applicable to the Company.

**For Singhi & Co.**  
*Chartered Accountants*  
Firm Reg. No. 302049E

**Bimal Kumar Sipani**  
*Partner*  
Membership No. 088926  
UDIN: 22088926AJEUGX3142

Place: Noida (Delhi-NCR)  
Date: May 18, 2022

## Annexure B to Independent Auditor's Report of even date to the members of Somany Ceramics Limited on the Standalone Financial Statements as of and for the year ended on March 31, 2022 (refer to in paragraph 2(F) of our report on other legal and regulatory requirements)

We have audited the internal financial controls with reference to standalone financial statements of Somany Ceramics Limited ("the Company") as of March 31, 2022 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 the 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. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditor's Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of

internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 with reference to financial statements.

### Meaning of Internal Financial controls with reference to financial statements

A Company's internal financial controls with reference to financial statements 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 with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company ; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorization 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 with reference to financial statements

Because of the inherent limitations of Internal Financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements 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 with reference to standalone financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2022, based on the internal control over the financial reporting criteria established by the Company considering the essential components of internal control stated

in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Singhi & Co.**  
*Chartered Accountants*  
Firm Reg. No. 302049E

**Bimal Kumar Sipani**  
*Partner*  
Membership No. 088926  
UDIN: 22088926AJEUGX3142

Place: Noida (Delhi-NCR)  
Date: May 18, 2022



# Standalone Balance Sheet as at March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

| Particulars   | Note No. | As at March 31, 2022 | As at March 31, 2021 |
|---|----------|----------------------|----------------------|
| <b>Assets</b>   |          |                      |                      |
| <b>Non-current Assets</b>   |          |                      |                      |
| Property, Plant and Equipment   | 3 (i)    | 37,971.20            | 38,968.38            |
| Capital work-in-progress  | 3 (ii)   | 4,428.06             | 415.24               |
| Right of use Assets   | 3 (iii)  | 3,431.43             | 3,692.32             |
| Other Intangible Assets   | 3 (iv)   | 23.89                | 222.47               |
| Financial Assets  |          |                      |                      |
| (i) Investments   | 4        | 9,619.78             | 6,769.01             |
| (ii) Loans  | 5        | 14,497.09            | 4,249.60             |
| (iii) Other Financial Assets  | 6        | 961.40               | 1,026.22             |
| Other Non-Current Assets  | 7        | 176.71               | 181.14               |
|   |          | <b>71,109.56</b>     | <b>55,524.38</b>     |
| <b>Current Assets</b>   |          |                      |                      |
| Inventories   | 8        | 14,877.30            | 13,695.31            |
| Financial Assets  |          |                      |                      |
| (i) Investments   | 9        | 5,898.99             | 8,881.65             |
| (ii) Trade Receivables  | 10       | 23,448.93            | 22,019.30            |
| (iii) Cash and Cash Equivalents   | 11       | 8,380.56             | 13,610.66            |
| (iv) Bank Balances other than (iii) above   | 12       | 4,101.61             | 110.36               |
| (v) Loans   | 13       | 175.00               | 1,085.00             |
| (vi) Other Financial Assets   | 14       | 699.53               | 764.26               |
| Current Tax Assets (net)  | 15       | 1,913.50             | 1,566.21             |
| Other Current Assets  | 16       | 2,402.67             | 2,497.69             |
|   |          | <b>61,898.09</b>     | <b>64,230.44</b>     |
| <b>Total Assets</b>   |          | <b>1,33,007.65</b>   | <b>1,19,754.82</b>   |
| <b>Equity and Liabilities</b>   |          |                      |                      |
| <b>Equity</b>   |          |                      |                      |
| Equity Share Capital  | 17       | 849.48               | 849.48               |
| Other Equity  | 18       | 69,553.67            | 60,772.07            |
|   |          | <b>70,403.15</b>     | <b>61,621.55</b>     |
| <b>Liabilities</b>  |          |                      |                      |
| <b>Non-current Liabilities</b>  |          |                      |                      |
| Financial Liabilities   |          |                      |                      |
| (i) Borrowings  | 19       | 1,776.19             | 3,847.56             |
| (ii) Lease Liabilities  |          | 2,942.21             | 3,227.90             |
| (iii) Others Financial Liabilities  | 20       | 2,781.26             | 2,776.03             |
| Provisions  | 21       | 757.53               | 695.89               |
| Deferred Income   | 22       | 102.39               | 255.91               |
| Deferred Tax Liabilities (Net)  | 23       | 2,281.69             | 2,410.19             |
| Other Non-Current Liabilities   | 24       | 474.31               | 407.11               |
|   |          | <b>11,115.58</b>     | <b>13,620.59</b>     |
| <b>Current Liabilities</b>  |          |                      |                      |
| Financial Liabilities   |          |                      |                      |
| (i) Borrowings  | 25       | 23,175.53            | 18,679.38            |
| (ii) Lease Liabilities  |          | 644.30               | 476.19               |
| (iii) Trade Payables  | 26       |                      |                      |
| Outstanding dues of Micro Enterprises & Small Enterprises                                   |          | 2,306.08             | 1,371.28             |
| Outstanding dues other than Micro Enterprises & Small Enterprises                           |          | 17,250.28            | 16,176.23            |
| (iv) Other Financial Liabilities  | 27       | 414.33               | 312.28               |
| Other Current Liabilities   | 28       | 7,560.86             | 7,380.82             |
| Provisions  | 29       | 137.54               | 116.50               |
|   |          | <b>51,488.92</b>     | <b>44,512.68</b>     |
| <b>Total Equity and liabilities</b>   |          | <b>1,33,007.65</b>   | <b>1,19,754.82</b>   |
| Significant Accounting Policies and other Notes to Standalone Financial Statements 1 to 65. |          |                      |                      |
| The accompanying Notes are an integral part of the Standalone Financial Statements.         |          |                      |                      |

As per our report of even date attached  
For **Singhi & Co.**  
*Chartered Accountants*  
Firm Registration No. 302049E

**Bimal Kumar Sipani**  
*Partner*  
M. No. 088926

Place: Noida  
Date: May 18, 2022

For and on behalf of Board of Directors

**Shreekant Somany**  
*Chairman & Managing Director*  
DIN: 00021423

**Saikat Mukhopadhyay**  
*Chief Financial Officer*

**Abhishek Somany**  
*Managing Director*  
DIN: 00021448

**Amrisha Julka**  
*GM - Legal and Company Secretary*

## Standalone Statement of Profit and Loss for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

| Particulars   | Note No. | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|----------|--------------------------------------|--------------------------------------|
| <b>I. Income</b>  |          |                                      |                                      |
| Revenue from Operations   | 30       | 2,07,380.24                          | 1,63,029.09                          |
| Other Income  | 31       | 2,211.57                             | 1,518.37                             |
| <b>Total Revenue (I)</b>  |          | <b>2,09,591.81</b>                   | <b>1,64,547.46</b>                   |
| <b>II. Expenses</b>   |          |                                      |                                      |
| Cost of Materials Consumed  | 32       | 23,717.84                            | 17,479.28                            |
| Purchases of Stock-in-Trade   |          | 1,10,307.77                          | 83,634.33                            |
| Change in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade                | 33       | (450.26)                             | 5,315.38                             |
| Employee Benefits Expense   | 34       | 18,574.64                            | 16,423.38                            |
| Finance Costs   | 35       | 858.50                               | 1,442.54                             |
| Depreciation and Amortization Expense   | 3        | 4,682.20                             | 4,454.82                             |
| Other Expenses  | 36       | 40,205.57                            | 26,394.87                            |
| <b>Total Expenses (II)</b>  |          | <b>1,97,896.26</b>                   | <b>1,55,144.60</b>                   |
| <b>III. Profit Before Exceptional Items and Tax (I-II)</b>                                  |          | <b>11,695.55</b>                     | <b>9,402.86</b>                      |
| <b>IV. Exceptional Items (Net)</b>  | 46       | -                                    | 1,844.73                             |
| <b>V. Profit before tax (III-IV)</b>  |          | <b>11,695.55</b>                     | <b>7,558.13</b>                      |
| <b>VI. Tax Expense:</b>   |          |                                      |                                      |
| (1) Current Tax   | 23       |                                      |                                      |
| - Current year  |          | 3,017.70                             | 2,381.08                             |
| - For earlier years   |          | 27.58                                | (54.75)                              |
| (2) Deferred Tax Charge/(Credit)  | 23       | (128.50)                             | (289.10)                             |
| <b>VII. Profit for the year (V-VI)</b>  |          | <b>8,778.77</b>                      | <b>5,520.90</b>                      |
| <b>VIII. Other Comprehensive Income (OCI)</b>   |          |                                      |                                      |
| (1) Items that will not be reclassified to profit & loss                                    |          | 3.78                                 | 180.12                               |
| Income Tax relating to above  | 23       | (0.95)                               | (45.33)                              |
| (2) Items that will be reclassified to profit & loss  |          | -                                    | -                                    |
| <b>IX. Total Comprehensive Income for the year (VII+VIII)</b>                               |          | <b>8,781.60</b>                      | <b>5,655.69</b>                      |
| Earnings Per Equity Share (Per Share Value of ₹2 each)                                      | 37       |                                      |                                      |
| <b>Basic (in ₹)</b>   |          | <b>20.67</b>                         | <b>13.00</b>                         |
| <b>Diluted (in ₹)</b>   |          | <b>20.67</b>                         | <b>13.00</b>                         |
| Significant Accounting Policies and other Notes to Standalone Financial Statements 1 to 65. |          |                                      |                                      |
| The accompanying Notes are an integral part of the Standalone Financial Statements.         |          |                                      |                                      |

As per our report of even date attached

For **Singhi & Co.**

Chartered Accountants

Firm Registration No. 302049E

**Bimal Kumar Sipani**

Partner

M. No. 088926

Place: Noida

Date: May 18, 2022

For and on behalf of Board of Directors

**Shreekant Somany**

Chairman & Managing Director

DIN: 00021423

**Abhishek Somany**

Managing Director

DIN: 00021448

**Saikat Mukhopadhyay**

Chief Financial Officer

**Ambrish Julka**

GM - Legal and Company Secretary

## Standalone Statement of Change in Equity for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

| Particulars   | As at March 31, 2022 |        | As at March 31, 2021 |        |
|---|----------------------|--------|----------------------|--------|
|   | No. of Shares        | Amount | No. of Shares        | Amount |
| <b>(a) Equity Share Capital &amp; Reconciliation of number of shares outstanding at the beginning and end of the year :</b> |                      |        |                      |        |
| Balance at the beginning of the year [Refer note no. 17b.]  | 4,24,74,208          | 849.48 | 4,24,74,208          | 849.48 |
| Changes in equity share capital during the year   | -                    | -      | -                    | -      |
| Balance at the end of the reporting period  | 4,24,74,208          | 849.48 | 4,24,74,208          | 849.48 |

### (b) Other Equity (Refer note no 62)

| Particulars                                    | Reserves and Surplus |                            |                  |                 |                         |  | Total            |
|--|----------------------|----------------------------|------------------|-----------------|-------------------------|--|------------------|
|  | Capital Reserve      | Capital Redemption Reserve | Security Premium | General Reserve | Total Retained earnings |  |                  |
|  |                      |                            |                  |                 | Retained earnings       | Remeasurement of defined benefit plans |                  |
| <b>Balance at March 31, 2020</b>               | <b>(4,377.31)</b>    | <b>78.43</b>               | <b>16,991.77</b> | <b>6,111.96</b> | <b>37,489.84</b>        | <b>(161.20)</b>                        | <b>56,133.49</b> |
| Profit for the year                            | -                    | -                          | -                | -               | 5,520.90                | -                                      | 5,520.90         |
| Other Comprehensive Income for the year        | -                    | -                          | -                | -               | -                       | 134.79                                 | 134.79           |
| <b>Total comprehensive income for the year</b> | <b>-</b>             | <b>-</b>                   | <b>-</b>         | <b>-</b>        | <b>5,520.90</b>         | <b>134.79</b>                          | <b>5,655.69</b>  |
| Dividend Paid                                  | -                    | -                          | -                | -               | 1,017.11                | -                                      | 1,017.11         |
| <b>Balance at March 31, 2021</b>               | <b>(4,377.31)</b>    | <b>78.43</b>               | <b>16,991.77</b> | <b>6,111.96</b> | <b>41,993.63</b>        | <b>(26.41)</b>                         | <b>60,772.07</b> |
| Profit for the year                            | -                    | -                          | -                | -               | 8,778.77                | -                                      | 8,778.77         |
| Other Comprehensive Income for the year        | -                    | -                          | -                | -               | -                       | 2.83                                   | 2.83             |
| <b>Total comprehensive income for the year</b> | <b>-</b>             | <b>-</b>                   | <b>-</b>         | <b>-</b>        | <b>8,778.77</b>         | <b>2.83</b>                            | <b>8,781.60</b>  |
| <b>Balance at March 31, 2022</b>               | <b>(4,377.31)</b>    | <b>78.43</b>               | <b>16,991.77</b> | <b>6,111.96</b> | <b>50,772.40</b>        | <b>(23.58)</b>                         | <b>69,553.67</b> |

## Standalone Statement of Change in Equity for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

**Capital Redemption Reserve:** It represents transfer from Retained Earnings on redemption of Preference Shares and can be utilized in accordance with the provisions of the Companies Act, 2013.

**Securities Premium:** This Reserve represents the premium on issue of shares and can be utilized in accordance with the provisions of the Companies Act, 2013.

**General reserve:** It represents appropriation of profits by the board of directors. The said reserve is available for payment of dividend to shareholders as per the provisions of the Companies Act, 2013.

**Retained Earnings:** Retained earnings are profits earned by the Company after transfer to general reserve and payment of dividend to shareholders.

**Capital Reserve :** It Includes a.) difference between consideration and value of net assets, pursuant to the scheme of amalgamation of ₹(4,592.11) lakhs [Refer note no. 62] and can be utilized in accordance with the provisions of Companies Act, 2013., b.) amalgamation Reserve of ₹191.27 lakhs, c.) reserve of ₹22.90 lakhs against maturity of special bearer bonds of RBI received and Bonus Shares issued by amalgamating Companies, d) others of ₹0.63 Lakhs.

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

### For and on behalf of Board of Directors

As per our report of even date attached

For **Singhi & Co.**

*Chartered Accountants*

Firm Registration No. 302049E

**Bimal Kumar Sipani**

*Partner*

M. No. 088926

Place: Noida

Date: May 18, 2022

**Shreekant Somany**

*Chairman & Managing Director*

DIN: 00021423

**Saikat Mukhopadhyay**

*Chief Financial Officer*

**Abhishek Somany**

*Managing Director*

DIN: 00021448

**Ambrish Julka**

*GM - Legal and Company Secretary*

## Standalone Cash Flow Statement for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

| Particulars   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| <b>A. Cash Flow From Operating Activities</b>                   |                                      |                                      |
| Net Profit before Tax as per Statement of Profit & Loss         | 11,695.55                            | 7,558.12                             |
| I. Adjusted For :   |                                      |                                      |
| Depreciation and Amortisation Expense                           | 4,682.20                             | 4,454.82                             |
| Finance Costs   | 858.50                               | 1,442.53                             |
| Interest Income   | (1,251.62)                           | (1,023.33)                           |
| (Profit)/Loss on Sales of Investments (Net)                     | (70.77)                              | (2.21)                               |
| Unrealized Foreign Exchange (Gain)/Loss (Net)                   | (6.26)                               | (3.96)                               |
| Net Movement on Fair Value of Current Investments               | (280.43)                             | 95.65                                |
| Provision for Credit Losses/ doubtful advances                  | 140.58                               | 474.02                               |
| Bad Debts   | 40.88                                | 23.80                                |
| Deferred Income   | (153.51)                             | (130.78)                             |
| Exceptional Item  | -                                    | 1,844.73                             |
| Sundry Balances Written Off                                     | 208.33                               | 61.01                                |
| Sundry Balance Written Back                                     | (241.67)                             | (264.20)                             |
| Provision no longer required Written Back                       | (59.63)                              | -                                    |
| (Profit)/Loss on sale of Property Plant and Equipment (Net)     | (171.73)                             | (168.85)                             |
| Property, Plant and Equipments Discarded /Written off           | 13.68                                | 278.72                               |
| <b>Operating Profit Before Working Capital Changes</b>          | <b>15,404.10</b>                     | <b>14,640.07</b>                     |
| II. Adjusted For :  |                                      |                                      |
| Trade and Other Receivables                                     | (1,524.16)                           | 5,059.14                             |
| Inventories   | (1,181.99)                           | 5,624.78                             |
| Trade and Other Payables  | 2,556.11                             | 6,938.24                             |
| <b>Cash Generated from Operation</b>                            | <b>15,254.06</b>                     | <b>32,262.23</b>                     |
| Income Taxes Refund /(Paid)                                     | (3,333.90)                           | (2,484.95)                           |
| <b>Net Cash Flow from Operating Activities (A)</b>              | <b>11,920.16</b>                     | <b>29,777.28</b>                     |
| <b>B. Cash Flow from Investing Activities</b>                   |                                      |                                      |
| Purchase of Property, Plant and Equipment and Intangible Assets | (7,343.12)                           | (3,053.78)                           |
| Sale of Property, Plant and Equipment                           | 1,015.96                             | 277.69                               |
| Investments in Subsidiaries                                     | (2,850.77)                           | (301.00)                             |
| Purchase of Current Investments                                 | -                                    | (12,000.00)                          |
| Sale of Current Investments                                     | 3,333.86                             | 4,502.21                             |
| Interest Received   | 1,246.42                             | 1,023.33                             |
| Inter-Corporate Deposit Given                                   | (12,062.50)                          | (200.00)                             |
| Inter-Corporate Deposit Received Back                           | 2,725.01                             | 2,375.00                             |

## Standalone Cash Flow Statement for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

| Particulars   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| Investment in Fixed Deposits  | (4,062.82)                           | -                                    |
| <b>Net Cash Outflow in Investing Activities (B)</b>                 | <b>(17,997.96)</b>                   | <b>(7,376.55)</b>                    |
| <b>C. Cash Flow from Financing Activities</b>                       |                                      |                                      |
| Proceeds from Non Current Borrowings                                | 437.45                               | 567.54                               |
| Repayment of Non Current Borrowings                                 | (2,289.70)                           | (4,197.87)                           |
| Current Borrowings (net)  | 5,387.04                             | 654.61                               |
| Proceeds from Short Term Loans                                      | 1,000.00                             | 6,000.00                             |
| Repayment of Short Term Loans                                       | (2,110.00)                           | (9,700.00)                           |
| Payment of Lease Liability  | (640.61)                             | (565.64)                             |
| Interest Paid   | (936.48)                             | (1,343.61)                           |
| Dividend Paid   | -                                    | (1,017.11)                           |
| <b>Net Cash Inflow from Financing Activities (C)</b>                | <b>847.70</b>                        | <b>(9,602.08)</b>                    |
| <b>Net Increase/(Decrease) In Cash And Cash Equivalents (A+B+C)</b> | <b>(5,230.10)</b>                    | <b>12,798.65</b>                     |
| <b>CASH AND CASH EQUIVALENTS</b>                                    |                                      |                                      |
| <b>Opeining</b>   |                                      |                                      |
| Cash And Cash Equivalents   | 13,610.66                            | 812.01                               |
| <b>Closing</b>  |                                      |                                      |
| Cash and Cash Equivalents   | 8,380.56                             | 13,610.66                            |

### Notes :

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Ind AS – 7 "Statement of Cash Flows".
- Cash & Cash Equivalents represents cash and bank balances (Refer note no.11).
- Figures for the previous year have been regrouped/rearranged wherever considered necessary.
- Additional Disclosure required under Ind AS 7, Refer note no. 56.
- The accompanying Notes are an integral part of the Standalone Financial Statements.

As per our report of even date attached

For **Singhi & Co.**  
Chartered Accountants  
Firm Registration No. 302049E

**Bimal Kumar Sipani**  
Partner  
M. No. 088926

Place: Noida  
Date: May 18, 2022

### For and on behalf of Board of Directors

**Shreekant Somany**  
Chairman & Managing Director  
DIN: 00021423

**Saikat Mukhopadhyay**  
Chief Financial Officer

**Abhishek Somany**  
Managing Director  
DIN: 00021448

**Ambrish Julka**  
GM - Legal and Company Secretary

# Notes to Standalone Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

## 1 Reporting Entity

Somany Ceramics Limited referred to as “the Company” is domiciled in India. The registered office of the Company is at 2, Red Cross Place, Kolkata – 700001 India. Equity shares of the Company are listed in India on the BSE Limited and the National Stock Exchange Limited.

The Company has own manufacturing plants in Kadi (Gujarat) and Kassar (Haryana), India. The Company is a manufacturer and trader of a complete decor solutions and its extensive range of products include Ceramic Wall and Floor Tiles, Polished Vitrified Tiles, Glazed Vitrified Tiles, Sanitaryware, Bath Fittings and allied products.

The financial statements of the Company for the year ended March 31, 2022 were authorized for issue in accordance with a resolution of the directors on May 18, 2022.

## 2 Significant Accounting Policies

Accounting Policies have been consistently applied except where a newly issued accounting standards is initially adopted or a revision to an existing accounting standard required a change in the accounting policy hitherto in use.

### 2.1 Basis of preparation

The standalone financial statements of Somany Ceramics Limited (“the Company”) comply in all material aspects with Indian Accounting Standards (“Ind AS”) as prescribed under section 133 of the Companies Act, 2013 (“the Act”), as notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India.

### 2.2 Basis of measurement

The financial statements have been prepared under the historical cost convention on accrual basis except for the followings :

- Non-current borrowings are initially measured at amortized cost.
- Current investments are measured at fair value at each reporting date.
- Defined benefit plans and other long-term employee benefits are measured at fair value net off fair valuation of plan assets at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation

technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability, if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date;
- Level 2 inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

### 2.3 Functional and presentation currency

These financial statements are presented in Indian National Rupee (“INR”), which is the Company’s functional currency. All amounts have been rounded to the nearest lakhs, unless otherwise indicated.

### 2.4 Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company’s accounting policies and the reported amounts of assets, liabilities, income and expenses. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

#### Judgements

Information about the judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements have been given below:

- assessing the lease term (including anticipated renewals) and the applicable discount rate.
- Classification of financial assets: assessment of business model within which the assets are held and assessment of whether the contractual terms of the financial assets are solely payments of principal and interest on the principal amount outstanding.

## Notes to Standalone Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the financial statements for the every period ended is included below:

- Measurement of defined benefit obligations: key actuarial assumptions;
- Recognition of deferred tax assets: availability of future taxable profit against which carry-forward tax losses can be used;
- Impairment test: key assumptions underlying recoverable amounts;
- Useful life and residual value of Property, Plant and Equipment, Intangible assets and Right of Use assets;
- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.
- Assessment of recoverability of receivables and advances which requires significant management judgement based on financial position of the counter-parties, market information and other relevant factors.

### 2.5 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. At the acquisition date, identifiable assets acquired and liabilities assumed are measured at fair value. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition date fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. The consideration transferred is measured at fair value at acquisition date and includes the fair value of any contingent consideration. However, deferred tax asset or liability and any liability or asset relating to employee benefit arrangements arising from a business combination are measured and recognized in accordance with the requirements of Ind AS 12, 'Income Taxes' and Ind AS 19, 'Employee Benefits', respectively.

Where the consideration transferred exceeds the fair value of the net identifiable assets acquired and liabilities assumed, the excess is recorded as goodwill. Alternatively, in case of a bargain purchase wherein the consideration transferred is lower than the fair value of the net identifiable assets acquired and liabilities assumed, the difference is recorded as a gain in other comprehensive income and accumulated in equity as capital reserve. The costs of acquisition

excluding those relating to issue of equity or debt securities are charged to the Statement of Profit & Loss in the period in which they are incurred.

### Business Combination under Common Control

Common control business combination means a business combination involving entities or businesses in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. Business combinations involving entities or businesses under common control shall be accounted for using the pooling of interests method. The assets and liabilities of the combining entities are reflected at their carrying amounts.

### 2.6 Classification of Assets and Liabilities as Current and Non-Current

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period, or
- Cash and Cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

An liability is treated as current when it is:

- Expected to be settled in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be settled within twelve months after the reporting period, or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other assets/liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current.

The Company has ascertained the operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.



## Notes to Standalone Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 2.7 Property, Plant and Equipment

#### Recognition and Measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss, if any. The cost of assets comprises of purchase price and directly attributable cost of bringing the assets to working condition for its intended use including borrowing cost and incidental expenditure during construction incurred upto the date when the assets are ready for intended use. Capital work in progress includes cost of assets at sites, construction expenditure and interest on the funds deployed less any impairment loss, if any.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

#### Subsequent Measurement

Subsequent expenditure is capitalised only if it is probable that there is a future economic benefits associated with the expenditure will flow to the Company.

#### Depreciation

Depreciation is calculated on Straight Line Method using the rates arrived at on the basis of estimated useful lives given in Schedule II of the Companies Act, 2013 except for the following which has been determined on the basis of technical evaluation.

| Particulars         | Useful Life  |
|---------------------|--------------|
| Plant and Machinery | 5 - 25 Years |
| Vehicles            | 5 Years      |
| Dies & Punches      | 8 Years      |

Depreciation on additions to or on disposal of assets is calculated on pro-rata basis. Individual assets costing below ₹5,000 are fully depreciated in the year of purchase.

Leasehold improvements are depreciated over the lease period or estimated useful life of assets in line with schedule II of the Companies Act, 2013, whichever is lower.

Depreciation methods, useful lives and residual values are reviewed in each financial year end and changes, if any, are accounted for prospectively. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

#### Capital work-in-progress

Capital work-in-progress comprises of assets in the course of construction for production or/and supply of goods or services or administrative purposes, are carried at cost, less any recognised impairment loss. At the point when an asset is operating at management's intended use, the cost of construction is transferred to the appropriate category of property, plant and equipment. Costs associated with the commissioning of an asset are capitalised where the asset is available for use and commissioning has been completed.

#### De-recognition

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Profit & Loss.

### 2.8 Intangible assets

Intangible Assets (Other than Goodwill) acquired separately are stated at cost less accumulated amortization and impairment loss, if any. Intangible assets are amortized on straight line method basis over the estimated useful life. Estimated useful life of the Software is considered as 5 years.

Amortisation methods, useful lives and residual values are reviewed at each financial year end and changes, if any, are accounted for prospectively.

An intangible asset is de-recognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the Statement of Profit & Loss when the asset is derecognised.

### 2.9 Non-current assets held for sale

Non-current assets are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets are generally measured at the lower of their carrying amount and fair value less costs to sell. An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent

## Notes to Standalone Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of de-recognition.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

### 2.10 Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication on impairment. If any such indication exists, then the recoverable amount of assets is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Unit (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment loss in respect of assets other than goodwill is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years. A reversal of impairment loss is recognised immediately in the Statement of Profit & Loss.

### 2.11 Borrowing Cost

Borrowing costs directly attributable to the acquisition, construction of qualifying assets are capitalised as part of the cost of such assets upto the assets are substantially ready for their intended use.

The loan origination costs directly attributable to the acquisition of borrowings (e.g. loan processing fee, upfront fee) are amortised on the basis of the Effective Interest Rate (EIR) method over the term of the loan.

All other borrowing costs are recognised in the Statement of Profit & Loss in the period in which they are incurred.

### 2.12 Foreign currency transactions

Transactions in foreign currencies are recorded by the Company at their respective functional currency at the exchange rates prevailing at the date of the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currency are translated to the functional currency at the exchange rates prevailing at the reporting date

Exchange differences arising on settlement or translation of monetary items are recognised in the Statement of Profit & Loss with the exception of the following:

- exchange differences on foreign currency borrowings included in the borrowing cost when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the date of initial transactions. Non-monetary items measure at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

### 2.13 Employee benefits

#### Short term employee benefits

Short-term employee benefits are expensed in the year in which the related services are provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### Defined contribution plans

Employee benefits in the form of Provident Fund are defined as contribution plan and charged as expenses during the period in which the employees perform the services.

#### Defined benefit plans

For defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yields available on government bonds.

The effect of the remeasurement changes (comprising actuarial gains and losses) to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected in the balance sheet with a charge or credit recognised in other

## Notes to Standalone Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

comprehensive income in the period in which they occur. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in OCI and such remeasurement gain / loss are not reclassified to the Statement of Profit and Loss in the subsequent periods. They are included in retained earnings in the statement of changes in equity. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in the Statement of Profit & Loss in the line item employee benefits expense.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

### Other long-term employee benefits

The Company has long term employment benefit plans i.e. accumulated leave. Accumulated leave is encashed to eligible employees at the time of retirement. The liability for accumulated leave, which is a defined benefit scheme, is provided based on actuarial valuation as at the Balance Sheet date, based on Projected Unit Credit Method, carried out by an independent actuary.

### 2.14 Revenue Recognition

The Company recognizes revenue when it satisfies a performance obligation in accordance with the provisions of contract with the customer. This is achieved when control of the product has been transferred to the customer, which is generally determined when title, ownership, risk of obsolescence and loss pass to the customer and the Company has the present right to payment, all of which occurs at a point in time upon shipment or delivery of the product. The Company considers shipping and handling activities as costs to fulfill the promise to transfer the related products and the customer

payments for shipping and handling costs are recorded as a component of revenue.

Revenue (other than sale of goods) is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Claim on insurance companies, interest and others, where quantum of accrual cannot be ascertained with reasonable certainty, are accounted for on acceptance basis.

Revenue represents net value of goods and services provided to customers after deducting for certain incentives including, but not limited to discounts, volume rebates, incentive programs etc. For incentives offered to customers, the Company makes estimates related to customer performance and sales volume to determine the total amounts earned and to be recorded as deductions. The estimate is made in such a manner, which ensures that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The actual amounts may differ from these estimates and are accounted for prospectively. No element of significant financing is deemed present as the sales are made with a credit term, which is consistent with market practice.

Interest income are recognised on an accrual basis using the effective interest method.

Dividends are recognised at the time the right to receive payment is established.

### 2.15 Inventories

Inventories are valued at lower of cost and net realisable value except waste/scrap which is valued at net realisable value. Cost of manufactured finished goods and stock in process is determined by taking cost of purchases, material consumed, labour and related overheads. Cost of raw materials, traded goods and stores & spare parts are computed on weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale. However, materials and other items held for use in the production of finished goods are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

### 2.16 Provisions, Contingent Liabilities and Contingent Assets

Based on the best estimate provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event and it is probable ("more likely than not") that it is required to settle

## Notes to Standalone Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

the obligation, and a reliable estimate can be made of the amount of the obligation at reporting date.

A contingent liability is a possible obligation that arises from a past event, with the resolution of the contingency dependent on uncertain future events, or a present obligation where no outflow is probable. Major contingent liabilities are disclosed in the financial statements unless the possibility of an outflow of economic resources is remote.

Contingent assets are not recognized in the financial statements but disclosed, where an inflow of economic benefit is probable.

### 2.17 Measurement of fair value

#### a) Financial instruments

The estimated fair value of the Company's financial instruments is based on market prices and valuation techniques. Valuations are made with the objective to include relevant factors that market participants would consider in setting a price, and to apply accepted economic and financial methodologies for the pricing of financial instruments. References for less active markets are carefully reviewed to establish relevant and comparable data.

#### b) Marketable and non-marketable equity securities

Fair value for quoted securities is based on quoted market prices as of the reporting date. Fair value for unquoted securities is calculated based on commonly accepted valuation techniques utilizing significant unobservable data. If fair value cannot be measured reliably unlisted shares are recognized at cost.

#### c) Derivatives

Fair value of financial derivatives is estimated as the present value of future cash flows, calculated by reference to quoted price curves and exchange rates as of the balance sheet date. Options are valued using appropriate option pricing models and credit spreads are applied where deemed to be significant.

### 2.18 Financial instruments

#### Financial Assets

##### Initial recognition and measurement

All financial assets are recognised initially at fair value, plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

#### Classifications

The Company classifies its financial assets as subsequently measured at either amortised cost or fair value depending on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

##### Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met:

- it is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
- the contractual terms of the financial assets represent contractual cash flows that are solely payments of principal and interest.

After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate ('EIR') method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the Statement of Profit & Loss. The losses arising from impairment are recognised in the Statement of Profit & Loss.

##### Financial assets at fair value through Other Comprehensive Income (FVOCI)

Financial assets with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets are classified to be measured at FVOCI.

##### Financial assets at fair value through Profit & Loss (FVTPL)

Financial assets, which does not meet the criteria for categorization as at amortized cost or as FVOCI, are classified as at FVTPL.

In addition, the Company may elect to classify a Financial assets, which otherwise meets amortized cost or FVOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Financial assets included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit & Loss.

## Notes to Standalone Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### Equity Instruments

All equity instruments in scope of Ind AS 109 are measured at fair value. On initial recognition an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in FVOCI. This election is made on an investment-by-investment basis.

All other Financial Instruments are classified as measured at FVTPL except investment in equity instruments of subsidiaries which are carried at cost less provision for impairment, if any.

### Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in the Statement of Profit & Loss.

### Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

With regard to trade receivable, the Company applies the simplified approach as permitted by Ind AS 109, Financial Instruments, which requires expected lifetime losses to be recognised from the initial recognition of the trade receivables.

### Financial liabilities

#### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, amortised cost, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of amortised cost, net of directly attributable transaction costs.

#### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

#### Financial Liabilities measured at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit & Loss.

#### Financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities at fair value through Profit & Loss include financial liabilities designated upon initial recognition as at fair value through Profit & Loss.

Gains or losses on liabilities held for trading are recognised in the Statement of Profit & Loss.

Financial liabilities designated upon initial recognition at fair value through Profit & Loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to the Statement of Profit &

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(All amounts are in rupees lakhs, unless otherwise stated)

Loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit & Loss.

### Derecognition of financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

## 2.19 Income tax

Income tax expense comprises current and deferred tax. It is recognised in the Statement of Profit & Loss except to the extent that it relates to items recognised directly in Equity or in Other Comprehensive Income.

### Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax assets and liabilities are offset only if, the Company:

- a) Has a legally enforceable right to set off the recognised amounts; and
- b) Intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the balance sheet and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or

the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

## 2.20 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is (or contains) a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

### Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned. Leases are classified as finance leases when substantially all of the risks and rewards of ownership are transferred from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

### Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets, wherein, the Company recognises the lease payments as an operating expense on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. Contingent and variable rentals are recognized as expense in the periods in which they are incurred.

### Lease Liability

The lease payments that are not paid at the commencement date, are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental

## Notes to Standalone Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value as that of right-of-use asset in a similar economic environment with similar terms, security and conditions. Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments) payable during the lease term and under reasonably certain extension options, less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the Balance Sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

### Right of Use (ROU) Assets

The ROU assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under Ind AS 37- Provisions, Contingent Liabilities and Contingent Assets. The costs are included in the related right-of-use asset. ROU assets are depreciated over the shorter period of the lease term or useful life of the underlying asset. If the company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. The depreciation starts at the commencement date of the lease.

The ROU assets are presented as a separate line in the Balance Sheet and details of assets are given ROU note under "Notes forming part of the Financial Statement". The Company applies Ind AS 36- Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as per its accounting policy on 'property, plant and equipment'.

As a practical expedient, Ind AS 116 permits lessee not to separate non-lease components when bifurcation of the payments is not available between the two components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

Extension and termination options are included in many of the leases. In determining the lease term the management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option.

### 2.21 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

## Notes to Standalone Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

For the purposes of the Cash Flow Statement, cash and cash equivalents is as defined above, net of outstanding bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

### 2.22 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The board of directors of the Company has been identified as being the chief operating decision maker by the Management of the Company.

### 2.23 Government Grants

Government grants are recognised at its fair value, where there is a reasonable assurance that such grants will be received and compliance with the conditions attached therewith have been met.

Government grants related to expenditure on property, plant and equipment are credited to the statement of profit and loss over the useful lives of qualifying assets or other systematic basis representative of the pattern of fulfilment of obligations associated with the grant received. Grants received less amounts credited to the statement of profit and loss at the reporting date are included in the balance sheet as deferred income.

### 2.24 Standard issued but not yet effective

Ministry of Corporate Affairs (“MCA”) has not notified new standard which would have been applicable from April 1, 2022.

However, on March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1, 2022. The effect of those amendments is not material to the Company.



## Notes to Standalone Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 3. (i) Property, Plant and Equipment (2021-22)

| Particulars            | Gross Block          |                 |                       |                      | Depreciation         |                 |                       |                      | Net Block            |                      |
|------------------------|----------------------|-----------------|-----------------------|----------------------|----------------------|-----------------|-----------------------|----------------------|----------------------|----------------------|
|                        | As at March 31, 2021 | Additions       | Deletions/ Adjustment | As at March 31, 2022 | As at March 31, 2021 | For the year    | Deletions/ Adjustment | As at March 31, 2022 | As at March 31, 2021 | As at March 31, 2022 |
| <b>Tangible Assets</b> |                      |                 |                       |                      |                      |                 |                       |                      |                      |                      |
| Freehold land          | 590.92               | 7.45            | 282.79                | 315.58               | -                    | -               | -                     | -                    | 590.92               | 315.58               |
| Buildings              | 10,295.65            | 493.35          | 384.08                | 10,404.92            | 1,825.06             | 374.01          | 74.76                 | 2,124.31             | 8,470.59             | 8,280.61             |
| Plant and equipments   | 32,344.15            | 1,984.72        | 382.63                | 33,946.24            | 6,208.52             | 1,899.18        | 188.35                | 7,919.35             | 26,135.63            | 26,026.89            |
| Office equipments      | 1,566.01             | 172.05          | 22.83                 | 1,715.23             | 1,074.76             | 216.28          | 18.11                 | 1,272.93             | 491.25               | 442.30               |
| Furniture and fixtures | 4,156.46             | 144.71          | 27.32                 | 4,273.85             | 2,181.03             | 778.33          | 22.65                 | 2,936.71             | 1,975.43             | 1,337.14             |
| Vehicles               | 2,340.05             | 754.05          | 222.16                | 2,871.94             | 1,035.49             | 431.10          | 163.33                | 1,303.26             | 1,304.56             | 1,568.68             |
| <b>Total</b>           | <b>51,293.24</b>     | <b>3,556.33</b> | <b>1,321.81</b>       | <b>53,527.76</b>     | <b>12,324.86</b>     | <b>3,698.90</b> | <b>467.20</b>         | <b>15,556.56</b>     | <b>38,968.38</b>     | <b>37,971.20</b>     |

### 3. (ii) Capital Work in Progress (2021-22)

Capital work-in-progress as at March 31, 2022 is ₹4,428.06 lakhs.

₹6,598.67 lakhs is addition to Capital works in progress during the year ended March 31, 2022.

₹2,585.85 lakhs has been capitalised and transferred to property, plant and equipment during the year ended March 31, 2022.

### 3. (iii) Right of Use Assets (2021-22) (Refer note no. 58)

| Particulars                | Gross Block          |               |                       |                      | Amortization         |               |                       |                      | Net Block            |                      |
|----------------------------|----------------------|---------------|-----------------------|----------------------|----------------------|---------------|-----------------------|----------------------|----------------------|----------------------|
|                            | As at March 31, 2021 | Additions     | Deletions/ Adjustment | As at March 31, 2022 | As at March 31, 2021 | For the year  | Deletions/ Adjustment | As at March 31, 2022 | As at March 31, 2021 | As at March 31, 2022 |
| <b>Right of use Assets</b> |                      |               |                       |                      |                      |               |                       |                      |                      |                      |
| Leasehold lands            | 343.97               | -             | -                     | 343.97               | 12.21                | 4.09          | -                     | 16.30                | 331.76               | 327.67               |
| Buildings                  | 4,875.77             | 559.76        | 167.62                | 5,267.91             | 1,515.21             | 786.27        | 137.33                | 2,164.15             | 3,360.56             | 3,103.76             |
| <b>Total</b>               | <b>5,219.74</b>      | <b>559.76</b> | <b>167.62</b>         | <b>5,611.88</b>      | <b>1,527.42</b>      | <b>790.36</b> | <b>137.33</b>         | <b>2,180.45</b>      | <b>3,692.32</b>      | <b>3,431.43</b>      |

### 3. (iv) Other Intangible Assets (2021-22)

| Particulars              | Gross Block          |           |                       |                      | Amortization         |               |                       |                      | Net Block            |                      |
|--------------------------|----------------------|-----------|-----------------------|----------------------|----------------------|---------------|-----------------------|----------------------|----------------------|----------------------|
|                          | As at March 31, 2021 | Additions | Deletions/ Adjustment | As at March 31, 2022 | As at March 31, 2021 | For the year  | Deletions/ Adjustment | As at March 31, 2022 | As at March 31, 2021 | As at March 31, 2022 |
| <b>Intangible Assets</b> |                      |           |                       |                      |                      |               |                       |                      |                      |                      |
| Computer Softwares       | 1,076.60             | -         | 19.72                 | 1,056.88             | 854.13               | 192.94        | 14.08                 | 1,032.99             | 222.47               | 23.89                |
| <b>Total</b>             | <b>1,076.60</b>      | <b>-</b>  | <b>19.72</b>          | <b>1,056.88</b>      | <b>854.13</b>        | <b>192.94</b> | <b>14.08</b>          | <b>1,032.99</b>      | <b>222.47</b>        | <b>23.89</b>         |

## Notes to Standalone Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 3. (i) Property, Plant and Equipment (2020-21)

| Particulars            | Gross Block          |                 |                       | Depreciation         |                      |                 |                       | Net Block            |                      |                      |
|------------------------|----------------------|-----------------|-----------------------|----------------------|----------------------|-----------------|-----------------------|----------------------|----------------------|----------------------|
|                        | As at March 31, 2020 | Additions       | Deletions/ Adjustment | As at March 31, 2021 | As at March 31, 2020 | For the year    | Deletions/ Adjustment | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2021 |
| <b>Tangible Assets</b> |                      |                 |                       |                      |                      |                 |                       |                      |                      |                      |
| Freehold land          | 590.92               | -               | -                     | 590.92               | -                    | -               | -                     | -                    | 590.92               | 590.92               |
| Buildings              | 9,908.85             | 391.42          | 4.62                  | 10,295.65            | 1,405.01             | 420.67          | 0.62                  | 1,825.06             | 8,503.84             | 8,470.59             |
| Plant and equipments   | 31,426.56            | 1,332.91        | 415.32                | 32,344.15            | 4,727.11             | 1,667.79        | 186.38                | 6,208.52             | 26,699.45            | 26,135.63            |
| Office equipments      | 1,511.75             | 90.01           | 35.75                 | 1,566.01             | 825.73               | 277.90          | 28.87                 | 1,074.76             | 686.02               | 491.25               |
| Furniture and fixtures | 4,272.49             | 163.64          | 279.67                | 4,156.46             | 1,643.06             | 772.70          | 234.73                | 2,181.03             | 2,629.43             | 1,975.43             |
| Vehicles               | 2,038.94             | 673.38          | 372.27                | 2,340.05             | 925.08               | 379.88          | 269.47                | 1,035.49             | 1,113.86             | 1,304.56             |
| <b>Total</b>           | <b>49,749.51</b>     | <b>2,651.36</b> | <b>1,107.63</b>       | <b>51,293.24</b>     | <b>9,525.99</b>      | <b>3,518.94</b> | <b>720.07</b>         | <b>12,324.86</b>     | <b>40,223.52</b>     | <b>38,968.38</b>     |

### 3. (ii) Capital Work in Progress

Capital work-in-progress as at March 31, 2021 is ₹415.24 lakhs.

₹1,795.87 lakhs is addition to Capital works in progress during the year ended March 31, 2021.

₹1,852.89 lakhs has been capitalised and transferred to property, plant and equipment during the year ended March 31, 2021.

### 3. (iii) Right of Use Assets (2020-21) (Refer note no. 58)

| Particulars                | Gross Block          |                 |                       | Amortization         |                      |               |                       | Net Block            |                      |                      |
|----------------------------|----------------------|-----------------|-----------------------|----------------------|----------------------|---------------|-----------------------|----------------------|----------------------|----------------------|
|                            | As at March 31, 2020 | Additions       | Deletions/ Adjustment | As at March 31, 2021 | As at March 31, 2020 | For the year  | Deletions/ Adjustment | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2021 |
| <b>Right of use Assets</b> |                      |                 |                       |                      |                      |               |                       |                      |                      |                      |
| Leasehold lands            | 343.97               | -               | -                     | 343.97               | 8.12                 | 4.09          | -                     | 12.21                | 335.85               | 331.76               |
| Buildings                  | 3,693.87             | 1,181.90        | -                     | 4,875.77             | 777.42               | 737.79        | -                     | 1,515.21             | 2,916.45             | 3,360.56             |
| <b>Total</b>               | <b>4,037.84</b>      | <b>1,181.90</b> | <b>-</b>              | <b>5,219.74</b>      | <b>785.54</b>        | <b>741.88</b> | <b>-</b>              | <b>1,527.42</b>      | <b>3,252.30</b>      | <b>3,692.32</b>      |

### 3. (iv) Other Intangible Assets (2020-21)

| Particulars              | Gross Block          |             |                       | Amortization         |                      |               |                       | Net Block            |                      |                      |
|--------------------------|----------------------|-------------|-----------------------|----------------------|----------------------|---------------|-----------------------|----------------------|----------------------|----------------------|
|                          | As at March 31, 2020 | Additions   | Deletions/ Adjustment | As at March 31, 2021 | As at March 31, 2020 | For the year  | Deletions/ Adjustment | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2021 |
| <b>Intangible Assets</b> |                      |             |                       |                      |                      |               |                       |                      |                      |                      |
| Computer Softwares       | 1,076.40             | 1.36        | 1.16                  | 1,076.60             | 661.29               | 194.00        | 1.16                  | 854.13               | 415.11               | 222.47               |
| <b>Total</b>             | <b>1,076.40</b>      | <b>1.36</b> | <b>1.16</b>           | <b>1,076.60</b>      | <b>661.29</b>        | <b>194.00</b> | <b>1.16</b>           | <b>854.13</b>        | <b>415.11</b>        | <b>222.47</b>        |

#### Note:

- Assets pledged and Hypothecated against borrowings: Refer note no. 19 & 25.

## Notes to Standalone Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### Title deeds of Immovable Properties not held in name of the Company

| Relevant line item in the Balance Sheet | Description of item of property | Gross carrying value | Title deeds held in the name of                          | Whether title deed holder is a promoter, director or relative of promoter / director or employee of promoter / director | Property held since which date  | Reason for not being held in the name of the company |
|---|---------------------------------|----------------------|--|---|---|--|
| Property, Plant and Equipment           | Land                            | 9.53                 | Erstwhile Schablona India Limited (Amalgamating Company) | No  | April 01, 2019 i.e. the appointed date as per Scheme of Amalgamation approved by Hon'ble National Company Law Tribunal. (Refer Note no. 62 B) | Refer Note no. 62 B                                  |
| Property, Plant and Equipment           | Building                        | 155.59               |  | No  |   |  |

### 4. Non-current Investments

| Particulars  | As At March 31, 2022 | As At March 31, 2021 |
|--|----------------------|----------------------|
| <b>Investment in Equity Instruments (Unquoted, fully paid up)</b>  |                      |                      |
| <b>Subsidiary Companies (measured at cost)</b>   |                      |                      |
| a) 26,85,000 Equity Shares (Previous Year - 1,85,000) of ₹10/- each of SR Continental Ltd.*                                  | 268.50               | 18.50                |
| b) 5,00,000 Equity Shares (Previous Year - 5,00,000) of ₹10/- each of Somany Bathware Ltd.*                                  | 50.00                | 50.00                |
| c) 53,04,000 Equity Shares (Previous year - 53,04,000) of ₹10/- each of Amora Tiles Pvt. Ltd.                                | 530.40               | 530.40               |
| d) 76,50,000 Equity Shares (Previous year - 76,50,000) of ₹10/- each of Somany Fine Vitrified Pvt. Ltd.                      | 765.00               | 765.00               |
| e) 35,10,000 Equity Shares (Previous year - 35,10,000) of ₹10/- each of Somany Excel Vitrified Pvt. Ltd.*                    | 351.00               | 351.00               |
| f) 50,49,000 Equity Shares (Previous year - 50,49,000) of ₹10/- each of Somany Sanitaryware Pvt. Ltd.                        | 550.01               | 550.01               |
| g) 45,00,000 Equity Shares (Previous year - 45,00,000) of ₹10/- each of Vintage Tiles Pvt. Ltd. \$                           | 1,399.50             | 1,399.50             |
| h) 96,50,000 Equity Shares (Previous year - 10,000) of ₹10/- each of Somany Piasterelle Pvt. Ltd. (w.e.f February 18, 2021)* | 965.00               | 1.00                 |
| i) 25,35,000 Equity Shares (Previous year - 25,35,000) of ₹10/- each of Vicon Ceramics Pvt. Ltd. \$                          | 253.50               | 253.50               |
| j) 2,16,75,000 Equity Shares (Previous year - 1,20,00,000) of ₹10/- each of Sudha Somany Ceramics Pvt. Ltd.                  | 2,167.50             | 1,200.00             |
| k) 14,60,000 Equity Shares (Previous year - 14,60,000) of ₹10/- each of Acer Granito Pvt. Ltd. \$                            | 511.00               | 511.00               |
| l) 45,90,000 Equity Shares (Previous year - 45,90,000) of ₹10/- each of Amora Ceramics Pvt. Ltd.                             | 459.00               | 459.00               |
| m) 18,59,100 Equity Share (Previous Year - 9,48,141) of ₹10/- each of Somany Bath Fittings Pvt. Ltd.*                        | 1,348.37             | 680.10               |
| n) 10,000 Equity Share (Previous Year - NIL) of ₹10/- each of Somany Max Pvt. Ltd. (w.e.f February 22, 2022)*                | 1.00                 | -                    |
|  | <b>9,619.78</b>      | <b>6,769.01</b>      |
| * including share held by the nominee share holders.   |                      |                      |
| \$ Considered as subsidiary under Ind-AS.  |                      |                      |
| <b>a. Aggregate amount of investments are given below:</b>   |                      |                      |
| Aggregate cost of unquoted investments   | 9,619.78             | 6,769.01             |
| <b>b. None of the above investments are listed on any stock exchange in India or outside India.</b>                          |                      |                      |

## Notes to Standalone Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 5. Loans

| Particulars  | As At<br>March 31, 2022 | As At<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| (Unsecured, Considered Good Unless Stated Otherwise) |                         |                         |
| <b>Inter Corporate Deposits</b>                      |                         |                         |
| - With Related Parties #                             | 14,497.09               | 3,999.60                |
| - With Others  | -                       | 250.00                  |
|  | <b>14,497.09</b>        | <b>4,249.60</b>         |

# For details of loans to related parties, Refer note no. 44, Related Party Transactions.

### 6. Other Financial Assets

| Particulars  | As At<br>March 31, 2022 | As At<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| (Unsecured, Considered Good Unless Stated Otherwise) |                         |                         |
| Bank Deposit (Pledged with Government Departments)   | 0.25                    | 105.41                  |
| Bank Deposit held as Margin Money                    | 188.33                  | 180.78                  |
| Security Deposits                                    |                         |                         |
| - With Related Parties#                              | 105.00                  | 105.00                  |
| - With Others  | 667.82                  | 635.03                  |
|  | <b>961.40</b>           | <b>1,026.22</b>         |

# For details of security deposits to related parties, Refer note no. 44, Related Party Transactions.

### 7. Other Non-Current Assets

| Particulars  | As At<br>March 31, 2022 | As At<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| Capital Advance                                      | 99.92                   | 108.56                  |
| Prepaid Expenses                                     | 11.29                   | 14.04                   |
| Deposits with Government Departments (under Protest) | 65.50                   | 58.54                   |
|  | <b>176.71</b>           | <b>181.14</b>           |

## Notes to Standalone Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 8. Inventories

| Particulars  | As At<br>March 31, 2022 | As At<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| (Valued at Lower of Cost and Net Realisable Value) |                         |                         |
| Raw Materials and Packing Materials                | 2,398.00                | 1,964.73                |
| Work -in-Progress                                  | 790.60                  | 517.35                  |
| Finished Goods                                     | 5,266.64                | 5,785.81                |
| Stock in Trade                                     | 4,312.94                | 3,616.76                |
| Stores and Spares                                  | 2,109.12                | 1,810.66                |
|  | <b>14,877.30</b>        | <b>13,695.31</b>        |

- Inventories are hypothecated to secure borrowings. Refer note no. 19 & 25.
- During the year ₹191.46 lakhs (previous year Nil) has been charged to Statement of Profit and Loss on account of write down of inventories. Nil (previous year ₹80.27 lakhs) was credited to the Statement of Profit and Loss on account of reversal of write down of inventories.

### 9. Current Investments

|   | As At March 31, 2022 |          | As At March 31, 2021 |          |
|---|----------------------|----------|----------------------|----------|
| <b>A) Investments in Non Convertible Debentures (Quoted) (valued at fair value through profit &amp; loss)</b> |                      |          |                      |          |
| a) 400 Units (Previous Year - 400 Units) 9.70% U P Power Corporation Ltd 04.07.2031 Bonds (NCD)               |                      | 380.00   |                      | 400.00   |
| b) 103 Units (Previous Year - 103 Units) 9.00% Shriram Transport Finance Co. Ltd. 28.03.2028 (NCD)            |                      | 1,004.25 |                      | 844.60   |
| c) 83 Units (Previous Year - 83 Units) 9.00% SREI Infrastructure Finance Ltd. (NCD) 2027                      | 792.65               |          | 792.65               |          |
| Less:- Provision for Impairment#  | (792.65)             | -        | (792.65)             | -        |
| d) 105,500 Units (Previous Year - 105,500 Units) 9.60% SREI Infrastructure Finance Ltd 25.05.2028 (NCD)       | 1,052.08             |          | 1,052.08             |          |
| Less:- Provision for Impairment#  | (1,052.08)           | -        | (1,052.08)           | -        |
| <b>B) Investments in Mutual Fund (Un-Quoted) (valued at fair value through profit &amp; loss)</b>             |                      |          |                      |          |
| a) Nil Units (Previous Year - 1,33,342.724 Units) Axis Liquid Fund - Direct Growth                            |                      | -        |                      | 3,046.60 |
| b) 3,63,70,087.033 Units (Previous Year - 3,84,46,240.336 Units) HDFC Ultra Short Term Fund- Direct Growth    |                      | 4,514.55 |                      | 4,590.25 |

## Notes to Standalone Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 9. Current Investments (Contd.)

|  | As At March 31, 2022 |                 | As At March 31, 2021 |                 |
|--|----------------------|-----------------|----------------------|-----------------|
| <b>C) Investments in Equity Instruments (Quoted) (valued at fair value through Profit &amp; Loss - fully Paid)</b> |                      |                 |                      |                 |
| 550 Equity Shares (Previous Year - 550 Equity Shares) of ₹2/- each of Punjab National Bank Ltd.                    |                      | 0.19            |                      | 0.20            |
|  |                      | <b>5,898.99</b> |                      | <b>8,881.65</b> |
| # Refer note no. 49.   |                      |                 |                      |                 |
| Aggregate Book Value of Quoted Investment  |                      | 1,384.44        |                      | 1,244.80        |
| Aggregate Market Value of Quoted Investment  |                      | 1,384.44        |                      | 1,244.80        |
| Aggregate Book Value of Un-Quoted Investment   |                      | 4,514.55        |                      | 7,636.85        |
| Aggregate amount of impairment in value of investments   |                      | 1,844.73        |                      | 1,844.73        |

### 10. Trade Receivables

| Particulars                              | As At<br>March 31, 2022 | As At<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| <b>Unsecured</b>                         |                         |                         |
| Considered Good                          | 22,235.10               | 20,810.48               |
| Have Significant increase in Credit Risk | 2,531.30                | 2,628.85                |
| Considered Doubtful - Credit Impaired    | 608.40                  | 400.71                  |
|  | <b>25,374.80</b>        | <b>23,840.04</b>        |
| Less: Allowance for losses               | 1,925.87                | 1,820.74                |
|  | <b>23,448.93</b>        | <b>22,019.30</b>        |

- For details of receivable from related parties, Refer note no. 44, Related Party Transactions.
- Trade Receivables are hypothecated to secure borrowings. Refer note no. 19 & 25.
- Refer note no. 54 (A) - Trade Receivables ageing.

### 11. Cash and Cash Equivalents

| Particulars                                    | As At<br>March 31, 2022 | As At<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| <b>Balance with Banks</b>                      |                         |                         |
| - Current Accounts                             | 524.32                  | 403.03                  |
| Cash on Hand                                   | 3.64                    | 5.09                    |
| Bank Deposit with maturity of 3 months or less | 7,852.60                | 13,202.54               |
|  | <b>8,380.56</b>         | <b>13,610.66</b>        |

## Notes to Standalone Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 12. Other Bank Balances

|  | As At March 31, 2022 |                 | As At March 31, 2021 |               |
|--|----------------------|-----------------|----------------------|---------------|
| Bank Deposits (Pledged with Government Departments)              | 1.04                 |                 | 106.00               |               |
| Less:- Shown Under "Other Financial Assets"(More than 12 months) | 0.25                 | 0.79            | 105.21               | 0.79          |
| Bank Deposits held as Margin Money                               | 188.33               |                 | 180.78               |               |
| Less:- Shown Under "Other Financial Assets"(More than 12 months) | 188.33               | -               | 180.78               | -             |
| Fixed Deposits with Banks  |                      | 4,062.82        |                      | -             |
| <b>Earmarked Balances with Banks</b>                             |                      |                 |                      |               |
| Unclaimed Dividend Accounts                                      |                      | 38.00           |                      | 109.57        |
|  |                      | <b>4,101.61</b> |                      | <b>110.36</b> |

### 13. Loans

| Particulars  | As At<br>March 31, 2022 | As At<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| (Unsecured, Considered Good Unless Stated Otherwise) |                         |                         |
| Inter Corporate Deposits                             |                         |                         |
| - to Related Parties#                                | 75.00                   | -                       |
| - To Others  | 100.00                  | 1,085.00                |
|  | <b>175.00</b>           | <b>1,085.00</b>         |

# For details of loans to related parties, refer Note No. 44, Related Party Transactions.

### 14. Other Financial Assets

| Particulars         | As At<br>March 31, 2022 | As At<br>March 31, 2021 |
|---------------------|-------------------------|-------------------------|
| Accrued Interest    | 368.88                  | 624.18                  |
| Deposit with others | 2.84                    | 11.50                   |
| Others              | 327.81                  | 128.58                  |
|                     | <b>699.53</b>           | <b>764.26</b>           |

### 15. Current Tax Assets (net)

| Particulars  | As At<br>March 31, 2022 | As At<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| Advance Income Tax / Tax Deducted at Source (Net of Income Tax Provision of ₹17,863.56 lakhs) (previous year ₹14,817.47 lakhs) | 1,913.50                | 1,566.21                |
|  | <b>1,913.50</b>         | <b>1,566.21</b>         |

## Notes to Standalone Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 16. Other Current Assets

| Particulars                                  | As At<br>March 31, 2022 | As At<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| Prepaid Expenses                             | 210.94                  | 208.90                  |
| Export Incentive Receivable                  | 216.81                  | 195.10                  |
| Properties held in Trust (Refer note no. 64) | 657.75                  | 426.81                  |
| Vendor Advances#                             | 720.33                  | 655.78                  |
| Other Receivables*                           | 345.68                  | 402.70                  |
| Indirect Tax Recoverable/adjustable          | 296.00                  | 644.69                  |
|  | <b>2,447.51</b>         | <b>2,533.98</b>         |
| *Less: Allowances for credit losses          | 44.84                   | 36.29                   |
|  | <b>2,402.67</b>         | <b>2,497.69</b>         |

# For details of advances to related parties, Refer note no. 44, Related Party Transactions.

### 17. Equity Share Capital

| Particulars  | As At<br>March 31, 2022 | As At<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| <b>Authorised</b>  |                         |                         |
| Equity Shares 16,15,00,000 (Previous Year - 16,15,00,000) of ₹2/-each*   | 3,230.00                | 3,230.00                |
| <b>Issued, Subscribed and Paid up</b>  |                         |                         |
| Equity Shares 4,24,74,208 (Previous Year - 4,23,79,426) of ₹2/- each fully paid up*                              | 849.48                  | 847.59                  |
| Nil (Previous Year- 94,782) Equity Shares of ₹2 each fully paid to be issued pursuant to Scheme of Amalgamation* | -                       | 1.89                    |
|  | <b>849.48</b>           | <b>849.48</b>           |

#### a. Terms and rights attached to equity shares

The Company has one class of equity shares having a par value of ₹2 each. Each shareholder is eligible for one vote per share held and carry a right to dividend. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

#### b. Reconciliation of number of shares outstanding at the beginning and end of the year :

| Particulars                                      | Number of Shares   |               | Amount        |               |
|--|--------------------|---------------|---------------|---------------|
|  | Issued             | To be issued* | Issued        | To be issued* |
| <b>Outstanding as on April 1, 2020</b>           | 4,23,79,426        | 94,782        | 847.59        | 1.89          |
| Equity Shares issued/bought back during the year | -                  | -             | -             | -             |
| <b>Outstanding at the March 31, 2021</b>         | 4,23,79,426        | 94,782        | 847.59        | 1.89          |
| Equity Shares issued/bought back during the year | 94,782             | (94,782)      | 1.89          | (1.89)        |
| <b>Outstanding at the March 31, 2022</b>         | <b>4,24,74,208</b> | <b>-</b>      | <b>849.48</b> | <b>-</b>      |



## Notes to Standalone Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 17. Equity Share Capital (Contd.)

#### c. Shareholdings of Promoters at the end of March 31, 2022

| S. No. | Promoter Name   | Numbers of Shares | % of total Shares | % Change during the year |
|--------|---|-------------------|-------------------|--------------------------|
| i)     | Mr. Abhishek Somany - in capacity of Trustee of Shakthi Family Trust      | 1,00,80,055       | 23.73%            | -                        |
| ii)    | Mr. Shrivatsa Somany - in capacity of Trustee of Sanrakshith Family Trust | 43,37,872         | 10.21%            | -                        |
| iii)   | Mr. Shreekant Somany - in capacity of Trustee of Srijan Family Trust      | 43,37,872         | 10.21%            | -                        |
| iv)    | Abhishek Somany (HUF)   | 19,14,093         | 4.51%             | -                        |
| v)     | Ms. Anjana Somany   | 10,84,468         | 2.55%             | -                        |
| vi)    | Ms. Minal Somany  | 6,90,108          | 1.62%             | (35.51)%                 |
| vii)   | Ms. Aanvi Somany  | 3,00,000          | 0.71%             | 100.00%                  |
| viii)  | Ms. Anushree Chopra   | 2,01,407          | 0.47%             | 65.89%                   |
| ix)    | Mr. Shrivatsa Somany  | 1,19,538          | 0.28%             | 19.54%                   |
| x)     | Mr. Shreekant Somany  | 1,19,538          | 0.28%             | 19.54%                   |
| xi)    | Mr. Ameya Somany  | 65,000            | 0.15%             | -                        |
| xii)   | Mr. Abhishek Somany   | 19,538            | 0.05%             | 100.00%                  |

#### Shareholdings of Promoters at the end of March 31, 2021

| S. No. | Promoter Name   | Numbers of Shares | % of total Shares | % Change during the year |
|--------|---|-------------------|-------------------|--------------------------|
| i)     | Mr. Abhishek Somany - in capacity of Trustee of Shakthi Family Trust      | 1,00,80,055       | 23.73%            | -                        |
| ii)    | Mr. Shrivatsa Somany - in capacity of Trustee of Sanrakshith Family Trust | 43,37,872         | 10.21%            | -                        |
| iii)   | Mr. Shreekant Somany - in capacity of Trustee of Srijan Family Trust      | 43,37,872         | 10.21%            | -                        |
| iv)    | Abhishek Somany (HUF)   | 19,14,093         | 4.51%             | 3.52%                    |
| v)     | Ms. Anjana Somany   | 10,84,468         | 2.55%             | -                        |
| vi)    | Ms. Minal Somany  | 10,70,108         | 2.52%             | 100.00%                  |
| vii)   | Ms. Anushree Chopra   | 1,21,407          | 0.29%             | -                        |
| viii)  | Mr. Shrivatsa Somany  | 1,00,000          | 0.24%             | 100.00%                  |
| ix)    | Mr. Shreekant Somany  | 1,00,000          | 0.24%             | 100.00%                  |
| x)     | Mr. Ameya Somany  | 65,000            | 0.15%             | 100.00%                  |

#### d. List of shareholders holding more than 5% of the Equity Share Capital of the Company (In numbers)

|      |   | As At<br>March 31, 2022 | As At<br>March 31, 2021 |
|------|---|-------------------------|-------------------------|
| i)   | Mr. Abhishek Somany - in capacity of Trustee of Shakthi Family Trust      | 1,00,80,055             | 1,00,80,055             |
| ii)  | Mr. Shrivatsa Somany - in capacity of Trustee of Sanrakshith Family Trust | 43,37,872               | 43,37,872               |
| iii) | Mr. Shreekant Somany - in capacity of Trustee of Srijan Family Trust      | 43,37,872               | 43,37,872               |
| iv)  | Franklin Build India Fund #   | -                       | 36,50,000               |
| v)   | Kotak Small CAP Fund  | 26,51,985               | -                       |
|      |   | <b>2,14,07,784</b>      | <b>2,24,05,799</b>      |

## Notes to Standalone Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 17. Equity Share Capital (Contd.)

#### e. Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date

| Particulars  | As At<br>March 31, 2022 | As At<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| Equity shares issued pursuant to Scheme of Amalgamation (in FY 2021-22)* | 94,782                  | -                       |
| Equity shares issued pursuant to Scheme of Amalgamation (in FY 2019-20)* | 1,90,87,200             | 1,90,87,200             |

\* Refer note no. 62.

# Holding as on March 31, 2022 is not more than 5%.

### 18. Other Equity (Refer note no. 62)

| Particulars                          | As At<br>March 31, 2022 | As At<br>March 31, 2021 |
|--------------------------------------|-------------------------|-------------------------|
| <b>Capital Reserve</b>               |                         |                         |
| Balance at the beginning of the year | (4,377.31)              | (4,377.31)              |
| Addition/ (Transfer) during the year | -                       | -                       |
| Closing balance                      | <b>(4,377.31)</b>       | <b>(4,377.31)</b>       |
| <b>Capital Redemption Reserve</b>    |                         |                         |
| Balance at the beginning of the year | 78.43                   | 78.43                   |
| Addition/ (Transfer) during the year | -                       | -                       |
| Closing balance                      | <b>78.43</b>            | <b>78.43</b>            |
| <b>Security Premium</b>              |                         |                         |
| Balance at the beginning of the year | 16,991.77               | 16,991.77               |
| Addition/ (Transfer) during the year | -                       | -                       |
| Closing balance                      | <b>16,991.77</b>        | <b>16,991.77</b>        |
| <b>General Reserve</b>               |                         |                         |
| Balance at the beginning of the year | 6,111.96                | 6,111.96                |
| Addition/ (Transfer) during the year | -                       | -                       |
| Closing balance                      | <b>6,111.96</b>         | <b>6,111.96</b>         |
| <b>Retained earnings</b>             |                         |                         |
| Balance at the beginning of the year | 41,993.63               | 37,489.84               |
| Profit for the year                  | 8,778.77                | 5,520.90                |
| Amount available for appropriation   | 50,772.40               | 43,010.74               |
| <b>Less : Appropriation:</b>         |                         |                         |
| Dividend Distributed                 | -                       | 1,017.11                |
| Closing Balance                      | <b>50,772.40</b>        | <b>41,993.63</b>        |

## Notes to Standalone Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 18. Other Equity (Refer note no. 62) (Contd.)

| Particulars                                   | As At<br>March 31, 2022 | As At<br>March 31, 2021 |
|---|-------------------------|-------------------------|
| <b>Remeasurement of defined benefit plans</b> |                         |                         |
| Balance at the beginning of the year          | (26.41)                 | (161.20)                |
| Other Comprehensive Income for the year       | 2.83                    | 134.79                  |
| Closing Balance                               | <b>(23.58)</b>          | <b>(26.41)</b>          |
| Total Retained Earnings                       | 50,748.82               | 41,967.22               |
| <b>Total Other Equity</b>                     | <b>69,553.67</b>        | <b>60,772.07</b>        |

### 19. Borrowings

| Particulars   | As At<br>March 31, 2022 | As At<br>March 31, 2021 |
|---|-------------------------|-------------------------|
| <b>Secured</b>  |                         |                         |
| <b>Term Loan</b>  |                         |                         |
| - from Banks  | 3,212.18                | 5,103.98                |
| <b>Car Loan</b>   |                         |                         |
| - From Banks  | 981.22                  | 941.68                  |
|   | <b>4,193.40</b>         | <b>6,045.66</b>         |
| <b>Less: Current Maturities of Non Current Borrowings</b> |                         |                         |
| <b>Term loan</b>  |                         |                         |
| - from Banks  | 2,091.80                | 1,891.80                |
| <b>Car Loan</b>   |                         |                         |
| - from Banks  | 325.41                  | 306.30                  |
|   | <b>2,417.21</b>         | <b>2,198.10</b>         |
|   | <b>1,776.19</b>         | <b>3,847.56</b>         |

#### Notes

- Rupee loan of ₹3,212.18 lakhs (Previous Year ₹5,103.98 lakhs) from a Bank is secured by first pari passu charge by way of hypothecation of all movable fixed assets, both present and future, of the Company at Kassar & Kadi excluding assets those exclusively charged to other Banks. Repayment of aforesaid loan is ₹2,091.80 lakhs and ₹1,120.38 lakhs in FY 2022-23 and FY 2023-24 respectively.
- Car loan from Banks and others are secured by hypothecation of cars purchased there under and are repayable in monthly instalments over the period of loan.
- Rate of interest applicable to all term loans is linked with MCLR.

### 20. Other Financial Liabilities

| Particulars    | As At<br>March 31, 2022 | As At<br>March 31, 2021 |
|----------------|-------------------------|-------------------------|
| Trade Deposits | 2,781.26                | 2,776.03                |
|                | <b>2,781.26</b>         | <b>2,776.03</b>         |

## Notes to Standalone Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 21. Provisions (Non Current)

| Particulars        | As At<br>March 31, 2022 | As At<br>March 31, 2021 |
|--------------------|-------------------------|-------------------------|
| Employees Benefits | 757.53                  | 695.89                  |
|                    | <b>757.53</b>           | <b>695.89</b>           |

### 22. Deferred Income

| Particulars                                     | As At<br>March 31, 2022 | As At<br>March 31, 2021 |
|---|-------------------------|-------------------------|
| Grants related to Property, Plant and Equipment | 102.39                  | 255.91                  |
|   | <b>102.39</b>           | <b>255.91</b>           |

Grants relating to property, plant and equipment relate to duty saved on import of capital goods and spares under the EPCG scheme. Under the scheme, the Company is committed to export prescribed times of the duty saved on import of capital goods over a specified period of time. In case such commitments are not met, the Company would be required to pay the duty saved along with interest to the regulatory authorities. Such grants recognised are released to the statement of profit and loss based on fulfilment of related export obligations.

### 23. Deferred tax liabilities (net)

#### A. Movement in deferred tax balances

| Particulars                                       | As at<br>March 31, 2021 | Recognized in<br>P&L | Recognized in<br>OCI | As At<br>March 31, 2022 |
|---|-------------------------|----------------------|----------------------|-------------------------|
| <b>Deferred Tax Assets</b>                        |                         |                      |                      |                         |
| Accrued Expenses                                  | 1,194.86                | (5.75)               | -                    | 1,189.11                |
| Others  | 86.46                   | 35.04                | -                    | 121.50                  |
| <b>Sub- Total (A)</b>                             | <b>1,281.32</b>         | <b>29.29</b>         | <b>-</b>             | <b>1,310.61</b>         |
| <b>Deferred Tax Liabilities</b>                   |                         |                      |                      |                         |
| Property, Plant and Equipment & Intangible Assets | 3,691.51                | (99.21)              | -                    | 3,592.30                |
| <b>Sub- Total (B)</b>                             | <b>3,691.51</b>         | <b>(99.21)</b>       | <b>-</b>             | <b>3,592.30</b>         |
| <b>Net Deferred Tax Liability (B)-(A)</b>         | <b>2,410.19</b>         | <b>(128.50)</b>      | <b>-</b>             | <b>2,281.69</b>         |

| Particulars                                | As at<br>April 01, 2020 | Recognized in<br>P&L | Recognized in<br>OCI | As at<br>March 31, 2021 |
|--|-------------------------|----------------------|----------------------|-------------------------|
| <b>Deferred Tax Assets</b>                 |                         |                      |                      |                         |
| Accrued expenses                           | 754.39                  | 485.80               | (45.33)              | 1,194.86                |
| Brought Forward Losses (refer note no. 62) | 222.90                  | (222.90)             | -                    | -                       |
| Others                                     | 43.13                   | 43.33                | -                    | 86.46                   |
| <b>Sub- Total (A)</b>                      | <b>1,020.42</b>         | <b>306.23</b>        | <b>(45.33)</b>       | <b>1,281.32</b>         |

## Notes to Standalone Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 23. Deferred tax liabilities (net) (Contd.)

| Particulars                                       | As at<br>April 01, 2020 | Recognized in<br>P&L | Recognized in<br>OCI | As at<br>March 31, 2021 |
|---|-------------------------|----------------------|----------------------|-------------------------|
| Deferred Tax Liabilities                          |                         |                      |                      |                         |
| Property, Plant and Equipment & Intangible Assets | 3,656.55                | 34.96                | -                    | 3,691.51                |
| Others  | 17.83                   | (17.83)              | -                    | -                       |
| <b>Sub- Total (B)</b>                             | <b>3,674.38</b>         | <b>17.13</b>         | <b>-</b>             | <b>3,691.51</b>         |
| <b>Net Deferred Tax Liability (B)-(A)</b>         | <b>2,653.96</b>         | <b>(289.10)</b>      | <b>45.33</b>         | <b>2,410.19</b>         |

### B. Amounts recognised in statement of profit and loss

| Particulars                                       | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| <b>Current tax expense</b>                        |                                      |                                      |
| Current year                                      | 3,017.70                             | 2,381.08                             |
| Income tax for earlier year                       | 27.58                                | (54.75)                              |
|   | <b>3,045.28</b>                      | <b>2,326.33</b>                      |
| <b>Deferred Tax Charge/(Credit)</b>               |                                      |                                      |
| Origination and reversal of temporary differences | (128.50)                             | (289.10)                             |
|   | <b>(128.50)</b>                      | <b>(289.10)</b>                      |
| <b>Total Tax Expense</b>                          | <b>2,916.78</b>                      | <b>2,037.23</b>                      |

### C. Amounts recognised in Other Comprehensive Income

| Particulars                                  | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|--|--------------------------------------|--------------------------------------|
| <b>Current tax expense</b>                   |                                      |                                      |
| Current year                                 | (0.95)                               | -                                    |
| <b>Deferred Tax Charge/(Credit)</b>          |                                      |                                      |
| Remeasurements of defined benefit obligation | -                                    | (45.33)                              |

### D. Reconciliation of effective tax expense

| Particulars                                      | For the year ended<br>March 31, 2022 |           | For the year ended<br>March 31, 2021 |          |
|--|--------------------------------------|-----------|--------------------------------------|----------|
|  | Rate                                 | Amount    | Rate                                 | Amount   |
| Accounting profit before tax                     |                                      | 11,695.55 |                                      | 7,558.13 |
| Tax using the Company's domestic tax rate        | 25.17%                               | 2,943.53  | 25.17%                               | 1,902.23 |
| <b>Tax effect of:</b>                            |                                      |           |                                      |          |
| Non-deductible expenses/ (Exempted income) (net) |                                      | (33.29)   |                                      | 44.79    |

## Notes to Standalone Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 23. Deferred tax liabilities (net) (Contd.)

| Particulars                                 | For the year ended<br>March 31, 2022 |                 | For the year ended<br>March 31, 2021 |                 |
|---|--------------------------------------|-----------------|--------------------------------------|-----------------|
|   | Rate                                 | Amount          | Rate                                 | Amount          |
| Changes in estimates related to prior years |                                      | 27.58           |                                      | (54.75)         |
| Lower tax rate on (Gain)/Loss on investment |                                      | (3.67)          |                                      | 47.53           |
| Others                                      |                                      | (17.37)         |                                      | 97.43           |
|   |                                      | <b>2,916.78</b> |                                      | <b>2,037.23</b> |

### 24. Other Non-Current Liabilities

| Particulars              | As At<br>March 31, 2022 | As At<br>March 31, 2021 |
|--------------------------|-------------------------|-------------------------|
| Security Deposits        | 644.97                  | 458.25                  |
| Less: Current Maturities | 170.66                  | 51.14                   |
|                          | <b>474.31</b>           | <b>407.11</b>           |

### 25. Borrowings

| Particulars  | As At<br>March 31, 2022 | As At<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| <b>Secured Loans:</b>  |                         |                         |
| <b>Working Capital Facilities from Banks*</b>                  |                         |                         |
| - Cash Credit  | 69.91                   | 20.32                   |
| Current Maturities of Long term Borrowings (Refer note no. 19) | 2,417.21                | 2,198.10                |
| <b>Unsecured Loans:</b>  |                         |                         |
| - Discounting of Bills Payable                                 | 20,688.41               | 15,350.96               |
| - From Others  | -                       | 1,110.00                |
|  | <b>23,175.53</b>        | <b>18,679.38</b>        |

\*Working Capital Facilities from Banks are secured by:

- First charge by way of hypothecation of current assets including stocks of raw materials, finished goods and inventory work in progress, stores & spares and book debts and ranking pari-passu; and
- Second and subservient charge by way of hypothecation of all movable fixed assets & ranking pari-passu, excluding assets exclusively charged.

## Notes to Standalone Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 26. Trade Payables

| Particulars  | As At<br>March 31, 2022 | As At<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| Outstanding dues of Micro Enterprises and Small Enterprises*         | 2,306.08                | 1,371.28                |
| Outstanding dues other than Micro Enterprises and Small Enterprises# | 17,250.28               | 16,176.23               |
|  | <b>19,556.36</b>        | <b>17,547.51</b>        |

a. \* For MSME disclosure, Refer note no. 53.

b. # For details of payables to related parties, Refer note no. 44, Related Party Transactions.

c. Refer note no. 54 (B) - Trade Payables ageing.

### 27. Other Financial Liabilities

| Particulars         | As At<br>March 31, 2022 | As At<br>March 31, 2021 |
|---------------------|-------------------------|-------------------------|
| Interest Accrued    | 0.32                    | 136.89                  |
| Capital Creditors*  | 238.17                  | 16.69                   |
| Unclaimed Dividends | 38.00                   | 45.78                   |
| Others              | 137.84                  | 112.92                  |
|                     | <b>414.33</b>           | <b>312.28</b>           |

\*Includes Outstanding dues of Micro Enterprises and Small Enterprises of ₹16.41 Lakhs

### 28. Other Current Liabilities

| Particulars   | As At<br>March 31, 2022 | As At<br>March 31, 2021 |
|---|-------------------------|-------------------------|
| Statutory Dues  | 1,064.69                | 1,459.72                |
| Security Deposits - Current maturities of Other Non Current Liabilities | 170.66                  | 51.14                   |
| Advance from Customers  | 1,157.13                | 1,362.92                |
| Sales Incentive   | 1,921.46                | 1,611.74                |
| Liability under Defalcation Suit (Refer note no. 64)                    | 669.64                  | 414.93                  |
| Accruals related to employees and others #                              | 2,577.28                | 2,480.37                |
|   | <b>7,560.86</b>         | <b>7,380.82</b>         |

# For details of payables to related parties, Refer note no. 44, Related Party Transactions.

### 29. Provisions (Current)

| Particulars        | As At<br>March 31, 2022 | As At<br>March 31, 2021 |
|--------------------|-------------------------|-------------------------|
| Employees Benefits | 137.54                  | 116.50                  |
|                    | <b>137.54</b>           | <b>116.50</b>           |

## Notes to Standalone Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 30. Revenue from Operations

| Particulars                    | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|--------------------------------|--------------------------------------|--------------------------------------|
| Sales of Goods                 | 2,06,050.14                          | 1,61,981.68                          |
|                                | <b>2,06,050.14</b>                   | <b>1,61,981.68</b>                   |
| <b>Other operating revenue</b> |                                      |                                      |
| Export incentives              | 151.43                               | 241.73                               |
| Scrap Sales                    | 305.34                               | 203.74                               |
| Sundry Balance Written Back    | 241.67                               | 264.20                               |
| Insurance Claim Received       | 435.91                               | 187.73                               |
| Income From Services           | 195.75                               | 150.01                               |
|                                | <b>1,330.10</b>                      | <b>1,047.41</b>                      |
|                                | <b>2,07,380.24</b>                   | <b>1,63,029.09</b>                   |

a) Unsatisfied performance obligation (contract liabilities) Refer note no.28.

b) Reconciliation of contract price vis a vis revenue recognised in the statement of profit and loss is as follows:

| Particulars   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| <b>Contract Price</b>                                     |                                      |                                      |
| (i) Sales of goods  | 2,13,255.29                          | 1,67,323.25                          |
| (ii) Sales of services                                    | 195.75                               | 150.01                               |
| (iii) other operating revenue                             | 1,134.35                             | 897.40                               |
| <b>Adjustments:</b>                                       |                                      |                                      |
| Discount/rebate/ Sales incentives                         | (7,205.15)                           | (5,341.57)                           |
| <b>Revenue recognised in statement of profit and loss</b> | <b>2,07,380.24</b>                   | <b>1,63,029.09</b>                   |

c) The above revenues have been recognised at point of time.

d) For contract assets and balances Refer note no. 10.

### 31. Other Income

| Particulars   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| Interest Income   | 1,251.62                             | 1,023.33                             |
| <b>Other non-operating revenue:</b>                             |                                      |                                      |
| Profit on Sale of Property, Plant and Equipment                 | 171.73                               | 168.85                               |
| Profit on Sale of Current Investments measured at FVTPL         | 70.77                                | 2.21                                 |
| Net Gain on Fair Value of Current Investments measured at FVTPL | 280.43                               | -                                    |
| Net Gain on Foreign Currency Translations and Transactions      | 137.94                               | 55.21                                |
| Provision no longer required written back                       | 59.63                                | -                                    |



## Notes to Standalone Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 31. Other Income (Contd.)

| Particulars  | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|--|--------------------------------------|--------------------------------------|
| Deferred Income (Amortisation of Government Grant) | 153.51                               | 130.78                               |
| Miscellaneous Income                               | 85.94                                | 137.99                               |
|  | <b>2,211.57</b>                      | <b>1,518.37</b>                      |

### 32. Cost of Materials Consumed

| Particulars               | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---------------------------|--------------------------------------|--------------------------------------|
| Raw Material Consumed     | 19,218.39                            | 14,269.74                            |
| Packing Material Consumed | 4,499.45                             | 3,209.54                             |
|                           | <b>23,717.84</b>                     | <b>17,479.28</b>                     |

### 33. Change in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade

| Particulars                   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|-------------------------------|--------------------------------------|--------------------------------------|
| <b>Closing Stock</b>          |                                      |                                      |
| Finished Goods                | 5,266.64                             | 5,785.81                             |
| Stock-in-Trade                | 4,312.94                             | 3,616.76                             |
| <b>Total Finished Goods</b>   | <b>9,579.58</b>                      | <b>9,402.57</b>                      |
| Work-in-Progress              | 790.60                               | 517.35                               |
|                               | <b>10,370.18</b>                     | <b>9,919.92</b>                      |
| <b>Less: Opening Stock</b>    |                                      |                                      |
| Finished Goods                | 5,785.81                             | 10,309.66                            |
| Stock-in-Trade                | 3,616.76                             | 4,195.25                             |
| <b>Total Finished Goods</b>   | <b>9,402.57</b>                      | <b>14,504.91</b>                     |
| Work-in-Progress              | 517.35                               | 730.39                               |
|                               | <b>9,919.92</b>                      | <b>15,235.30</b>                     |
| (Increase)/ Decrease in Stock | (450.26)                             | 5,315.38                             |
|                               | <b>(450.26)</b>                      | <b>5,315.38</b>                      |

### 34. Employee Benefit Expense

| Particulars   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| Salary, Wages, Bonus etc.                             | 17,089.28                            | 15,153.21                            |
| Contribution towards Provident Fund and Gratuity Fund | 878.27                               | 715.37                               |
| Workmen & Staff Welfare                               | 626.37                               | 554.80                               |
|   | <b>18,593.92</b>                     | <b>16,423.38</b>                     |
| Less: Capitalized/ Transferred to CWIP                | 19.28                                | -                                    |
|   | <b>18,574.64</b>                     | <b>16,423.38</b>                     |

## Notes to Standalone Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 35. Finance Costs

| Particulars                           | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---------------------------------------|--------------------------------------|--------------------------------------|
| Interest                              | 497.30                               | 1,088.93                             |
| Interest expense on lease liabilities | 311.15                               | 277.20                               |
| Other Borrowing Costs                 | 50.05                                | 76.41                                |
|                                       | <b>858.50</b>                        | <b>1,442.54</b>                      |

### 36. Other Expenses

| Particulars  | For the year ended<br>March 31, 2022 |                  | For the year ended<br>March 31, 2021 |                  |
|--|--------------------------------------|------------------|--------------------------------------|------------------|
| Stores and Spare Parts Consumed                      |                                      | 3,317.07         |                                      | 2,441.42         |
| Power & Fuel   |                                      | 22,192.64        |                                      | 12,624.14        |
| Repairs and Maintenance:                             |                                      |                  |                                      |                  |
| Buildings  |                                      | 181.26           |                                      | 107.64           |
| Plant & Machinery                                    |                                      | 375.94           |                                      | 291.69           |
| Others   |                                      | 122.02           |                                      | 106.37           |
| Rent   |                                      | 77.52            |                                      | 47.84            |
| Rates & Taxes  |                                      | 231.84           |                                      | 105.73           |
| Insurance  |                                      | 1,064.71         |                                      | 726.03           |
| Travelling and Conveyance                            |                                      | 1,688.00         |                                      | 1,103.44         |
| Freight Outward and Handling Charges                 |                                      | 3,612.28         |                                      | 2,839.13         |
| Advertisement and Sales Promotion                    |                                      | 3,382.90         |                                      | 2,537.02         |
| Commission to Agents                                 |                                      | 575.00           |                                      | 224.25           |
| CSR Expenses (Refer note no. 59)                     |                                      | 116.68           |                                      | 117.21           |
| Provision for Credit Losses / doubtful advances      |                                      | 140.58           |                                      | 474.02           |
| Bad Debts  | 67.78                                |                  | 70.91                                |                  |
| Less: Provision for Credit Losses                    | 26.90                                | 40.88            | 47.11                                | 23.80            |
| Sundry Balances Written Off                          | 208.33                               |                  | 73.59                                |                  |
| Less: Provision for Credit Losses                    | -                                    | 208.33           | 12.58                                | 61.01            |
| Property, Plant and Equipment Discarded /Written off |                                      | 13.68            |                                      | 278.72           |
| Net Loss on Fair Value of Current Investments        |                                      | -                |                                      | 95.65            |
| Other Expenses*                                      |                                      | 2,898.71         |                                      | 2,189.76         |
|  |                                      | <b>40,240.04</b> |                                      | <b>26,394.87</b> |
| Less: Capitalized/ Transferred to CWIP               |                                      | 34.47            |                                      | -                |
|  |                                      | <b>40,205.57</b> |                                      | <b>26,394.87</b> |

\* For Payment to Statutory Auditor, Refer note no. 48.

## Notes to Standalone Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 37. Earning per share

| Particulars   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| Profit for the year                                   | 8,778.77                             | 5,520.90                             |
| Weighted average number of equity shares of ₹2/- each | 4,24,74,208                          | 4,24,74,208                          |
| EPS - Basic and Diluted (Per share in ₹)              | 20.67                                | 13.00                                |

### 38. Contingent liabilities, contingent assets and commitments as identified by the Company

#### A. Contingent liabilities (not provided for) in respect of:

| Particulars  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| 1. Claim and other demands against the Company not acknowledged as debts.  | 293.01                  | 260.72                  |
| 2. Sales Tax demands against which the Company has preferred appeals.  | 27.77                   | 59.46                   |
| 3. Excise duty (excluding interest and penalty), service tax demands and show-cause notices issued against which the Company/Department has preferred appeals/filed replies. | 333.36                  | 333.36                  |
| 4. Income tax demand disputed by the Company which excludes penalty, if any, as same can not be measured at this stage   | 28.03                   | 26.57                   |
| 5. a) Local Area Development Tax imposed by the State of Haryana disputed by the Company.  | 810.78                  | 810.78                  |
| b) Entry Tax matter pending before Hon'ble High Court of Calcutta.   | 38.88                   | 38.88                   |
| 6. Demand from ESIC disputed by the Company.   | 15.41                   | 15.41                   |

Pending resolution of the respective proceedings, it is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgments/ decisions pending with various forums/ authorities. However, the Company has reviewed all its pending litigation and proceeding and has adequately provided for where provision required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceeding to have a materially adverse effect on its financial position. The Company does not expects any payment in respect of the above contingent liabilities.

#### B. Others

In light of judgment of Honorable Supreme Court dated February 28, 2019 on the definition of "Basic Wages" under the Employees Provident Funds & Misc. Provisions Act, 1952 and based on Company's evaluation, there are significant uncertainties and numerous interpretative issues relating to the judgement and hence, it is unclear as to whether the clarified definition of Basic Wages would be applicable prospectively or retrospectively. The amount of the obligation therefore cannot be measured with sufficient reliability for past periods and hence has currently been considered to be a contingent liability.

#### C. Commitments

| Particulars  | As At<br>March 31, 2022 | As At<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| (i) Estimated amount of Contracts remaining to be executed on Capital Account not provided for [Net of Advances] | 175.77                  | 221.24                  |

(ii) The Company, in terms of the Share Subscription cum Shareholders Agreements with subsidiary companies, may contribute funds (loan / equity) in the proportion of its shareholding for the purpose of meeting repayment obligation to banks, financial institutions or other lenders, any statutory liability, liabilities towards fuel suppliers or such other similar liabilities, fund requirement for expansion/ diversification, etc. The Company has committed to a bank, for the same, in respect of one of the subsidiary. The Company shall not withdraw the funds so infused, if any, till the money remain due to bank.

## Notes to Standalone Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

39. During the year, Company has invested ₹2,50,00,000 (25,00,000 Equity shares of ₹10 Each) on March 28, 2022 in SR Continental Ltd. (CIN U55101DL1979PLC317439) "SRCL" wholly owned subsidiary having registered office at 82/19 Bhakerwara Road Mundka New Delhi-110041. SRCL further invested the proceeds in 25,00,000 Equity Shares of ₹10 each of SRCL Buildwell Pvt. Ltd. (U26990WB2021PTC249417) (being wholly owned subsidiary of SRCL) having its registered office at 7, Hare Street, 4th Floor, Kolkata West Bengal-700001 on April 26, 2022. The Company has complied with relevant provisions of the Companies Act, 2013 for this transaction and the transaction is not violative of the Prevention of Money-Laundering Act, 2002.

### 40. Loans and Advances pursuant to Regulation 34(3) and 53(f) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015:

| Particulars                      | Outstanding as at March 31, 2022 | Maximum Amount Outstanding during the year ended March 31, 2022 | Outstanding as at March 31, 2021 | Maximum Amount Outstanding during the year ended March 31, 2021 |
|----------------------------------|----------------------------------|---|----------------------------------|---|
| <b>Inter Corporate Deposits</b>  |                                  |   |                                  |   |
| Amora Ceramics Pvt. Ltd          | 260.10                           | 260.10  | 260.10                           | 260.10  |
| Sudha Somany Ceramics Pvt. Ltd.  | 2,224.50                         | 2,224.50  | 1,257.00                         | 1,257.00  |
| Somany Sanitaryware Pvt. Ltd.    | 880.00                           | 930.00  | 930.00                           | 980.00  |
| Acer Granito Pvt. Ltd.           | 35.99                            | 330.00  | 330.00                           | 550.00  |
| Vintage Tiles Pvt. Ltd.          | 250.00                           | 526.00  | 526.00                           | 526.00  |
| Somany Fine Vitrified Pvt. Ltd.  | 357.00                           | 357.00  | 357.00                           | 357.00  |
| Somany Piasterelle Pvt. Ltd.     | 10,150.00                        | 10,750.00   | -                                | -   |
| Vicon Ceramic Pvt. Ltd.          | 339.50                           | 489.50  | 339.50                           | 339.50  |
| Somany Excel Vitrified Pvt. Ltd. | 75.00                            | 95.00   | -                                | -   |
| <b>Security Deposit Given</b>    |                                  |   |                                  |   |
| Sudha Somany Ceramics Pvt. Ltd.  | 105.00                           | 105.00  | 105.00                           | 105.00  |

### 41. Foreign exchange exposures outstanding at the year-end:

|                       |      | Amount (Foreign Currency in lakhs) | Amount (Equivalent Rupees in lakhs) | Amount (Foreign Currency in lakhs) | Amount (Equivalent Rupees in lakhs) |
|-----------------------|------|------------------------------------|-------------------------------------|------------------------------------|-------------------------------------|
|                       |      | March 31, 2022                     |                                     | March 31, 2021                     |                                     |
| <b>Open Exposures</b> |      |                                    |                                     |                                    |                                     |
| Receivables           | USD  | 6.33                               | 476.90                              | 5.22                               | 382.03                              |
| Receivables           | CNY  | 0.01                               | 0.05                                | 0.01                               | 0.04                                |
| Receivables           | AUD  | 0.21                               | 11.55                               | 0.26                               | 14.13                               |
| Receivables           | EURO | 0.00                               | 0.17                                | 0.03                               | 2.74                                |
| Payables              | USD  | 0.95                               | 71.88                               | 0.85                               | 62.75                               |
| Payables              | CNY  | -                                  | -                                   | 0.14                               | 1.61                                |
| Payables              | EURO | 0.05                               | 4.45                                | 0.26                               | 22.92                               |
| Payables              | NPR  | 0.92                               | 0.58                                | -                                  | -                                   |

## Notes to Standalone Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 42. Details of Investment made, Loan and Guarantee given covered under section 186(4) of the Companies Act, 2013

#### a) Loan given for business purposes

| Name                                | Terms of repayments | For the year ended |                | Outstanding as on |                |
|-------------------------------------|---------------------|--------------------|----------------|-------------------|----------------|
|                                     |                     | March 31, 2022     | March 31, 2021 | March 31, 2022    | March 31, 2021 |
| Sudha Somany Ceramics Pvt. Ltd.     | After one year      | 967.50             | -              | 2,224.50          | 1,257.00       |
| Amora Ceramics Pvt. Ltd.            | After one year      | -                  | -              | 260.10            | 260.10         |
| Acer Granito Pvt. Ltd.              | After one year      | -                  | -              | 35.99             | 330.00         |
| Vintage Tiles Pvt. Ltd.             | After one year      | -                  | -              | 250.00            | 526.00         |
| Somany Sanitaryware Pvt. Ltd.       | After one year      | -                  | 100.00         | 880.00            | 930.00         |
| Somany Fine Vitrified Pvt. Ltd.     | After one year      | -                  | -              | 357.00            | 357.00         |
| Somany Excel Vitrified Pvt. Ltd.    | With in One Year    | 95.00              | -              | 75.00             | -              |
| Vicon Ceramics Pvt. Ltd.            | After one year      | 150.00             | -              | 339.50            | 339.50         |
| Sungloss Ceramic Industries         | After one year      | -                  | -              | -                 | 250.00         |
| Somany Piasterelle Pvt. Ltd.        | After one year      | 10,750.00          | -              | 10,150.00         | -              |
| Zealou Financial Services Pvt. Ltd. | With in One Year    | -                  | -              | -                 | 1,085.00       |
| Salix Ceramic Pvt. Ltd.             | With in One Year    | 100.00             | 100.00         | 100.00            | -              |

The above loans carries interest rate in the range of 9.00% to 12.00% (Previous Year 9.00% to 12.00%)

b) Details of investments made is given in Note No. 4 and 9.

c) Details of gurantee and security given in Note No. 38(C) (ii).

### 43. Employee benefits

The Company contributes to the following post-employment defined benefit plans in India.

#### (i) Defined Contribution Plans:

The Company makes contributions towards provident fund to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits.

| Particulars                     | For the year ended |                |
|---------------------------------|--------------------|----------------|
|                                 | March 31, 2022     | March 31, 2021 |
| Contribution to Provident Funds | 618.41             | 552.03         |

Above amounts have been included in Contributions to Provident and Gratuity Fund (Refer note no. 34) of the Statement of Profit and Loss.

#### (ii) Defined Benefit Plan:

The Company made provision for gratuity as per the Payment of Gratuity Act, 1972. The amount of gratuity payable on retirement/termination is employee's last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. Gratuity liability is being contributed to the gratuity fund formed by the company.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at March 31, 2022. The present value of the defined benefit obligations and the related current service cost and past service cost, was measured using the Projected Unit Credit Method.

## Notes to Standalone Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 43. Employee benefits (Contd.)

#### A. Movement in net defined benefit (asset)/liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset)/liability and its components:

| Particulars  | March 31, 2022             |                           |                                       | March 31, 2021             |                           |                                       |
|--|----------------------------|---------------------------|---------------------------------------|----------------------------|---------------------------|---------------------------------------|
|  | Defined benefit obligation | Fair value of plan assets | Net defined benefit (asset)/liability | Defined benefit obligation | Fair value of plan assets | Net defined benefit (asset)/liability |
| Opening Balance  | 1,782.65                   | 1,852.14                  | (69.49)                               | 1,677.56                   | 1,569.07                  | 108.49                                |
| <b>Included in profit &amp; loss</b>                   |                            |                           |                                       |                            |                           |                                       |
| Current service cost                                   | 156.78                     | -                         | 156.78                                | 156.51                     | -                         | 156.51                                |
| Interest cost / (income)                               | 120.08                     | (125.67)                  | (5.59)                                | 114.06                     | (107.23)                  | 6.83                                  |
| Other Adjustment                                       | -                          | -                         | -                                     | 4.01                       | -                         | 4.01                                  |
| Past Service Cost including curtailment Gains/(Losses) | 108.67                     | -                         | 108.67                                | -                          | -                         | -                                     |
|  | <b>385.53</b>              | <b>(125.67)</b>           | <b>259.86</b>                         | <b>274.58</b>              | <b>(107.23)</b>           | <b>167.35</b>                         |
| <b>Included in OCI</b>                                 |                            |                           |                                       |                            |                           |                                       |
| Remeasurements loss / (gain)                           |                            |                           |                                       |                            |                           |                                       |
| Actuarial loss / (gain) arising from:                  |                            |                           |                                       |                            |                           |                                       |
| - demographic assumptions                              | -                          | -                         | -                                     | -                          | -                         | -                                     |
| - financial assumptions                                | (71.16)                    | -                         | (71.16)                               | -                          | -                         | -                                     |
| - experience adjustment                                | 75.14                      | -                         | 75.14                                 | (4.28)                     | -                         | (4.28)                                |
| - on plan assets                                       | -                          | (7.76)                    | (7.76)                                | -                          | (175.84)                  | (175.84)                              |
|  | <b>3.98</b>                | <b>(7.76)</b>             | <b>(3.78)</b>                         | <b>(4.28)</b>              | <b>(175.84)</b>           | <b>(180.12)</b>                       |
| <b>Other</b>   |                            |                           |                                       |                            |                           |                                       |
| Contributions paid by the employer                     | -                          | -                         | -                                     | -                          | -                         | -                                     |
| Benefits paid  | (237.00)                   | -                         | (237.00)                              | (165.21)                   | -                         | (165.21)                              |
|  | <b>(237.00)</b>            | <b>-</b>                  | <b>(237.00)</b>                       | <b>(165.21)</b>            | <b>-</b>                  | <b>(165.21)</b>                       |
| <b>Closing Balance</b>                                 | <b>1,935.16</b>            | <b>1,985.57</b>           | <b>(50.41)</b>                        | <b>1,782.65</b>            | <b>1,852.14</b>           | <b>(69.49)</b>                        |

#### B. Plan assets

| Particulars             | March 31, 2022 | March 31, 2021 |
|-------------------------|----------------|----------------|
| Fund managed by insurer | 100%           | 100%           |
|                         | <b>100%</b>    | <b>100%</b>    |

Above amounts have been included in Contributions to Provident and Gratuity Fund (note no. 34) of the Statement of Profit and Loss and Other Comprehensive Income.

In the absence of detailed information regarding plan assets which is funded with Insurance Company, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.

## Notes to Standalone Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 43. Employee benefits (Contd.)

#### C. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

| Particulars                             | March 31, 2022              | March 31, 2021              |
|---|-----------------------------|-----------------------------|
| Discount rate                           | 7.22%                       | 6.80%                       |
| Expected rate of future salary increase | 5.00%                       | 5.00%                       |
| Mortality                               | 100% OF IALM<br>(2012 - 14) | 100% OF IALM<br>(2012 - 14) |

Assumptions regarding future mortality have been based on published statistics and mortality tables.

The company expects to pay ₹176.05 lakhs (Previous Year ₹178.37 lakhs) in contribution to its defined benefit plans in the next year.

#### D. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

| Particulars   | March 31, 2022 |          | March 31, 2021 |          |
|---|----------------|----------|----------------|----------|
|   | Increase       | Decrease | Increase       | Decrease |
| Discount rate (0.5% movement)                           | (87.04)        | 79.78    | (65.70)        | 50.90    |
| Expected rate of future salary increase (0.5% movement) | 74.46          | (83.78)  | 49.17          | (65.05)  |

Sensitivities due to mortality and withdrawals are insignificant, hence ignored. Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement and life expectancy are not applicable being a lump sum benefit on retirement.

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

#### E. Description of Risk Exposures:

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such Company is exposed to various risks as follow -

- Salary Increases- Higher than expected increase in salary will increase the defined benefit obligation.
- Investment Risk - Assets / liabilities mismatch and actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability / Assets.
- Discount Rate - Reduction in discount rate in subsequent valuations can increase the plan's liability.
- Demographic risk : This is the risk of variability of results due to unsystematic nature of decrements that includes mortality, withdrawals, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends on the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the employee benefit of a short career employee typically costs less per year as compared to a long service employee.

## Notes to Standalone Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 44. Related parties as identified by the Company

#### A. Related parties and their relationships

##### i Key Managerial Personnel (KMP) and their relatives

| Name                                 | Relationship   |
|--------------------------------------|--|
| Mr. Shreekant Somany <sup>^</sup>    | Chairman & Managing Director (CMD)   |
| Mr. Abhishek Somany <sup>^</sup>     | Managing Director (Son of CMD)   |
| Mrs. Anjana Somany <sup>^</sup>      | Whole time Director (Ceased to be director w.e.f. June 16, 2021) (Wife of CMD) |
| Mr. Saikat Mukhopadhyay <sup>^</sup> | Chief Financial Office (CFO)   |
| Mr. Ambrish Julka <sup>^</sup>       | GM (Legal) & Company Secretary   |
| Mrs. Minal Somany                    | Wife of Managing Director  |
| Mr. Shrivatsa Somany                 | Son of CMD (Related party w.e.f. January 18, 2021)                             |
| Mr. Ameya Somany                     | Son of Managing Director (Related party w.e.f. October 1, 2021)                |
| Mr. G.G. Trivedi #                   | Non- Executive Director  |
| Mr. T.R. Maheshwari #                | Non- Executive Director till June 9, 2020                                      |
| Mr. Siddarath Bindra*                | Non - Executive Director   |
| Mr. Ravindra Nath*                   | Non - Executive Director   |
| Mr. Salil Singhal*                   | Non - Executive Director   |
| Mr. Rameshwar Singh Thakur*          | Non - Executive Director   |
| Mrs. Rumjhum Chatterjee*             | Non - Executive Director   |
| Mr. Vineet Agarwal*                  | Non - Executive Director   |

<sup>^</sup> KMP under the Companies Act, 2013

# Non Independent Directors

\* Independent Directors

##### ii Subsidiary Company

|   |
|---|
| SR Continental Ltd.                                   |
| Somany Bathware Ltd.                                  |
| Amora Tiles Pvt. Ltd.                                 |
| Somany Fine Vitrified Pvt. Ltd.                       |
| Somany Sanitaryware Pvt. Ltd.                         |
| Somany Excel Vitrified Pvt. Ltd.                      |
| Vintage Tiles Pvt. Ltd.                               |
| Somany Piastrelle Pvt. Ltd. (w.e.f February 18, 2021) |
| Vicon Ceramic Pvt. Ltd.                               |
| Acer Granito Pvt. Ltd.                                |
| Sudha Somany Ceramics Pvt. Ltd.                       |



## Notes to Standalone Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 44. Related parties as identified by the Company (Contd.)

Amora Ceramics Pvt. Ltd.

Somany Bath Fittings Pvt. Ltd.

Somany Max Pvt. Ltd. (w.e.f February 24, 2022)

SRCL Buildwell Pvt. Ltd. (subsidiary of SR Continental Ltd.) (w.e.f November 9, 2021)

### iii. Enterprise over which Company exercise significant influence and with whom transactions have taken place during the year:

H. L. Somany Foundation

### iv. Employees Trusts

Somany Provident Fund Institution

SPL Employees Gratuity Fund

### v. Other related parties with which Company has transactions:

| Name  | Relationship   |
|---|--|
| Trans India Ceramics Pvt. Ltd.                                | Private company in which director is a director  |
| Vidres India Ceramics Pvt. Ltd.                               | Private company in which director is a director  |
| Ishiv India Solutions Pvt. Ltd.                               | Private company in which director's relative is a director   |
| Biba Apparels Pvt. Ltd. (Now known as Biba Fashion Ltd.)      | Private company in which director is a director upto March 02, 2022  |
| Biba Fashion Ltd. (Formerly known as Biba Apparels Pvt. Ltd.) | Public company in which director is a director and holds more than 2% shares alongwith relatives (w.e.f. March 02, 2022) |
| Transport Corporation of India Ltd.                           | Public company in which director is a director and holds more than 2% shares alongwith relatives                         |
| TCI Express Ltd.  | Public company in which director is a director and holds more than 2% shares alongwith relatives                         |
| TCI-Concor Multimodal Solutions Pvt. Ltd.                     | Private company in which director is a director  |

## B. Transactions with related parties

### a) Payments to Key Managerial Personnel and their relatives

| Nature of Transactions       | For the year ended |                |
|------------------------------|--------------------|----------------|
|                              | March 31, 2022     | March 31, 2021 |
| <b>Mr. Shreekant Somany</b>  |                    |                |
| - Remuneration               | 298.72             | 153.98         |
| Outstanding at the year-end: |                    |                |
| - Remuneration Payable       | 15.49              | 3.75           |
| <b>Mr. Abhishek Somany</b>   |                    |                |
| - Remuneration               | 378.32             | 177.56         |
| - Commission                 | 174.45             | 200.00         |
| - Rent Paid                  | 9.53               | 7.81           |

## Notes to Standalone Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 44. Related parties as identified by the Company (Contd.)

| Nature of Transactions         | For the year ended |                |
|--------------------------------|--------------------|----------------|
|                                | March 31, 2022     | March 31, 2021 |
| Outstanding at the year-end:   |                    |                |
| - Remuneration Payable         | 16.81              | -              |
| - Commission Payable           | 174.45             | 200.00         |
| <b>Mrs. Anjana Somany</b>      |                    |                |
| - Remuneration                 | 27.49              | 24.26          |
| - Rent Paid                    | 3.25               | 2.65           |
| Outstanding at the year-end:   |                    |                |
| - Remuneration Payable         | 1.53               | 1.76           |
| <b>Mrs. Minal Somany</b>       |                    |                |
| - Remuneration                 | 28.36              | 28.36          |
| - Rent Paid                    | 14.39              | 11.52          |
| Outstanding at the year-end:   |                    |                |
| - Remuneration Payable         | 1.28               | 1.14           |
| <b>Mr. Shrivatsa Somany</b>    |                    |                |
| - Remuneration                 | 16.76              | 1.51           |
| Outstanding at the year-end:   |                    |                |
| - Remuneration Payable         | -                  | 1.30           |
| <b>Mr. Ameya Somany</b>        |                    |                |
| - Remuneration                 | 7.24               | -              |
| Outstanding at the year-end:   |                    |                |
| - Remuneration Payable         | 1.09               | -              |
| <b>Mr. Saikat Mukhopadhyay</b> |                    |                |
| - Remuneration                 | 130.99             | 118.46         |
| - Sale of goods                | -                  | 0.13           |
| Outstanding at the year-end:   |                    |                |
| - Remuneration Payable         | 3.60               | 3.87           |
| <b>Mr. Ambrish Julka</b>       |                    |                |
| - Remuneration                 | 31.94              | 28.98          |
| - Sale of goods                | 0.26               | -              |
| Outstanding at the year-end:   |                    |                |
| - Remuneration Payable         | 1.07               | 1.30           |
| <b>Mr. G.G. Trivedi</b>        |                    |                |
| - Commission                   | 1.50               | -              |
| - Sitting Fees                 | 1.70               | 1.10           |

## Notes to Standalone Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 44. Related parties as identified by the Company (Contd.)

#### B. Transactions with related parties

##### b) Non- Executive/Independent Directors

| Nature of Transactions            | For the year ended |                |
|-----------------------------------|--------------------|----------------|
|                                   | March 31, 2022     | March 31, 2021 |
| Outstanding at the year-end:      |                    |                |
| - Commission Payable              | 1.50               | -              |
| - Sitting Fees Payable            | 0.18               | -              |
| <b>Mr. Siddharath Bindra</b>      |                    |                |
| - Commission                      | 1.50               | -              |
| - Sitting Fees                    | 1.15               | 1.20           |
| Outstanding at the year-end:      |                    |                |
| - Commission Payable              | 1.50               | -              |
| - Sitting Fees Payable            | 0.14               | -              |
| <b>Mr. Ravindra Nath</b>          |                    |                |
| - Commission                      | 1.50               | -              |
| - Sitting Fees                    | 0.95               | 0.90           |
| Outstanding at the year-end:      |                    |                |
| - Commission Payable              | 1.50               | -              |
| - Sitting Fees Payable            | 0.14               | -              |
| <b>Mr. Salil Singhal</b>          |                    |                |
| - Commission                      | 1.50               | -              |
| - Sitting Fees                    | 1.20               | 1.00           |
| Outstanding at the year-end:      |                    |                |
| - Commission Payable              | 1.50               | -              |
| - Sitting Fees Payable            | 0.18               | -              |
| <b>Mr. Rameshwar Singh Thakur</b> |                    |                |
| - Commission                      | 1.50               | -              |
| - Sitting Fees                    | 1.75               | 1.25           |
| Outstanding at the year-end:      |                    |                |
| - Commission Payable              | 1.50               | -              |
| - Sitting Fees Payable            | 0.18               | -              |
| <b>Mrs. Rumjhum Chatterjee</b>    |                    |                |
| - Commission                      | 1.50               | -              |
| - Sitting Fees                    | 0.90               | 0.80           |
| Outstanding at the year-end:      |                    |                |
| - Commission Payable              | 1.50               | -              |
| - Sitting Fees Payable            | 0.14               | -              |

## Notes to Standalone Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 44. Related parties as identified by the Company (Contd.)

| Nature of Transactions                | For the year ended |                |
|---------------------------------------|--------------------|----------------|
|                                       | March 31, 2022     | March 31, 2021 |
| <b>Mr. Vineet Agarwal</b>             |                    |                |
| - Commission                          | 1.50               | -              |
| - Sitting Fees                        | 1.15               | 1.05           |
| Outstanding at the year-end:          |                    |                |
| - Commission Payable                  | 1.50               | -              |
| - Sitting Fees Payable                | 0.18               | -              |
| <b>Summary of payment made to KMP</b> |                    |                |
| Short term employee benefits*         | 1,033.72           | 710.54         |
| Other Payments                        | 9.53               | 10.46          |

\*excludes provision in respect of gratuity, compensated absences etc. as the same is determined on an actuarial basis for company as whole and includes commission to directors which is paid after approval of shareholders in annual general meeting.

### c) With Subsidiary Companies are as under

| Nature of Transactions               | For the year ended |                |
|--------------------------------------|--------------------|----------------|
|                                      | March 31, 2022     | March 31, 2021 |
| <b>SR Continental Ltd.</b>           |                    |                |
| - Rent paid                          | 0.65               | 0.24           |
| - Services rendered                  | 0.60               | -              |
| - Investment made                    | 250.00             | -              |
| - Payment made on their behalf       | 0.65               | 0.65           |
| Outstanding at the year end:         |                    |                |
| - Other Receivable                   | -                  | 0.21           |
| <b>Somany Bathware Ltd.</b>          |                    |                |
| - Payment made on their behalf       | 0.05               | 0.51           |
| - Services rendered                  | 0.60               | -              |
| <b>Amora Tiles Pvt. Ltd.</b>         |                    |                |
| - Purchase of goods                  | 6,968.95           | 3,986.08       |
| Outstanding at the year end:         |                    |                |
| - Other Receivable                   | 445.47             | 446.49         |
| <b>Somany Sanitaryware Pvt. Ltd.</b> |                    |                |
| - Purchase of goods                  | 5,524.28           | 4,566.59       |
| - Sales of goods                     | 20.43              | 89.73          |
| - Interest received                  | 82.48              | 96.90          |
| - ICD given                          | -                  | 100.00         |
| - ICD received back                  | 50.00              | 110.00         |
| - Payment made on their behalf       | -                  | 5.70           |

## Notes to Standalone Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 44. Related parties as identified by the Company (Contd.)

| Nature of Transactions                  | For the year ended |                |
|---|--------------------|----------------|
|   | March 31, 2022     | March 31, 2021 |
| Outstanding at the year-end:            |                    |                |
| - Trade Receivable                      | 4.81               | 54.30          |
| - Trade payable                         | 329.55             | 356.63         |
| - ICD recoverable                       | 880.00             | 930.00         |
| <b>Somany Fine Vitrified Pvt. Ltd.</b>  |                    |                |
| - Purchase of goods                     | 8,266.69           | 7,540.18       |
| - Interest received                     | 32.13              | 37.49          |
| Outstanding at the year-end:            |                    |                |
| - Interest receivable                   | -                  | 17.29          |
| - Trade payable                         | 1,595.85           | 2,151.42       |
| - ICD recoverable                       | 357.00             | 357.00         |
| <b>Somany Excel Vitrified Pvt. Ltd.</b> |                    |                |
| - ICD given                             | 95.00              | -              |
| - ICD received back                     | 20.00              | -              |
| - Interest received                     | 1.08               | -              |
| - Investment in Equity Shares           | 0.60               | -              |
| - Payment made on their behalf          | 0.62               | 0.59           |
| Outstanding at the year-end:            |                    |                |
| - ICD recoverable                       | 75.00              | -              |
| - Interest receivable                   | 0.97               | -              |
| <b>Vintage Tiles Pvt. Ltd.</b>          |                    |                |
| - Purchase of goods                     | 13,477.70          | 10,699.39      |
| - Fees received for technical services  | 180.00             | 150.00         |
| - Interest received                     | 33.87              | 55.23          |
| - ICD received back                     | 276.00             | -              |
| Outstanding at the year-end:            |                    |                |
| - Trade payable                         | 887.74             | 38.70          |
| - ICD recoverable                       | 250.00             | 526.00         |
| <b>Vicon Ceramic Pvt. Ltd.</b>          |                    |                |
| - Purchase of goods                     | 4,745.15           | 3,686.93       |
| - Interest received                     | 40.48              | 35.65          |
| - ICD given                             | 150.00             | -              |
| - ICD received back                     | 150.00             | -              |
| Outstanding at the year-end:            |                    |                |
| - Trade payable                         | 708.17             | 490.76         |

## Notes to Standalone Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 44. Related parties as identified by the Company (Contd.)

| Nature of Transactions                 | For the year ended |                |
|--|--------------------|----------------|
|  | March 31, 2022     | March 31, 2021 |
| - ICD recoverable                      | 339.50             | 339.50         |
| <b>Acer Granito Pvt. Ltd.</b>          |                    |                |
| - Purchase of goods                    | 8,718.86           | 7,719.62       |
| - Interest received                    | 20.31              | 46.95          |
| - ICD received back                    | 294.01             | 220.00         |
| Outstanding at the year-end:           |                    |                |
| - Trade payable                        | 1,197.66           | 1,481.96       |
| - ICD recoverable                      | 35.99              | 330.00         |
| <b>Sudha Somany Ceramics Pvt. Ltd.</b> |                    |                |
| - Purchase of goods                    | 11,818.27          | 9,277.82       |
| - Sale of Fixed Asset                  | -                  | 2.13           |
| - Rent Paid                            | 6.00               | 9.00           |
| - Investment in equity shares          | 967.50             | 300.00         |
| - ICD given                            | 967.50             | -              |
| - Interest received                    | 203.22             | 149.82         |
| Outstanding at the year-end:           |                    |                |
| - Interest receivable                  | 50.69              | 138.28         |
| - Security deposit receivable          | 105.00             | 105.00         |
| - Trade Receivable                     | -                  | 2.52           |
| - Trade Payable                        | 1,057.33           | 1,098.71       |
| - ICD recoverable                      | 2,224.50           | 1,257.00       |
| <b>Amora Ceramics Pvt. Ltd.</b>        |                    |                |
| - Purchase of goods                    | 3,738.66           | 4,389.20       |
| - Interest received                    | 23.41              | 27.31          |
| Outstanding at the year-end:           |                    |                |
| - ICD recoverable                      | 260.10             | 260.10         |
| - Trade payable                        | 387.67             | 208.41         |
| <b>Somany Bath Fittings Pvt. Ltd.</b>  |                    |                |
| - Purchase of goods                    | 3,291.59           | 2,000.38       |
| - Sale of goods                        | 26.74              | 1.13           |
| - Sale of Fixed assets                 | 0.44               | -              |
| - Rent Paid                            | 0.25               | 0.21           |
| - Rent Received                        | 0.16               | -              |
| - Payment made on their behalf         | 0.08               | -              |
| Outstanding at the year-end:           |                    |                |

## Notes to Standalone Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 44. Related parties as identified by the Company (Contd.)

| Nature of Transactions             | For the year ended |                |
|------------------------------------|--------------------|----------------|
|                                    | March 31, 2022     | March 31, 2021 |
| - Trade payable                    | 121.86             | 398.22         |
| <b>Somany Piastrelle Pvt. Ltd.</b> |                    |                |
| - Rent Received                    | -                  | 27.16          |
| - Investment in equity shares      | 964.00             | 1.00           |
| - Interest received                | 326.50             | -              |
| - Sale of goods                    | 22.20              | -              |
| - Sale of Fixed Assets             | 848.33             | -              |
| - Payment made on their behalf     | 4.60               | -              |
| - ICD given                        | 10,750.00          | -              |
| - ICD received back                | 600.00             | -              |
| Outstanding at the year-end:       |                    |                |
| - Trade Receivable                 | 34.86              | 25.12          |
| - Trade Advance                    | 2.64               | -              |
| - Interest Receivable              | 293.85             | -              |
| - ICD recoverable                  | 10,150.00          | -              |
| <b>Somany Max Pvt. Ltd.</b>        |                    |                |
| - Investment in equity shares      | 1.00               | -              |

#### d) With Employees Trusts are as under:-

| Nature of Transactions                   | For the year ended |                |
|--|--------------------|----------------|
|  | March 31, 2022     | March 31, 2021 |
| <b>Somany Provident Fund Institution</b> |                    |                |
| - Contribution made                      | 58.78              | 194.44         |
| - Administration Charges                 | 2.94               | 6.51           |
| Outstanding at the year-end:             |                    |                |
| - Payable                                | -                  | 25.61          |
| <b>SPL Employees Gratuity Fund</b>       |                    |                |
| - Contribution made                      | 237.00             | 165.21         |

#### e) With Other Related Parties are as under:-

| Nature of Transactions                | For the year ended |                |
|---------------------------------------|--------------------|----------------|
|                                       | March 31, 2022     | March 31, 2021 |
| <b>H. L. Somany Foundation</b>        |                    |                |
| - Contribution towards CSR Activities | 112.53             | 112.91         |
| <b>Trans India Ceramics Pvt. Ltd.</b> |                    |                |
| - Purchase of goods                   | 98.79              | 430.51         |

## Notes to Standalone Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 44. Related parties as identified by the Company (Contd.)

|  |          |          |
|--|----------|----------|
| - Purchase of Plant and Equipments               | 186.30   | 310.12   |
| - Services received                              | 12.37    | 11.37    |
| Outstanding at the year-end:                     |          |          |
| - Trade payable                                  | 2.24     | 13.14    |
| <b>Vidres India Ceramics Pvt. Ltd.</b>           |          |          |
| - Purchase of goods                              | 3,031.29 | 2,303.46 |
| Outstanding at the year-end:                     |          |          |
| - Trade payable                                  | 175.43   | 230.86   |
| <b>Ishiv India Solution Pvt. Ltd.</b>            |          |          |
| - Purchase of goods                              | -        | 1.49     |
| <b>Biba Fashion Ltd.</b>                         |          |          |
| Outstanding at the year-end:                     |          |          |
| - Other Payables                                 | -        | 1.00     |
| <b>Transport Corporation of India Ltd.</b>       |          |          |
| - Services received                              | 67.18    | 106.85   |
| - Sale of goods                                  | -        | 0.77     |
| Outstanding at the year-end:                     |          |          |
| - Trade payables                                 | 18.45    | 6.15     |
| <b>TCI Express Ltd.</b>                          |          |          |
| - Services received                              | 60.78    | 48.67    |
| - Reimbursement of Expenses                      | 0.37     | -        |
| Outstanding at the year-end:                     |          |          |
| - Trade payables                                 | 12.20    | 18.74    |
| <b>TCI-Concor Multimodal Solutions Pvt. Ltd.</b> |          |          |
| - Services received                              | 6.19     | -        |
| Outstanding at the year-end:                     |          |          |
| - Trade payables                                 | 1.28     | 0.12     |

For guarantee and surety given to related parties, Refer note no. 38(C)(ii).

Terms and conditions of transactions with related parties:

Outstanding balances at the year-end are unsecured, Interest Free and settlement occurs in cash. Terms and conditions for Loan Refer note no.42.



## Notes to Standalone Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 45. Analytical Ratios

| S. No. | Particular                       | Numerator (A)  | Denominator (B)                                | March 31, 2022 | March 31, 2021 | % of variance | Reason for Variances   |
|--------|----------------------------------|--|--|----------------|----------------|---------------|--|
| 1      | Current Ratio                    | Current Assets   | Current Liabilities                            | 1.20           | 1.44           | (16.69)%      | -  |
| 2      | Debt-Equity Ratio                | Total Debt   | Net worth                                      | 0.35           | 0.37           | (3.05)%       | -  |
| 3      | Debt Service Coverage Ratio      | Earnings available for debt service                    | Debt service                                   | 3.64           | 1.95           | 86.95%        | Reduction in debt service obligation and improved profitability.   |
| 4      | Return on Equity Ratio           | Net Profits after taxes                                | Average Net worth                              | 13.30%         | 9.31%          | 42.85%        | Due to increase in current year profit.                            |
| 5      | Inventory turnover ratio         | Sales  | Closing Inventory                              | 21.51          | 17.23          | 24.86%        | -  |
| 6      | Trade Receivables turnover ratio | Credit Sales   | Closing Trade Receivables                      | 8.79           | 7.36           | 19.45%        | -  |
| 7      | Trade payables turnover ratio    | Credit Purchases                                       | Closing Trade Payable                          | 8.20           | 6.60           | 24.11%        | -  |
| 8      | Net capital turnover ratio       | Sales  | Working capital                                | 13.52          | 10.18          | 32.73%        | Increase in sale and better working capital management.            |
| 9      | Net profit ratio                 | Net profit   | Sales  | 4.26%          | 3.41%          | 25.00%        | Ratio has increased due to exceptional loss item in previous year. |
| 10     | Return on Capital employed       | Earning before exceptional items, interest and taxes   | Average Capital Employed                       | 13.63%         | 12.37%         | 10.20%        | -  |
| 11     | Return on investment             | Income Received on Loans, FDRs and current investments | Average of Loans, FDRs and current investments | 5.18%          | 4.85%          | 6.87%         | -  |

## Notes to Standalone Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 46. Financial instruments – Fair values and risk management

#### I. Fair value measurements

##### A. Financial instruments by category

| Particulars                    | As at March 31, 2022 |                  | As at March 31, 2021 |                  |
|--------------------------------|----------------------|------------------|----------------------|------------------|
|                                | FVTPL                | Amortised Cost   | FVTPL                | Amortised Cost   |
| <b>Financial assets</b>        |                      |                  |                      |                  |
| Investments                    |                      |                  |                      |                  |
| Current                        | 5,898.99             | -                | 8,881.65             | -                |
| Loans                          |                      |                  |                      |                  |
| Non current                    | -                    | 14,497.09        | -                    | 4,249.60         |
| Current                        | -                    | 175.00           | -                    | 1,085.00         |
| Trade receivables              | -                    | 23,448.93        | -                    | 22,019.30        |
| Cash and cash equivalents      | -                    | 8,380.56         | -                    | 13,610.66        |
| Bank balances other than above | -                    | 4,101.61         | -                    | 110.36           |
| Others                         |                      |                  |                      |                  |
| Non current                    | -                    | 961.40           | -                    | 1,026.22         |
| Current                        | -                    | 699.53           | -                    | 764.26           |
|                                | <b>5,898.99</b>      | <b>52,264.12</b> | <b>8,881.65</b>      | <b>42,865.40</b> |
| <b>Financial liabilities</b>   |                      |                  |                      |                  |
| Borrowings                     |                      |                  |                      |                  |
| Non current                    | -                    | 1,776.19         | -                    | 3,847.56         |
| Current                        | -                    | 23,175.53        | -                    | 18,679.38        |
| Lease Liability                |                      |                  |                      |                  |
| Non current                    | -                    | 2,942.21         | -                    | 3,227.90         |
| Current                        | -                    | 644.30           | -                    | 476.19           |
| Other financial liabilities    |                      |                  |                      |                  |
| Non Current                    | -                    | 2,781.26         | -                    | 2,776.03         |
| Current                        | -                    | 414.33           | -                    | 312.28           |
| Trade payables                 | -                    | 19,556.36        | -                    | 17,547.51        |
|                                | <b>-</b>             | <b>51,290.18</b> | <b>-</b>             | <b>46,866.85</b> |

## Notes to Standalone Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 46. Financial instruments – Fair values and risk management (Contd.)

#### B. Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are:

- recognised and measured at fair value and
- measured at amortised cost.

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

#### Financial assets and liabilities measured at fair value - recurring fair value measurements

| Particulars                           | As at March 31, 2022 |                 |          |                 |
|---------------------------------------|----------------------|-----------------|----------|-----------------|
|                                       | Level 1              | Level 2         | Level 3  | Total           |
| <b>Financial assets</b>               |                      |                 |          |                 |
| <b>Financial Investments at FVTPL</b> |                      |                 |          |                 |
| Investments                           |                      |                 |          |                 |
| Current                               | 1,384.44             | 4,514.55        | -        | 5,898.99        |
| <b>Total financial assets</b>         | <b>1,384.44</b>      | <b>4,514.55</b> | <b>-</b> | <b>5,898.99</b> |

| Particulars                           | As at March 31, 2021 |                 |          |                 |
|---------------------------------------|----------------------|-----------------|----------|-----------------|
|                                       | Level 1              | Level 2         | Level 3  | Total           |
| <b>Financial assets</b>               |                      |                 |          |                 |
| <b>Financial Investments at FVTPL</b> |                      |                 |          |                 |
| Investments                           |                      |                 |          |                 |
| Current                               | 1,244.80             | 7,636.85        | -        | 8,881.65        |
| <b>Total financial assets</b>         | <b>1,244.80</b>      | <b>7,636.85</b> | <b>-</b> | <b>8,881.65</b> |

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments and Debt instruments that have quoted price. The fair value is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market (for example- mutual funds, traded bonds, over-the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

There are no transfers between level 1 and level 2 during the year

## Notes to Standalone Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 46. Financial instruments – Fair values and risk management (Contd.)

#### I. Fair value measurements

##### C. Financial assets and liabilities measured at amortised cost

| Particulars                    | As at March 31, 2022 |                  | As at March 31, 2021 |                  |
|--------------------------------|----------------------|------------------|----------------------|------------------|
|                                | Carrying Amount      | Fair Value       | Carrying Amount      | Fair Value       |
| <b>Financial assets</b>        |                      |                  |                      |                  |
| Loans                          |                      |                  |                      |                  |
| Non Current                    | 14,497.09            | 14,497.09        | 4,249.60             | 4,249.60         |
| Current                        | 175.00               | 175.00           | 1,085.00             | 1,085.00         |
| Trade receivables              | 23,448.93            | 23,448.93        | 22,019.30            | 22,019.30        |
| Cash and cash equivalents      | 8,380.56             | 8,380.56         | 13,610.66            | 13,610.66        |
| Bank balances other than above | 4,101.61             | 4,101.61         | 110.36               | 110.36           |
| Others                         |                      |                  |                      |                  |
| Non Current                    | 961.40               | 961.40           | 1,026.22             | 1,026.22         |
| Current                        | 699.53               | 699.53           | 764.26               | 764.26           |
|                                | <b>52,264.12</b>     | <b>52,264.12</b> | <b>42,865.40</b>     | <b>42,865.40</b> |
| <b>Financial liabilities</b>   |                      |                  |                      |                  |
| Borrowings                     |                      |                  |                      |                  |
| Non current                    | 1,776.19             | 1,776.19         | 3,847.56             | 3,847.56         |
| Current                        | 23,175.53            | 23,175.53        | 18,679.38            | 18,679.38        |
| Lease Liability                |                      |                  |                      |                  |
| Non current                    | 2,942.21             | 2,942.21         | 3,227.90             | 3,227.90         |
| Current                        | 644.30               | 644.30           | 476.19               | 476.19           |
| Other Financial Liability      |                      |                  |                      |                  |
| Non current                    | 2,781.26             | 2,781.26         | 2,776.03             | 2,776.03         |
| Current                        | 414.33               | 414.33           | 312.28               | 312.28           |
| Trade payables                 | 19,556.36            | 19,556.36        | 17,547.51            | 17,547.51        |
|                                | <b>51,290.18</b>     | <b>51,290.18</b> | <b>46,866.85</b>     | <b>46,866.85</b> |

The management considers that the carrying amount of financial assets and financial liabilities carried as amortised cost approximates their fair value.

## Notes to Standalone Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 46. Financial instruments – Fair values and risk management (Contd.)

#### II. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- credit risk;
- liquidity risk; and
- market risk

##### i. Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the processes to control risks through defined framework.

The Company's risk management policy is established to identify and analyse the risks faced by the Company, to set appropriate controls. Risk management policy is reviewed by the board annually to reflect changes in market conditions and the Company's activities.

The Company's Audit Committee oversees compliance with the Company's risk management policy, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

##### ii. Credit risk

Financial loss to the Company, arising, if a customer or counterparty to a financial instrument fails to meet its contractual obligations principally from the Company's receivables from customers and investments in debt securities.

The carrying amount of financial assets represents the maximum credit exposure. The Company monitor credit risk closely both in domestic and export market.

##### Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Company Management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. Sales credit limit are set up for each customer and reviewed periodically. The credit risk from loans to other corporate is managed in accordance with the Company's fund management policy that includes parameters of safety, liquidity and post tax returns. The Company's review includes market check, industry feedback, past financials and external ratings, if they are available, and in some cases bank reference checks are also done.

The Company creates allowances for impairment that represents its expected credit losses in respect of trade and other receivables. The management uses a simplified approach for the purpose of computation of expected credit loss for trade receivables.

The gross carrying amount of trade receivables is ₹25,374.80 lakhs (Previous year ₹23,840.04 lakhs).

## Notes to Standalone Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 46. Financial instruments – Fair values and risk management (Contd.)

#### Reconciliation of loss allowance provision – Trade receivables

| Particulars               | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---------------------------|--------------------------------------|--------------------------------------|
| Opening balance           | 1,820.74                             | 1,409.94                             |
| Changes in loss allowance | 105.13                               | 410.80                               |
| Closing balance           | 1,925.87                             | 1,820.74                             |

#### Investments

Company invests in Bonds, Debentures, Liquid Mutual Funds, Equity instruments etc., in accordance with the Company's Investment Policy that includes parameters of safety, liquidity and post tax returns. Company avoids the concentration of credit risk by spreading them over several counterparties with good credit rating profile and sound financial position as well as held to maturity policy. The Company's exposure and credit ratings of its counterparties are monitored on an ongoing basis. Based on historical experience and credit profiles of counterparties, the Company does not expect any significant risk of default other than as disclosed.

#### iii. Liquidity risk

Liquidity risk is the risk that the Company may face difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to manage liquidity is to ensure, as far as possible, sufficient liquidity to meet its obligations, under both normal and stressed conditions.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions.

Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities) and cash and cash equivalents on the basis of expected future cash flows.

#### Maturities of financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and exclude contractual interest payments and the impact of netting agreements.

| Particulars                             | Carrying Amount<br>March 31, 2022 | Contractual cash flows |                  |                 |                   |
|---|-----------------------------------|------------------------|------------------|-----------------|-------------------|
|   |                                   | On demand              | Less than 1 Year | 1–5 years       | More than 5 years |
| <b>Financial liabilities</b>            |                                   |                        |                  |                 |                   |
| Borrowings                              | 4,193.40                          | -                      | 2,417.21         | 1,776.19        | -                 |
| Lease Liability                         | 3,586.51                          |                        | 644.30           | 2,160.49        | 781.72            |
| Other non-current financial liabilities | 2,781.26                          | -                      | -                | -               | 2,781.26          |
| Current borrowings                      | 20,758.32                         | 69.91                  | 20,688.41        | -               | -                 |
| Trade payables                          | 19,556.36                         | -                      | 19,556.36        | -               | -                 |
| Other current financial liabilities     | 414.33                            | -                      | 414.33           | -               | -                 |
| <b>Total financial liabilities</b>      | <b>51,290.18</b>                  | <b>69.91</b>           | <b>43,720.61</b> | <b>3,936.68</b> | <b>3,562.98</b>   |

## Notes to Standalone Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 46. Financial instruments – Fair values and risk management (Contd.)

| Particulars                             | Carrying Amount<br>March 31, 2021 | Contractual cash flows |                  |                 |                   |
|---|-----------------------------------|------------------------|------------------|-----------------|-------------------|
|   |                                   | On demand              | Less than 1 Year | 1–5 years       | More than 5 years |
| <b>Financial liabilities</b>            |                                   |                        |                  |                 |                   |
| Borrowings                              | 6,045.66                          | -                      | 2,198.10         | 3,847.56        | -                 |
| Lease Liability                         | 3,704.09                          |                        | 476.19           | 2,277.50        | 950.40            |
| Other non-current financial liabilities | 2,776.03                          | -                      | -                | -               | 2,776.03          |
| Current borrowings                      | 16,481.28                         | 20.32                  | 16,460.96        | -               | -                 |
| Trade payables                          | 17,547.51                         | -                      | 17,547.51        | -               | -                 |
| Other current financial liabilities     | 312.28                            | -                      | 312.28           | -               | -                 |
| <b>Total financial liabilities</b>      | <b>46,866.85</b>                  | <b>20.32</b>           | <b>36,995.04</b> | <b>6,125.06</b> | <b>3,726.43</b>   |

#### iv. Market risk

Risk on account of changes in foreign exchange rates, interest rates etc. that may affect the Company's income or the value of its holdings of financial instruments. The objective of market risk is to optimize the return by managing and controlling the market risk exposures within acceptable parameters.

#### v. Currency risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR). The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD and small exposure in CNY, EURO, AUD & NPR. The risk is measured through a forecast of highly probable foreign currency cash flows.

#### Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows (Foreign currency in lakhs).

|  | As at March 31, 2022 |        |      |        |      | As at March 31, 2021 |      |      |        |
|--|----------------------|--------|------|--------|------|----------------------|------|------|--------|
|  | USD                  | CNY    | EUR  | AUD    | NPR  | USD                  | CNY  | EUR  | AUD    |
| Receivables (A)                                    | 6.33                 | 0.01   | 0.00 | 0.21   | -    | 5.22                 | 0.01 | 0.03 | 0.26   |
| Payables (B)                                       | 0.95                 | -      | 0.05 | -      | 0.92 | 0.85                 | 0.14 | 0.26 |        |
| Net statement of financial position exposure (B-A) | (5.38)               | (0.01) | 0.05 | (0.21) | 0.92 | (4.37)               | 0.13 | 0.23 | (0.26) |

The following significant exchange rates have been applied

|       | Average Rates  |                | Year end spot rates |                |
|-------|----------------|----------------|---------------------|----------------|
|       | March 31, 2022 | March 31, 2021 | March 31, 2022      | March 31, 2021 |
| USD 1 | 74.51          | 74.20          | 75.39               | 73.19          |
| CNY 1 | 11.57          | 10.97          | 11.97               | 11.17          |
| EUR 1 | 86.56          | 86.67          | 85.29               | 88.86          |
| AUD 1 | 55.75          | 50.74          | 56.12               | 55.37          |
| NPR 1 | 0.63           | 0.63           | 0.63                | 0.63           |

## Notes to Standalone Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 46. Financial instruments – Fair values and risk management (Contd.)

#### Sensitivity analysis

Every percentage point depreciation / appreciation in the exchange rate for the closing balances between the Indian Rupee and respective currencies would affect the Company's incremental profit before tax and equity, net of tax as per below :

|                       | (Profit) or loss |           | Equity, net of tax |           |
|-----------------------|------------------|-----------|--------------------|-----------|
|                       | Strength-ening   | Weakening | Strength-ening     | Weakening |
| <b>March 31, 2022</b> |                  |           |                    |           |
| USD (10% movement)    | 40.56            | (40.56)   | 30.35              | (30.35)   |
| CNY (10% movement)    | 0.01             | (0.01)    | 0.01               | (0.01)    |
| EUR (10% movement)    | (0.43)           | 0.43      | (0.32)             | 0.32      |
| AUD (10% movement)    | (1.79)           | 1.79      | (1.34)             | 1.34      |
| NPR (10% movement)    | 0.06             | (0.06)    | 0.04               | (0.04)    |

|                       | (Profit) or loss |           | Equity, net of tax |           |
|-----------------------|------------------|-----------|--------------------|-----------|
|                       | Strength-ening   | Weakening | Strength-ening     | Weakening |
| <b>March 31, 2021</b> |                  |           |                    |           |
| USD (10% movement)    | 31.98            | (31.98)   | 23.93              | (23.93)   |
| CNY (10% movement)    | (0.15)           | 0.15      | (0.11)             | 0.11      |
| EUR (10% movement)    | (2.04)           | 2.04      | (1.53)             | 1.53      |
| AUD (10% movement)    | 1.44             | (1.44)    | 1.08               | (1.08)    |

#### Interest rate risk

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During March 31, 2022 and March 31, 2021, the Company's borrowings at variable rate were denominated mainly in Indian Rupees.

Currently the Company's borrowings are within acceptable risk levels, as determined by the management, hence the Company has not taken any swaps to hedge the interest rate risk.

#### Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows.

|                                  | Nominal Amount |                |
|----------------------------------|----------------|----------------|
|                                  | March 31, 2022 | March 31, 2021 |
| <b>Fixed-rate instruments</b>    |                |                |
| Borrowings                       | -              | 2,051.68       |
|                                  | -              | 2,051.68       |
| <b>Variable-rate instruments</b> |                |                |
| Borrowings*                      | 5,244.53       | 5,124.30       |
|                                  | 5,244.53       | 5,124.30       |

\*excluding bills discounting on which the Company has no interest exposure.



## Notes to Standalone Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 46. Financial instruments – Fair values and risk management (Contd.)

#### Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 50 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

|                              | Profit or (loss) |                | Equity, net of tax |                |
|------------------------------|------------------|----------------|--------------------|----------------|
|                              | 50 bp increase   | 50 bp decrease | 50 bp increase     | 50 bp decrease |
| <b>March 31, 2022</b>        |                  |                |                    |                |
| Variable-rate instruments    |                  |                |                    |                |
| Borrowings                   | (26.22)          | 26.22          | (19.62)            | 19.62          |
| <b>Cash flow sensitivity</b> | <b>(26.22)</b>   | <b>26.22</b>   | <b>(19.62)</b>     | <b>19.62</b>   |

|                              | Profit or (loss) |                | Equity, net of tax |                |
|------------------------------|------------------|----------------|--------------------|----------------|
|                              | 50 bp increase   | 50 bp decrease | 50 bp increase     | 50 bp decrease |
| <b>March 31, 2021</b>        |                  |                |                    |                |
| Variable-rate instruments    |                  |                |                    |                |
| Borrowings                   | (25.62)          | 25.62          | (19.17)            | 19.17          |
| <b>Cash flow sensitivity</b> | <b>(25.62)</b>   | <b>25.62</b>   | <b>(19.17)</b>     | <b>19.17</b>   |

#### Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate borrowings at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

### 47. Capital-Work-in Progress (CWIP) Ageing Schedule as on March 31, 2022

| CWIP                 | Amount in CWIP for a period of |           |           |                   |                 |
|----------------------|--------------------------------|-----------|-----------|-------------------|-----------------|
|                      | Less than 1 year               | 1-2 years | 2-3 years | More than 3 years | Total           |
| Projects in progress | 4,428.06                       | -         | -         | -                 | 4,428.06        |
| <b>Total</b>         | <b>4,428.06</b>                | <b>-</b>  | <b>-</b>  | <b>-</b>          | <b>4,428.06</b> |

#### Capital-Work-in Progress (CWIP) Ageing Schedule as on March 31, 2021

| CWIP                 | Amount in CWIP for a period of |           |           |                   |               |
|----------------------|--------------------------------|-----------|-----------|-------------------|---------------|
|                      | Less than 1 year               | 1-2 years | 2-3 years | More than 3 years | Total         |
| Projects in progress | 415.24                         | -         | -         | -                 | 415.24        |
| <b>Total</b>         | <b>415.24</b>                  | <b>-</b>  | <b>-</b>  | <b>-</b>          | <b>415.24</b> |

There were no temporarily suspended projects and/or no time overrun and/or cost overrun for the projects under capital works in progress as on March 31, 2022 and March 31, 2021.

## Notes to Standalone Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 48. Payment to Auditors

| Particulars                          | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|--------------------------------------|--------------------------------------|--------------------------------------|
| Statutory audit fee                  | 12.50                                | 13.60                                |
| Tax audit fee                        | 2.50                                 | 2.90                                 |
| Limited Review and Certification fee | 7.70                                 | 6.87                                 |
| Reimbursement of expenses            | 0.55                                 | 0.43                                 |
| <b>Total</b>                         | <b>23.25</b>                         | <b>23.80</b>                         |

Includes fees paid to statutory auditors of amalgamating companies (Refer note no. 62).

### 49. Exceptional items

In the earlier years, Company has done investment in debt instruments of a company, amounting to ₹1,844.73 lakhs, which due their stressed financial position, has moved to NCLT to seek relief. Considering the above and other available information, as an abundant caution, in the previous year the Company has provided for the above amount as impairment loss in the books of accounts and disclosed the same under the head “Exceptional items”. However, the Company is taking all the necessary actions for recovering the same.

50. The Company has raised ₹11,999.97 lakhs through qualified institutions placement of equity shares in December, 2015. Till previous year ₹8,770.66 lakhs including issue expenses of ₹307.34 lakhs, were utilised for the purpose the fund were so raised and balance of ₹3,229.31 lakhs was temporarily invested mainly in the debt instruments/ funds. However in current year, balance amount was fully utilised.

### 51. Dividend

The Company has not paid any dividend during the current year. Interim dividend of ₹2.40 per equity share aggregating ₹1,017.11 Lakhs paid during the year ended March 31, 2021 out of profit available for distribution.

### 52. Segment Reporting

According to Ind AS 108, identification of operating segments is based on Chief Operating Decision Maker (CODM) approach for making decisions about allocating resources to the segment and assessing its performance. The business activity of the company falls within one broad business segment viz. “Ceramic Tiles and Allied products” and substantially sale of the product is within the country. Hence, the disclosure requirement of Ind AS 108 of ‘Segment Reporting’ is not considered applicable.

## Notes to Standalone Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

53. Based on the information available, as identified by the management there are certain vendors who have confirmed that they are covered under the Micro, Small and Medium Enterprises Development Act, 2006. Disclosures relating to dues of Micro and Small enterprises under section 22 of 'The Micro, Small and Medium Enterprises Development Act, 2006, are given below:

| Particulars   | March 31, 2022 | March 31, 2021 |
|---|----------------|----------------|
| Principal amount remaining unpaid to any supplier as on   | 2,322.49       | 1,371.28       |
| Interest due on the principal remaining unpaid to any supplier as on  | -              | -              |
| Interest paid by the Company in terms of Section 16 of the MSMED Act along with the amounts of the payment made to the supplier beyond the appointed day.   | -              | -              |
| the amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act.  | -              | -              |
| the amount of interest accrued and remaining unpaid during the accounting year.   | -              | -              |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of this Act. | -              | -              |

### 54. (A) - Trade Receivables ageing

Trade Receivables ageing schedule for the period ended March 31, 2022

| Particulars  | Outstanding for following periods from due date of payment |                    |                  |           |           |                   | Total     |
|--|--|--------------------|------------------|-----------|-----------|-------------------|-----------|
|  | Not Due  | Less than 6 months | 6 months -1 year | 1-2 Years | 2-3 years | More than 3 years |           |
| (i) Undisputed Trade receivables – considered good                               | 17,505.05  | 4,417.89           | 101.32           | 71.94     | 138.90    | -                 | 22,235.10 |
| (ii) Disputed Trade Receivables – which have significant increase in credit risk | -  | -                  | 11.05            | 102.00    | 418.88    | 1,999.37          | 2,531.30  |
| (iii) Disputed Trade Receivables – credit impaired                               | -  | -                  | -                | -         | 1.39      | 607.01            | 608.40    |
|  | 17,505.05  | 4,417.89           | 112.37           | 173.94    | 559.17    | 2,606.38          | 25,374.80 |

Trade Receivables ageing schedule for the period ended March 31, 2021

| Particulars  | Outstanding for following periods from due date of payment |                    |                  |           |           |                   | Total     |
|--|--|--------------------|------------------|-----------|-----------|-------------------|-----------|
|  | Not Due  | Less than 6 months | 6 months -1 year | 1-2 Years | 2-3 years | More than 3 years |           |
| (i) Undisputed Trade receivables – considered good                               | 15,124.69  | 4,969.99           | 119.42           | 339.36    | 129.59    | 127.43            | 20,810.48 |
| (ii) Disputed Trade Receivables – which have significant increase in credit risk | -  | -                  | 13.39            | 430.19    | 1,015.23  | 1,170.04          | 2,628.85  |
| (iii) Disputed Trade Receivables – credit impaired                               | -  | -                  | -                | -         | 1.56      | 399.15            | 400.71    |
|  | 15,124.69  | 4,969.99           | 132.81           | 769.55    | 1,146.38  | 1,696.62          | 23,840.04 |

## Notes to Standalone Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 54. (B) - Trade Payables ageing

Trade Payables ageing schedule for the period ended March 31, 2022

| Particulars | Unbilled | Not Due   | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total     |
|-------------|----------|-----------|------------------|-----------|-----------|-------------------|-----------|
| i) MSME*    | -        | 2,306.08  | -                | -         | -         | -                 | 2,306.08  |
| ii) Others  | 427.83   | 14,620.16 | 2,156.67         | 7.21      | 14.68     | 23.73             | 17,250.28 |
|             | 427.83   | 16,926.24 | 2,156.67         | 7.21      | 14.68     | 23.73             | 19,556.36 |

Trade Payables ageing schedule for the period ended March 31, 2021

| Particulars | Unbilled | Not Due   | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total     |
|-------------|----------|-----------|------------------|-----------|-----------|-------------------|-----------|
| i) MSME*    | -        | 1,371.28  | -                | -         | -         | -                 | 1,371.28  |
| ii) Others  | 457.31   | 13,528.78 | 2,120.23         | 31.12     | 21.51     | 17.28             | 16,176.23 |
|             | 457.31   | 14,900.06 | 2,120.23         | 31.12     | 21.51     | 17.28             | 17,547.51 |

\*Outstanding dues of Micro Enterprises & Small Enterprises only.

### 55. Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders. The following table summarises the capital of the Company.

| Particulars                                  | March 31, 2022   | March 31, 2021   |
|--|------------------|------------------|
| Equity Share Capital                         | 849.48           | 849.48           |
| Other Equity                                 | 69,553.67        | 60,772.07        |
| <b>Total Equity</b>                          | <b>70,403.15</b> | <b>61,621.55</b> |
| Non-Current Borrowings                       | 1,776.19         | 3,847.56         |
| Current maturities of Non-Current Borrowings | 2,417.21         | 2,198.10         |
| Current Borrowings                           | 20,758.32        | 16,481.28        |
| <b>Total Debts</b>                           | <b>24,951.72</b> | <b>22,526.94</b> |

## Notes to Standalone Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 56. Changes in Liabilities from Financing Activities are as under:

| Particulars  | March 31, 2022   | Cash Flow changes | Non Cash Changes          |               | March 31, 2021   |
|--|------------------|-------------------|---------------------------|---------------|------------------|
|  |                  |                   | Foreign Exchange Movement | Others        |                  |
| Non Current borrowings                             | 4,193.40         | (1,852.26)        | -                         | -             | 6,045.66         |
| Current borrowings                                 | 20,758.32        | 4,277.04          | -                         | -             | 16,481.28        |
| Lease Liability                                    | 3,586.51         | (640.61)          | -                         | 523.03        | 3,704.09         |
| <b>Total liabilities from financing activities</b> | <b>28,538.23</b> | <b>1,784.17</b>   | <b>-</b>                  | <b>523.03</b> | <b>26,231.03</b> |

| Particulars  | March 31, 2021   | Cash Flow changes | Non Cash Changes          |                 | March 31, 2020   |
|--|------------------|-------------------|---------------------------|-----------------|------------------|
|  |                  |                   | Foreign Exchange Movement | Others          |                  |
| Non Current borrowings                             | 6,045.66         | (3,630.34)        | -                         | 36.42           | 9,639.58         |
| Current borrowings                                 | 16,481.28        | (3,045.39)        | -                         | -               | 19,526.67        |
| Lease Liability                                    | 3,704.09         | (565.65)          | -                         | 1,181.90        | 3,087.84         |
| <b>Total liabilities from financing activities</b> | <b>26,231.03</b> | <b>(7,241.38)</b> | <b>-</b>                  | <b>1,218.32</b> | <b>32,254.09</b> |

### 57. The company has made investments in Subsidiary Companies as detailed below:

| Name   | Country of Incorporation | Percentage of holding as at March 31, 2022 | Percentage of holding as at March 31, 2021 |
|--|--------------------------|--|--|
| SR Continental Ltd.  | India                    | 100%                                       | 100%                                       |
| Somany Bathware Ltd.   | India                    | 100%                                       | 100%                                       |
| Amora Tiles Pvt. Ltd.  | India                    | 51%  | 51%  |
| Somany Fine Vitrified Pvt. Ltd.                                | India                    | 51%  | 51%  |
| Somany Sanitaryware Pvt. Ltd.                                  | India                    | 51%  | 51%  |
| Somany Excel Vitrified Pvt. Ltd.                               | India                    | 100%                                       | 100%                                       |
| Vintage Tiles Pvt. Ltd.  | India                    | 50%  | 50%  |
| Somany Piastrelle Pvt. Ltd. (w.e.f February 18, 2021)          | India                    | 100%                                       | 100%                                       |
| Vicon Ceramic Pvt. Ltd.  | India                    | 26%  | 26%  |
| Acer Granito Pvt. Ltd.   | India                    | 26%  | 26%  |
| Sudha Somany Ceramics Pvt. Ltd.                                | India                    | 60%  | 60%  |
| Amora Ceramics Pvt. Ltd.                                       | India                    | 51%  | 51%  |
| Somany Bath Fittings Pvt. Ltd.                                 | India                    | 100%                                       | 51%  |
| Somany Max Pvt. Ltd.*  | India                    | 100%                                       |  |
| SRCL Buildwell Pvt. Ltd. (subsidiary of SR Continental Ltd.) # | India                    | 100%                                       |  |

\* Incorporated on February 24, 2022 to carry out the business of manufacturing of large format/slab tiles.

# Incorporated on November 9, 2021 to carry out the business of trading of premium range of tiles and allied products.

## Notes to Standalone Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 58. Lease Disclosure

#### I. Company as a lessee

The Company incurred following expenses towards short-term leases and leases of low-value assets.

##### Lease payments not recognised as a Lease Liability.

| Particulars                | March 31, 2022 | March 31, 2021 |
|----------------------------|----------------|----------------|
| Short-term Leases          | 76.78          | 47.10          |
| Leases of Low Value Assets | 0.74           | 0.74           |

#### II. Company as a lessor

The Company has recognised rent income under the head of other income as follows:

| Particulars                   | March 31, 2022 | March 31, 2021 |
|-------------------------------|----------------|----------------|
| Rent received during the year | 13.23          | 41.77          |

59. The Company is required to spend 2% of average of net profit of last three preceding years towards Corporate Social Responsibility (CSR) activities under section 135 of the Companies Act, 2013 and accordingly the Company has spent ₹116.68 lakhs (Previous Year ₹117.21 lakhs) during the year and the same is recognised in Statement of Profit and Loss. Necessary details are disclosed below:

| Particulars | Amount required to spent by company during the year | Amount of expenditure incurred | shortfall at the end of the year | Total of previous years shortfall | Reason for shortfall |
|-------------|---|--------------------------------|----------------------------------|-----------------------------------|----------------------|
| 2021-22*    | 116.68  | 116.68                         | -                                | -                                 |                      |
| 2020-21**   | 117.21  | 117.21                         | -                                | -                                 |                      |

\*CSR activities includes promoting health care including preventive health care, skill development & livelihood/ employment enhancement, promoting education, protection of national heritage, art and culture, training to promote rural sports, nationally recognised sports, paralympic sports and olympic sports, rural development projects and administration expenses.

\*\*CSR activities includes Eradicating hunger, promoting health care, Skill Development, promoting education, protection of art and culture. No expenditure incurred on construction/acquisition of assets during the current as well as previous financial year.

The Company has spent ₹112.53 Lakhs (previous year-₹112.91 Lakhs) through H. L. Somany Foundation which is related party of the Company. Details of Related party transactions are given in Note No. 44.

60. There are following charges appearing on the website of the MCA. These are verly old charges against which the Company has no loan outstanding as at reporting date. The Company is taking up with the MCA to remove these charges from its website.

| S. No. | Lender Name     | Amount | Location of the Registrar |
|--------|-----------------|--------|---------------------------|
| 1      | L.I.C. OF INDIA | 24.00  | Kolkata                   |
| 2      | L.I.C. OF INDIA | 24.00  | Kolkata                   |
| 3      | L.I.C. OF INDIA | 24.00  | Kolkata                   |
| 4      | H.D.F.C. LTD.   | 19.65  | Kolkata                   |
| 5      | ICICI BANK LTD. | 50.00  | Kolkata                   |

## Notes to Standalone Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

**61.** The Company has no transactions and/or outstanding balances with companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956 as identified to the extent of struck off companies details available on the public domain.

### 62. Business Combination

**A** In earlier years, the Hon'ble National Company Law Tribunal Kolkata bench, (NCLT) vide order dated September 4, 2019 sanctioned the Scheme of Amalgamation of Bhilwara Holdings Limited, Sarvottam Vanijya Limited and Scope Vinimoy Private Limited (Amalgamating Companies) engaged in the business of investment activity, with the Company under section 230 to 232 of the Companies Act, 2013 from the appointed date i.e. April 01, 2018. The Scheme became effective on September 25, 2019. Impact of the scheme has been considered during the year ended March 31, 2020.

#### **B Amalgamation with Schablona India Limited (SIL)**

During the current year, the Hon'ble National Company Law Tribunal Kolkata bench, (NCLT) vide order dated December 20, 2021 and the Hon'ble National Company Law Tribunal Delhi bench vide order dated December 24, 2021, sanctioned the Scheme of Amalgamation of Schablona India Limited (Amalgamating Company) engaged in the business of manufacturing and trading of tiles and home decor, with the Company under section 230 to 232 of the Companies Act, 2013 from the appointed date i.e. April 1, 2019. The Scheme became effective on January 01, 2022 on filing of orders with respective Registrar of Companies.

**The accounting effect of this Amalgamation to in the financial statements has been given as under:-**

- i) In terms of the said scheme, authorised capital of the company has since been increased by ₹500 lakhs (2,50,00,000 equity shares of ₹2 each) on merger of authorised share capital of SIL.
- ii) In terms of the said Scheme, 3 (Three) fully paid-up equity share of ₹2 each of the Company shall be issued and allotted to the Shareholders of the SIL for every 100 (Hundred) Equity shares of ₹4 each held by them. These shares shall rank pari passu in all respect (including dividend) with the existing shareholders of the Company. Any fraction of share arising out of the share exchange process, if any, will be rounded off to nearest whole number. The amalgamation being a common control transaction has been accounted for under the 'Pooling of interest' method as prescribed by Ind AS 103 on Business Combinations.
- iii) The share capital of the SIL ₹126.37 lakhs consisting of 31,59,215 equity shares of ₹4 each as on the Appointed Date stand cancelled.
- iv) The Company has recorded all assets and liabilities of the SIL at their respective book values as appearing in the books of account of the SIL immediately before the appointed date and audited by auditor of SIL.

**A summary of the assets, liabilities and reserves incorporated as at appointed date (i.e. April 1, 2019) is as follows:**

#### **a) Summary of Assets, Liabilities and Reserve acquired**

| Particular                     | ₹ In lakhs |
|--------------------------------|------------|
|                                | Amount     |
| <b>Assets</b>                  |            |
| <b>Non-Current Assets</b>      |            |
| Property, Plant and Equipment  | 270.27     |
| Other Non-Current Assets       | 13.56      |
| <b>Current Assets</b>          |            |
| Inventories                    | 179.96     |
| Financial Assets               |            |
| Trade Receivables              | 277.67     |
| Cash and Cash Equivalents      | 14.02      |
| Bank balances other than above | 17.96      |

## Notes to Standalone Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 62. Business Combination (Contd.)

| Particular   | ₹ In lakhs        |
|--|-------------------|
|  | Amount            |
| Current Tax Assets   | 4.57              |
| Other Current Assets   | 45.77             |
| <b>Total Assets (x)</b>  | <b>823.78</b>     |
| <b>Liabilities</b>   |                   |
| <b>Non-Current Liabilities</b>   |                   |
| Financial Liabilities  |                   |
| Borrowings   | 7.21              |
| Other Financial Liabilities  | 152.26            |
| Provisions   | 5.62              |
| <b>Current Liabilities</b>   |                   |
| Financial Liabilities  |                   |
| Borrowings   | 1,085.00          |
| Trade Payables   |                   |
| Outstanding dues to Micro and Small Enterprises  | 1,209.75          |
| Outstanding dues other than Micro and Small Enterprises  | 165.98            |
| Other Financial Liabilities  | 80.82             |
| Other Current Liabilities  | 7.14              |
| Provisions   |                   |
| <b>Total Liabilities (y)</b>   | <b>2,713.78</b>   |
| <b>Other Equity</b>  |                   |
| Capital reserve  | 0.63              |
| General reserve  | 75.00             |
| Retained earnings  | (2,092.01)        |
| <b>Total Other Equity (z)</b>  | <b>(2,016.38)</b> |
| b) Assets (net off liabilities) and other equity acquired as at April 1, 2019 (x-y-z)  | 126.38            |
| <b>c) Consideration</b>  |                   |
| 94,782 equity shares of ₹2 each issued to the shareholders of SIL on January 13, 2022  | 1.90              |
| <b>d) Capital Reserves (b-c)</b>   | <b>124.48</b>     |
| e) The Scheme of Amalgamation has been given effect from appointment date i.e. April 1, 2019 as required under section 232 (6) of the Companies Act, 2013, accordingly Financial Statements for the year end March 31, 2020 and March 31, 2021 has been restated incorporating the effect of scheme of amalgamation. |                   |

63. The company has been sanctioned working capital limit from bank on the basis of security of current assets. The quarterly returns/ statements filed by the company with the bank, are in agreement with the books of accounts of the company of the respective quarters and differences, if any are not material.



## Notes to Standalone Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

**64.** During the financial year 2018-19, the Company had discovered defalcation of ₹1,585.82 lakhs committed by an employee. The Company has filed a civil as well as a criminal suit against him and his wife, being the beneficiaries. During the pendency of the suit, he and his wife have signed a 'Memorandum of Understanding' (MOU) dated February 11, 2021 with the Company, duly acknowledged by Hon'ble High Court of Gujarat vide its order dated February 12, 2021, under which he and his wife offered their immovable properties to the tune of ₹660.00 lakhs (net off loan of ₹40.17 lakhs), which has since been transferred in the name of the Company, as value determined by the Hon'ble High Court of Gujarat and a sum of ₹40.00 lakhs deposited by them in the Court towards compliance of their Bail condition. In terms of the said MOU, the Company is obligated to attempt to sell the properties in a diligent manner and quantify the amount received upon sale of such properties (net of expenses) and submit a purshis(s) of the same with the Hon'ble Civil Court. The Company has during the year sold on property and increased the "Liability under Defalcation Suit". Awaiting the final decree of the Hon'ble Civil Court, the Company is holding the properties in fiduciary capacity and disclosed the same as 'Properties held in trust' under Note no. 16 amounting to ₹657.75 lakhs (Previous year ₹426.81 lakhs) and also recognised 'Liability under Defalcation Suit' amounting to ₹669.64 lakhs (net of Expenses) (Previous year ₹414.94 lakhs) under Note no 28. The final accounting and taxation of the amounts mentioned in the purshis(s) would be done based on the final verdict of the Hon'ble Civil Court.

**65.** The figures for the previous year have been regrouped/rearranged, wherever considered necessary, to conform current year classifications.

As per our report of even date attached

For **Singhi & Co.**

*Chartered Accountants*

Firm Registration No. 302049E

**Bimal Kumar Sipani**

*Partner*

M. No. 088926

Place: Noida

Date: May 18, 2022

**For and on behalf of Board of Directors**

**Shreekant Somany**

*Chairman & Managing Director*

DIN: 00021423

**Abhishek Somany**

*Managing Director*

DIN: 00021448

**Saikat Mukhopadhyay**

*Chief Financial Officer*

**Ambrish Julka**

*GM - Legal and Company Secretary*

# Independent Auditor's Report

To  
the Members of  
**Somany Ceramics Limited**

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the accompanying consolidated financial statements of Somany Ceramics Limited (“the Holding Company”) and its subsidiaries (the Holding Company and its subsidiaries together referred to as “the Group”), which comprise the Consolidated Balance Sheet as at March 31, 2022, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as “the consolidated financial statements”).

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 Companies Act, 2013 (the “Act”) in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2022, the consolidated profit, consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards

are further described in the ‘Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements’ section of our report. We are independent of the Group in accordance with the ‘Code of Ethics’ issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report. The results of our audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures wherever performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

| S.<br>N. | Key Audit Matter   | Auditor's Response  |
|----------|--|---|
| 1.       | <p><b>Valuation of trade receivables, loans and other financial assets</b></p> <p>The Holding Company assesses periodically and at each financial year end, expected credit loss associated with its receivables. When there is expected credit loss impairment, the amount and timing of future cash flows are estimated based on historical, current and forward-looking loss experience for assets with similar credit risk characteristics.</p> <p>We focused on this area because of its significance and the degree of judgement required to estimate the expected credit loss and determining the carrying amount of trade and other financial assets as at the reporting date.</p> | <p><b>How our audit addressed the key audit matter:</b></p> <p>We obtained an understanding of the Holding Company's credit policy for trade receivables, process of approvals and terms and conditions for granting inter corporate deposits and business exigencies for other financial assets and evaluated the processes for identifying impairment indicators. We have reviewed and tested the ageing of trade receivables and other financial assets and management's assessment on the credit worthiness of selected customers for trade receivables and recoverability of other financial assets. We have obtained year-end balance confirmations for inter corporate deposits and obtained confirmation from selected customers as on date determined by us. We further discussed with the key management on the adequacy of the allowance for credit losses recorded by the Holding Company and reviewed the supporting documents provided by management in relation to their assessment. We have also reviewed adequacy and appropriateness of allowance for credit losses based on available information. Based on our audit procedures performed, we found management's assessment of the recoverability of trade and other financial assets to be reasonable.</p> |
| 2.       | <p><b>Valuation of inventories</b></p> <p>The assessment of impairment of inventories involves significant estimation uncertainty, subjective assumptions and the application of significant judgment.</p> <p>Reviews are made periodically by management of Holding Company on inventories for obsolescence and decline in net realizable value below cost. Allowances are recorded against the inventories for any such declines based on historical obsolescence and slow-moving history. Key factors considered include the nature of the stock, its ageing, and turnover rate.</p>  | <p><b>How our audit addressed the key audit matter:</b></p> <p>We have analyzed the ageing of the inventories, reviewed the historical trend on whether there were significant inventories written off or reversal of the allowances for inventory obsolescence. We conducted a detailed discussion with the key management and considered their views on the adequacy of allowances for inventory obsolescence considering the current economic environment. We have also reviewed the subsequent selling prices in the ordinary course of business and compared against the carrying amounts of the inventories on a sample basis at the reporting date. We found management's assessment of the allowance for inventory obsolescence to be reasonable based on available evidence.</p>   |
| 3.       | <p><b>Valuation of Current Investments</b></p> <p>Current investments include quoted debentures and mutual funds. Fair valuation of current investments involves significant estimation uncertainty, subjective assumptions and the application of significant judgement due to illiquid in nature. This was an area of focus for our audit and the area where significant audit effort was directed.</p>  | <p><b>How our audit addressed the key audit matter:</b></p> <p>Our audit procedures included updating our understanding of the processes employed by the Holding Company for accounting and valuing their current investments. We have reviewed year end depository participants. We have verified that the Holding Company was the recorded owner of all investments. Our audit procedures over the valuation of the Investments included reviewing valuation of all Investments held as at March 31, 2022 and testing for impairment. Based on the audit procedures performed we are satisfied with existence and valuation of investment.</p>  |

## Other Information

The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the applicable laws and regulations.

## Responsibilities of Management for the Consolidated Financial Statements

The Holding 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 Consolidated Financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including Indian Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the respective companies included in the Group 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern,

disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Group has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management and Board of Directors.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Holding Company and its subsidiaries to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated

financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements, of which we are the independent Auditors. We are responsible for the direction, supervision and performance of the audit of financial information of such entities. For the other entities included in the consolidated financial statements, which have been audited by other Auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in the section titled 'Other Matters' in this audit report.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Holding Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the

adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matter

- a. We did not audit the financial statements of seven subsidiaries, whose financial statements include total assets of ₹6,544.50 Lakhs as at March 31, 2022, total revenues of ₹9,808.38 Lakhs, total net profit after tax of ₹41.50 Lakhs, total comprehensive income of ₹42.17 Lakhs and net cash inflows of ₹368.18 Lakhs for the year ended on that date included in the consolidated financial statements. These financial statements have been audited by other auditors, whose unmodified 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 as required by Section 143(3) of the Act included in respect of these subsidiaries is based solely on reports of the other auditors.
- b. We did not audit the financial statements of seven subsidiaries, whose financial statements include total assets of ₹59,326.63 Lakhs as at March 31, 2022, total revenues of ₹60,961.74 Lakhs, total net profit after tax of ₹783.83 Lakhs and total comprehensive income of ₹809.15 Lakhs and net cash outflows of ₹33.77 Lakhs for the year ended on that date, whose audited financial statements were adjusted to align with accounting policies of the Holding Company for preparing consolidated financial statements of the Group. These adjusted financial statements were audited by other auditors whose fit for consolidation 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 as required by Section 143(3) of the Act included in respect of these subsidiaries is based solely on fit for consolidation reports of the other auditors

Our opinion above 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.

### Report on Other Legal and Regulatory Requirements

1. As required by the companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure-A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the 'other matter' paragraph, 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 & Loss including Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the 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 Indian Accounting Standards (Ind AS) specified under Section 133 of the Act;
  - e. On the basis of the written representations received from the Directors of the Holding Company as on March 31, 2022 taken on record by the Board of Directors of the Holding Company and the reports of the Statutory Auditors of its subsidiary companies incorporated in India, none of the Directors of the Group companies incorporated in India is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164(2) of the Act;
  - f. With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated financial statements of the Holding Company and its subsidiary companies incorporated in India, refer to our separate Report in “Annexure B” to this report;
  - g. In our opinion and based on the reports of the statutory auditors of subsidiary companies incorporated in India, the remuneration paid/provided during the year by the Holding Company and its subsidiary companies to its directors is in accordance with the provisions of section 197 (16) of the Act.
  - h. With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements of subsidiary companies:
    - (i) The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group in its consolidated financial statements – Refer Note 39 to the consolidated financial statements;
    - (ii) The Group did not have any material foreseeable losses in 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 Group.
  - (iv) (a) The respective Managements of the Company and its subsidiaries have represented that, to the best of their knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediaries shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
    - (b) The respective Managements of the Company and its subsidiaries have represented, that, to the best of their knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the Company from any persons or entities, including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
    - (c) Based on such audit procedures, we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (d)(i) and (d)(ii) contain any material mis-statement
  - i. The holding company and its subsidiary companies have not declared any dividend during the year therefore reporting regarding compliance of section 123 of the Companies Act, 2013 is not applicable.

**For Singhi & Co.**  
Chartered Accountants  
Firm Reg. No. 302049E

**Bimal Kumar Sipani**  
Partner

Place: Noida (Delhi-NCR)  
Date: May 18, 2022

Membership No. 088926  
UDIN:22088926AJEUUA4029

## Annexure A to Independent Auditor's Report of even date to the members of Somany Ceramics Limited on the Consolidated Financial Statements as of and for the year ended on March 31, 2022 (refer to in paragraph 1 of our report on other legal and regulatory requirements)

Based on the audit report submitted by the auditors of following companies included in the consolidated financial statements, there have been adverse remarks in the following clause by respective auditors in the Companies (Auditor's Report) Order (CARO) Report.

| S. No. | Name                                  | CIN                   | Holding/ Subsidiary | Clause no. of the CARO report which is qualified or adverse |
|--------|---------------------------------------|-----------------------|---------------------|---|
| 1.     | Amora Tiles Private Limited           | U26933GJ2013PTC075379 | Subsidiary          | (ii) (b)  |
| 2.     | Somany Sanitary Ware Private Limited  | U26915GJ2012PTC070115 | Subsidiary          | (ii) (b)  |
| 3.     | Vicon Ceramic Private Limited         | U26933GJ2013PTC075377 | Subsidiary          | (ii) (b)  |
| 4.     | Somany Fine Vitrified Private Limited | U26933GJ2011PTC063535 | Subsidiary          | (ii) (b)  |
| 5.     | Acer Granito Private Limited          | U26914GJ2008PTC053525 | Associate #         | (ii) (b)  |
| 6.     | Amora Ceramics Private Limited        | U26100GJ2017PTC099608 | Associate #         | (ii) (b)  |
| 7.     | Vintage Tiles Private Limited         | U26933GJ2010PTC062196 | Associate #         | (ii) (b)  |

# Subsidiary as per IND-AS.

## Annexure B to Independent Auditor's Report of even date to the members of Somany Ceramics Limited on the Consolidated Financial Statements as of and for the year ended on March 31, 2022 (refer to in paragraph 2(F) of our report on other legal and regulatory requirements)

We have audited the internal financial controls over financial reporting of Somany Ceramics Limited ("the Holding Company") and its subsidiary companies incorporated in India (the Holding Company and its subsidiaries together referred to as "the Group"), as of March 31, 2022 in conjunction with our audit of the consolidated financial statements of the Holding 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 companies incorporated in India are responsible for establishing and maintaining internal financial controls based on the internal control over the financial reporting criteria established by the respective 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. 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 respective Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial

Reporting (the “guidance Note”) and the standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to as audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those standards and the Guidance Note require that we comply with ethical requirements of and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statement included obtaining an understanding of internal financial controls with reference to consolidated financial statement, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system with reference to consolidated financial statements.

### 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 detail, accurately and fairly reflect the transactions and dispositions of the assets of the company ; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorization 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 with reference consolidated financial statements, 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 controls with reference to consolidated financial statements 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 Group has, in all material respects, an adequate internal financial controls system with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Holding 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.

### Other Matter

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India. Our Opinion is not modified in respect of this matter.

**For Singhi & Co.**

*Chartered Accountants*

Firm Reg. No. 302049E

**Bimal Kumar Sipani**

*Partner*

Place: Noida (Delhi-NCR)

Date: May 18, 2022

Membership No. 088926

UDIN:22088926AJEUUA4029



# Consolidated Balance Sheet as at March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

| Particulars   | Note No. | As at March 31, 2022 | As at March 31, 2021 |
|---|----------|----------------------|----------------------|
| <b>Assets</b>   |          |                      |                      |
| <b>Non-current Assets</b>   |          |                      |                      |
| Property, Plant and Equipment   | 3 (i)    | 71,017.95            | 71,237.58            |
| Capital work-in-progress  | 3 (ii)   | 22,670.63            | 862.70               |
| Right of use Assets   | 3 (iii)  | 3,431.42             | 3,692.32             |
| Other Intangible Assets   | 3 (iv)   | 27.46                | 223.78               |
| Goodwill on Consolidation   |          | 727.97               | 727.97               |
| Financial Assets  |          |                      |                      |
| (i) Loans   | 4        | -                    | 460.00               |
| (ii) Other Financial Assets   | 5        | 1,545.86             | 1,339.51             |
| Deferred Tax Assets (Net)   | 22       | 405.17               | 502.95               |
| Other Non-Current Assets  | 6        | 800.48               | 292.20               |
|   |          | <b>1,00,626.94</b>   | <b>79,339.01</b>     |
| <b>Current Assets</b>   |          |                      |                      |
| Inventories   | 7        | 27,367.02            | 24,548.49            |
| Financial Assets  |          |                      |                      |
| (i) Investments   | 8        | 6,002.85             | 8,980.04             |
| (ii) Trade Receivables  | 9        | 23,683.64            | 22,113.40            |
| (iii) Cash and Cash Equivalents   | 10       | 9,376.23             | 14,261.02            |
| (iv) Bank Balances other than (iii) above   | 11       | 5,484.49             | 647.92               |
| (v) Loans   | 12       | 300.00               | 1,085.00             |
| (vi) Other Financial Assets   | 13       | 617.45               | 782.69               |
| Current Tax Assets (net)  | 14       | 1,967.42             | 1,627.39             |
| Other Current Assets  | 15       | 3,803.11             | 2,475.21             |
|   |          | <b>78,602.21</b>     | <b>76,521.16</b>     |
| <b>Total Assets</b>   |          | <b>1,79,229.15</b>   | <b>1,55,860.17</b>   |
| <b>Equity and Liabilities</b>   |          |                      |                      |
| <b>Equity</b>   |          |                      |                      |
| Equity Share Capital  | 16       | 849.48               | 849.48               |
| Other Equity  | 17       | 71,780.17            | 63,225.30            |
|   |          | 72,629.65            | 64,074.78            |
| <b>Non-controlling Interest</b>   |          | <b>10,761.83</b>     | <b>9,969.53</b>      |
|   |          | <b>83,391.48</b>     | <b>74,044.31</b>     |
| <b>Liabilities</b>  |          |                      |                      |
| <b>Non-current Liabilities</b>  |          |                      |                      |
| Financial Liabilities   |          |                      |                      |
| (i) Borrowings  | 18       | 17,461.17            | 15,143.04            |
| (ii) Lease Liabilities  |          | 2,942.21             | 3,227.90             |
| (iii) Other Financial Liabilities   | 19       | 2,798.76             | 2,793.53             |
| Provisions  | 20       | 871.86               | 801.17               |
| Deferred Income   | 21       | 102.39               | 255.91               |
| Deferred Tax Liabilities (Net)  | 22       | 3,634.71             | 3,710.50             |
| Other Non-Current Liabilities   | 23       | 474.31               | 407.11               |
|   |          | <b>28,285.41</b>     | <b>26,339.16</b>     |
| <b>Current Liabilities</b>  |          |                      |                      |
| Financial Liabilities   |          |                      |                      |
| (i) Borrowings  | 24       | 33,661.47            | 27,203.26            |
| (ii) Lease Liabilities  |          | 644.30               | 476.19               |
| (iii) Trade Payables  | 25       |                      |                      |
| Outstanding dues of Micro Enterprises and Small Enterprises                           |          | 2,377.37             | 1,622.51             |
| Outstanding dues other than Micro Enterprises and Small Enterprises                   |          | 20,170.33            | 16,768.99            |
| (iv) Other Financial Liabilities  | 26       | 1,007.86             | 457.53               |
| Other Current Liabilities   | 27       | 9,467.68             | 8,778.99             |
| Provisions  | 28       | 174.05               | 159.12               |
| Current Tax Liabilities (net)   | 29       | 49.20                | 10.11                |
|   |          | <b>67,552.26</b>     | <b>55,476.70</b>     |
| <b>Total Equity and liabilities</b>   |          | <b>1,79,229.15</b>   | <b>1,55,860.17</b>   |
| Significant Accounting Policies and Other Notes to Consolidated Financial Statements. | 1 to 60  |                      |                      |
| The accompanying Notes are an integral part of the Consolidated Financial Statements. |          |                      |                      |

As per our report of even date attached

For Singh & Co.  
Chartered Accountants  
Firm Registration No. 302049E

Bimal Kumar Sipani  
Partner  
M. No. 088926

Place: Noida  
Date: May 18, 2022

For and on behalf of Board of Directors

Shreekant Somany  
Chairman & Managing Director  
DIN: 00021423

Saikat Mukhopadhyay  
Chief Financial Officer

Abhishek Somany  
Managing Director  
DIN: 00021448

Amrish Julka  
GM - Legal and Company Secretary

## Consolidated Statement of Profit and Loss for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

| Particulars   | Note No. | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|----------|--------------------------------------|--------------------------------------|
| <b>I. Income</b>  |          |                                      |                                      |
| Revenue from Operations   | 30       | 2,09,446.05                          | 1,65,059.37                          |
| Other Income  | 31       | 1,341.92                             | 1,277.93                             |
| <b>Total Revenue (I)</b>  |          | <b>2,10,787.97</b>                   | <b>1,66,337.30</b>                   |
| <b>II. Expenses</b>   |          |                                      |                                      |
| Cost of Materials Consumed  | 32       | 48,778.39                            | 39,379.08                            |
| Purchases of Stock-in-Trade   |          | 44,716.33                            | 30,791.25                            |
| Change in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade          | 33       | (1,444.56)                           | 7,886.07                             |
| Employee Benefit Expense  | 34       | 25,712.20                            | 22,519.93                            |
| Finance Costs   | 35       | 2,963.92                             | 4,013.83                             |
| Depreciation and Amortization Expense   | 3 & 36   | 6,395.29                             | 6,162.83                             |
| Other Expenses  | 37       | 71,030.15                            | 45,465.91                            |
| <b>Total Expenses (II)</b>  |          | <b>1,98,151.72</b>                   | <b>1,56,218.90</b>                   |
| <b>III. Profit Before Exceptional Items and Tax (I-II)</b>                            |          | <b>12,636.25</b>                     | <b>10,118.40</b>                     |
| IV. Exceptional Items (Net)   | 46       | -                                    | 1,844.73                             |
| <b>V. Profit before tax (III-IV)</b>  |          | <b>12,636.25</b>                     | <b>8,273.67</b>                      |
| VI. Tax Expense:  |          |                                      |                                      |
| 1) Current Tax  | 22       |                                      |                                      |
| - Current year  |          | 3,206.69                             | 2,462.64                             |
| - For earlier years   |          | 75.80                                | (49.90)                              |
| 2) Deferred Tax Charge/(Credit)   | 22       | 12.13                                | (198.04)                             |
| <b>VII. Profit for the year (V-VI)</b>  |          | <b>9,341.63</b>                      | <b>6,058.97</b>                      |
| <b>VIII. Other Comprehensive Income (OCI)</b>   |          |                                      |                                      |
| (1) Items that will not be reclassified to profit & loss                              |          | 39.63                                | 188.79                               |
| Income Tax relating to above  | 22       | (10.81)                              | (47.63)                              |
| (2) Items that will be reclassified to profit & loss                                  |          | -                                    | -                                    |
| <b>IX. Total Comprehensive Income for the year (VII+VIII)</b>                         |          | <b>9,370.45</b>                      | <b>6,200.13</b>                      |
| <b>Profit for the year attributable to:</b>   |          |                                      |                                      |
| Owners of the Company   |          | 8,868.71                             | 5,702.31                             |
| Non controlling interests   |          | 472.92                               | 356.66                               |
| <b>Other Comprehensive Income attributable to:</b>                                    |          |                                      |                                      |
| Owners of the Company   |          | 15.77                                | 137.01                               |
| Non controlling interests   |          | 13.05                                | 4.15                                 |
| <b>Total Comprehensive Income attributable to:</b>                                    |          |                                      |                                      |
| Owners of the Company   |          | 8,884.48                             | 5,839.32                             |
| Non controlling interests   |          | 485.97                               | 360.81                               |
| Earnings Per Equity Share (Per Share Value of ₹2 each)                                | 38       |                                      |                                      |
| <b>Basic ( In ₹ )</b>   |          | <b>20.88</b>                         | <b>13.43</b>                         |
| <b>Diluted ( In ₹ )</b>   |          | <b>20.88</b>                         | <b>13.43</b>                         |
| Significant Accounting Policies and Other Notes to Consolidated Financial Statements. | 1 to 60  |                                      |                                      |
| The accompanying Notes are an integral part of the Consolidated Financial Statements. |          |                                      |                                      |

For and on behalf of Board of Directors

As per our report of even date attached

For **Singhi & Co.**

Chartered Accountants

Firm Registration No. 302049E

**Bimal Kumar Sipani**

Partner

M. No. 088926

Place: Noida

Date: May 18, 2022

**Shreekant Somany**  
Chairman & Managing Director  
DIN: 00021423

**Saikat Mukhopadhyay**  
Chief Financial Officer

**Abhishek Somany**  
Managing Director  
DIN: 00021448

**Ambrish Julka**  
GM - Legal and Company Secretary

## Consolidated Statement of Change in Equity for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

| Particulars   | As at March 31, 2022 |        | As at March 31, 2021 |        |
|---|----------------------|--------|----------------------|--------|
|   | No. of Shares        | Amount | No. of Shares        | Amount |
| <b>(a) Equity Share Capital &amp; Reconciliation of number of shares outstanding at the beginning and end of the year :</b> |                      |        |                      |        |
| Balance at the beginning of the year [refer note no. 16b.]  | 4,24,74,208          | 849.48 | 4,24,74,208          | 849.48 |
| Changes in equity share capital during the year   | -                    | -      | -                    | -      |
| Balance at the end of the year  | 4,24,74,208          | 849.48 | 4,24,74,208          | 849.48 |

### (b) Other Equity (Refer note no. 56)

| Particulars  | Owner's Other Equity       |                 |                  |                   |  |          |           | Non Controlling Interest | Total Other Equity |
|--|----------------------------|-----------------|------------------|-------------------|--|----------|-----------|--------------------------|--------------------|
|  | Reserve and Surplus        |                 |                  |                   |  |          | Total     |                          |                    |
|  | Capital Redemption Reserve | Capital Reserve | Security Premium | General Reserve   | Total Retained earnings                |          |           |                          |                    |
|  |                            |                 |                  | Retained earnings | Remeasurement of defined benefit plans |          |           |                          |                    |
| Balance at March 31, 2020  | 435.43                     | (4,377.32)      | 16,991.77        | 6,191.01          | 39,323.17                              | (160.96) | 58,403.10 | 9,408.72                 | 67,811.82          |
| Profit for the year  | -                          | -               | -                | -                 | 5,702.31                               | -        | 5,702.31  | 356.66                   | 6,058.97           |
| Shares Issued by Subsidiaries to Non Controlling interest shareholders | -                          | -               | -                | -                 | -                                      | -        | -         | 200.00                   | 200.00             |
| Other Comprehensive Income for the year                                | -                          | -               | -                | -                 | -                                      | 137.00   | 137.00    | 4.15                     | 141.15             |
| <b>Total Comprehensive Income for the year</b>                         | -                          | -               | -                | -                 | 5,702.31                               | 137.00   | 5,839.31  | 560.81                   | 6,400.12           |
| Dividend Paid  | -                          | -               | -                | -                 | 1,017.11                               | -        | 1,017.11  | -                        | 1,017.11           |
| Balance at March 31, 2021  | 435.43                     | (4,377.32)      | 16,991.77        | 6,191.01          | 44,008.37                              | (23.96)  | 63,225.30 | 9,969.53                 | 73,194.83          |
| Profit for the year  | -                          | -               | -                | -                 | 8,868.71                               | -        | 8,868.71  | 472.92                   | 9,341.63           |
| Acquisition of Non Controlling Interest                                | -                          | -               | -                | -                 | (329.61)                               | -        | (329.61)  | (338.67)                 | (668.28)           |
| Shares Issued by Subsidiaries to Non Controlling interest shareholders | -                          | -               | -                | -                 | -                                      | -        | -         | 645.00                   | 645.00             |
| Other comprehensive income for the year                                | -                          | -               | -                | -                 | -                                      | 15.77    | 15.77     | 13.05                    | 28.82              |
| <b>Total Comprehensive Income for the year</b>                         | -                          | -               | -                | -                 | 8,539.10                               | 15.77    | 8,554.87  | 792.30                   | 9,347.17           |
| Balance at March 31, 2022  | 435.43                     | (4,377.32)      | 16,991.77        | 6,191.01          | 52,547.47                              | (8.19)   | 71,780.17 | 10,761.83                | 82,542.00          |

## Consolidated Statement of Change in Equity for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

**Capital Redemption Reserve:** It represents transfer from Retained Earnings on redemption of Preference Shares and can be utilized in accordance with the provisions of the Companies Act, 2013.

**Securities Premium:** This Reserve represents the premium on issue of shares and can be utilized in accordance with the provisions of the Companies Act, 2013.

**General reserve:** It represents appropriation of profits by the board of directors. The said reserve is available for payment of dividend to shareholders as per the provisions of the Companies Act, 2013.

**Retained Earnings:** Retained earnings are profits earned by the Company after transfer to general reserve and payment of dividend to shareholders.

**Capital Reserve:** It Includes a.) difference between consideration and value of net assets, pursuant to the scheme of amalgamation [Refer note no. 56 of ₹(4,592.11) lakhs and can be utilized in accordance with the provisions of Companies Act, 2013, b.) amalgamation Reserve of ₹191.27 lakhs, c.) reserve of ₹22.90 lakhs against maturity of special bearer bonds of RBI received and Bonus Shares issued by amalgamating Companies, d) others of ₹0.63 Lakhs.

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

### For and on behalf of Board of Directors

As per our report of even date attached

For **Singhi & Co.**

*Chartered Accountants*

Firm Registration No. 302049E

**Bimal Kumar Sipani**

*Partner*

M. No. 088926

Place: Noida

Date: May 18, 2022

**Shreekant Somany**

*Chairman & Managing Director*

DIN: 00021423

**Saikat Mukhopadhyay**

*Chief Financial Officer*

**Abhishek Somany**

*Managing Director*

DIN: 00021448

**Ambrish Julka**

*GM - Legal and Company Secretary*

## Consolidated Cash Flow Statement for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

| Particulars   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| <b>A. Cash Flow From Operating Activities</b>                   |                                      |                                      |
| Net Profit before Tax as per Statement of Profit & Loss         | 12,636.25                            | 8,273.67                             |
| I. Adjusted For :   |                                      |                                      |
| Depreciation and Amortization Expense                           | 6,395.29                             | 6,162.83                             |
| Finance Costs   | 2,963.92                             | 4,013.83                             |
| Interest Income   | (575.58)                             | (713.47)                             |
| (Profit)/Loss on Sales of Investment (Net)                      | (70.77)                              | (2.21)                               |
| Unrealized Foreign Exchange (Gain)/Loss (Net)                   | (6.26)                               | (66.75)                              |
| Net movement on Fair Value of current Investments               | (285.90)                             | 88.33                                |
| Provision for credit losses/ doubtful advances                  | 140.58                               | 474.02                               |
| Bad Debts   | 40.88                                | 23.80                                |
| Deferred Income   | (153.51)                             | (130.78)                             |
| Exceptional Items   | -                                    | 1,844.73                             |
| Sundry Balances Written Off                                     | 218.75                               | 90.04                                |
| Sundry Balances Written Back                                    | (243.53)                             | (267.51)                             |
| Provision no logner required written back                       | (59.62)                              | -                                    |
| (Profit)/Loss on sale of Property, Plant and Equipment (net)    | 36.47                                | (169.77)                             |
| Property, Plant and Equipment Discard /Written Off              | 18.08                                | 282.53                               |
| <b>Operating Profit Before Working Capital Changes</b>          | <b>21,055.05</b>                     | <b>19,903.29</b>                     |
| II. Adjusted For :  |                                      |                                      |
| Trade and Other Receivables                                     | (4,052.20)                           | 5,556.18                             |
| Inventories   | (2,818.53)                           | 8,394.29                             |
| Trade and Other Payables  | 4,997.40                             | 4,328.66                             |
| <b>Cash Generated from Operation</b>                            | <b>19,181.72</b>                     | <b>38,182.43</b>                     |
| Income Taxes Refund/ (Paid)                                     | (3,524.76)                           | (2,549.36)                           |
| <b>Net Cash Flow From Operating Activities (A)</b>              | <b>15,656.96</b>                     | <b>35,633.07</b>                     |
| <b>B. Cash Flow from Investing Activities</b>                   |                                      |                                      |
| Purchase of Property, Plant and Equipment and Intangible Assets | (27,087.50)                          | (4,416.85)                           |
| Sale of Property, Plant and Equipment                           | 283.92                               | 279.91                               |
| Purchase of Current Investments                                 | -                                    | (12,000.00)                          |
| Sale of Current Investments                                     | 3,333.87                             | 4,502.21                             |
| Interest Received   | 756.45                               | 728.80                               |
| Inter Corporate Deposits given                                  | (300.00)                             | (100.00)                             |
| Inter-Corporate Deposit Received Back                           | 1,545.00                             | 2,045.00                             |
| Investment in Fixed Deposit                                     | (4,062.82)                           | -                                    |
| <b>Net Cash Outflow From Investing Activities (B)</b>           | <b>(25,531.08)</b>                   | <b>(8,960.93)</b>                    |

## Consolidated Cash Flow Statement for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

| Particulars   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| <b>C. Cash Flow from Financing Activities</b>   |                                      |                                      |
| Proceeds from Non Current Borrowings  | 8,417.26                             | 1,453.90                             |
| Repayment of Non Current Borrowings   | (6,329.89)                           | (6,169.13)                           |
| Current Borrowings (net)  | 7,798.98                             | (128.29)                             |
| Proceeds from Short Term Loans  | 1,000.00                             | 6,000.00                             |
| Repayment of Short Term Loans   | (2,110.00)                           | (9,700.00)                           |
| Payment of Lease Liability  | (640.59)                             | (565.65)                             |
| Acquisition of Non Controlling Interest in Subsidiary   | (668.28)                             | -                                    |
| Proceeds from issue of equity shares by subsidiaries to Non Controlling Interest shareholders | 645.00                               | 200.00                               |
| Interest Paid   | (3,123.15)                           | (3,989.07)                           |
| Dividend Paid   | -                                    | (1,017.11)                           |
| <b>Net Cash Inflow From Financing Activities (C)</b>  | <b>4,989.33</b>                      | <b>(13,915.35)</b>                   |
| <b>Net Increase/(Decrease) In Cash and Cash Equivalents (A+B+C)</b>                           | <b>(4,884.79)</b>                    | <b>12,756.78</b>                     |
| <b>CASH AND CASH EQUIVALENTS</b>  |                                      |                                      |
| <b>Opening</b>  |                                      |                                      |
| Cash and Cash Equivalents   | 14,261.02                            | 1,504.24                             |
| <b>Closing</b>  |                                      |                                      |
| Cash and Cash Equivalents   | 9,376.23                             | 14,261.02                            |

### Notes :

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Ind AS – 7 "Statement of Cash Flows".
- Cash and Cash Equivalents represents cash and bank balances (Refer note no. 10).
- Figures for the previous year have been regrouped/rearranged wherever considered necessary.
- Additional Disclosure required under Ind AS 7 (Refer note no. 52).
- The accompanying Notes are an integral part of the Consolidated Financial Statements.

As per our report of even date attached

For **Singhi & Co.**

*Chartered Accountants*

Firm Registration No. 302049E

**Bimal Kumar Sipani**

*Partner*

M. No. 088926

Place: Noida

Date: May 18, 2022

### For and on behalf of Board of Directors

**Shreekant Somany**

*Chairman & Managing Director*

DIN: 00021423

**Saikat Mukhopadhyay**

*Chief Financial Officer*

**Abhishek Somany**

*Managing Director*

DIN: 00021448

**Ambrish Julka**

*GM - Legal and Company Secretary*

# Notes to Consolidated Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

## 1 Reporting Entity

The Consolidated Financial Statements comprise financial statements of Somany Ceramics Limited (“the Company” or “Parent”) and its subsidiaries (collectively, “the Group”) for the year ended March 31, 2022. The Company is a public company domiciled in India and having registered office at 2, Red Cross Place, Kolkata – 700001 India. Equity shares of the Company are listed in India on the BSE Limited and the National Stock Exchange Limited.

The Group has manufacturing plants in Kassar (Haryana), Velampadu (Andhra Pradesh), Chandigarh, Kadi and Morbi (Gujarat) India. The Group is a manufacturer and trader of a complete decor solutions and its extensive range of products include Ceramic Wall and Floor Tiles, Polished Vitrified Tiles, Glazed Vitrified Tiles, Sanitaryware, Bath Fittings and allied products.

The Consolidated Financial Statements of the Company for the year ended March 31, 2022 were approved for issue in accordance with a resolution of the directors on May 18, 2022.

## 2 Significant Accounting Policies

The Group has consistently applied accounting policies except where a newly issued accounting standards is initially adopted or a revision to an existing accounting standard required a change in the accounting policy hitherto in use.

### 2.1 Basis of preparation

The Consolidated Financial Statements of the Group comply in all material aspects with Indian Accounting Standards (“Ind AS”) as prescribed under section 133 of the Companies Act, 2013 (“the Act”), as notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India.

### 2.2 Basis of consolidation

The Consolidated Financial Statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved when only if the Group:

- has power over the investee;
- is exposed or has rights to variable return from its involvement with the investee, and
- has the ability to use its power over the investee to affect its returns. The Group reassesses whether or not it controls an investee, if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group’s voting rights and potential voting rights.
- The size of the Parent Company’s holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income, expenses and other comprehensive income of a subsidiary acquired or disposed of during the year are included in the Consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the Consolidated Financial Statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member’s financial statements in preparing the Consolidated Financial Statements to ensure conformity with the Group’s accounting policies. The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Company, i.e., year ended on March 31.

List of entities considered in Consolidated Financial Statements are as disclosed in Note no. 58.

#### Consolidation procedure:

- (a) Combine like items of assets, liabilities, equity, income, expenses, other comprehensive income and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the Consolidated Financial Statements at the acquisition date.
- (b) Offset (eliminate) the carrying amount of the parent’s investment in each subsidiary and the parent’s portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

## Notes to Consolidated Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

- (c) Eliminate in full intra group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intra group transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intra group losses may indicate an impairment that requires recognition in the Consolidated Financial Statements. Appropriate adjustments for deferred taxes are made for temporary differences that arise from the elimination of unrealised profits and losses from intra group transactions or undistributed earnings of Group's entity included in consolidated Profit & Loss, if any.

### Business combinations and goodwill

Business combinations are accounted for using the acquisition method. At the acquisition date, identifiable assets acquired and liabilities assumed are measured at fair value. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition date fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. The consideration transferred is measured at fair value at acquisition date and includes the fair value of any contingent consideration. However, deferred tax asset or liability and any liability or asset relating to employee benefit arrangements arising from a business combination are measured and recognized in accordance with the requirements of Ind AS 12, 'Income Taxes' and Ind AS 19, 'Employee Benefits', respectively.

Where the consideration transferred exceeds the fair value of the net identifiable assets acquired and liabilities assumed, the excess is recorded as goodwill. Alternatively, in case of a bargain purchase wherein the consideration transferred is lower than the fair value of the net identifiable assets acquired and liabilities assumed, the difference is recorded as a gain in other comprehensive income and accumulated in equity as capital reserve. The costs of acquisition excluding those relating to issue of equity or debt securities are charged to the Consolidated Statement of Profit & Loss in the period in which they are incurred.

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

### 2.3 Basis of measurement

The Consolidated Financial Statements have been prepared under the historical cost convention on accrual basis except for the followings :

- Non-current borrowings are initially measured at amortized cost.
- Current investments are measured at fair value at each reporting date.
- Defined benefit plans and other long-term employee benefits are measured at fair value net off fair valuation of plan assets at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2 inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

### 2.4 Functional and presentation currency

These Consolidated Financial Statements are presented in Indian National Rupee ('INR'), which is the Group's functional currency. All amounts have been rounded to the nearest lakhs, unless otherwise indicated.

### 2.5 Use of judgements and estimates

In preparing these Consolidated Financial Statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported



## Notes to Consolidated Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

amounts of assets, liabilities, income and expenses. Management believes that the estimates used in the preparation of the Consolidated Financial Statements are prudent and reasonable. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

### Judgements

Information about the judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the Consolidated Financial Statements have been given below:

- Assessing the lease term (including anticipated renewals) and the applicable discount rate.
- Classification of financial assets: assessment of business model within which the assets are held and assessment of whether the contractual terms of the financial assets are solely payments of principal and interest on the principal amount outstanding.

### Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the Consolidated Financial Statements for the every period ended is included below:

- Measurement of defined benefit obligations: key actuarial assumptions;
- Recognition of deferred tax assets: availability of future taxable profit against which carry-forward tax losses can be used;
- Impairment test: key assumptions underlying recoverable amounts;
- Useful life and residual value of Property, Plant and Equipment, Intangible assets and Right of Use assets;
- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.
- Assessment of recoverability of receivables and advances which requires significant management judgement based on financial position of the counter-parties, market information and other relevant factors.

### 2.6 Classification of Assets and Liabilities as Current and Non-Current

The Group presents assets and liabilities in the Consolidate balance sheet based on current/ non-current classification.

#### An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period, or
- Cash and Cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

#### An liability is treated as current when it is:

- Expected to be settled in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be settled within twelve months after the reporting period, or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other assets/liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current.

The Company has ascertained the operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

### 2.7 Property, Plant and Equipment

#### Recognition and Measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss, if any. The cost of assets comprises of purchase price and directly attributable cost of bringing the assets to working condition for its intended use including borrowing cost and incidental expenditure during construction incurred upto the date when the assets are ready for intended use. Capital work in progress includes cost of assets at sites, construction expenditure and interest on the funds deployed less any impairment loss, if any.

## Notes to Consolidated Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

### Subsequent Measurement

Subsequent expenditure is capitalised only if it is probable that there is a future economic benefits associated with the expenditure will flow to the Group.

### Depreciation

Depreciation is calculated on Straight Line Method using the rates arrived at on the basis of estimated useful lives given in Schedule II of the Companies Act, 2013 except for the following which has been determined on the basis of technical evaluation.

| Particulars         | Useful Life  |
|---------------------|--------------|
| Plant and Machinery | 5 - 25 Years |
| Vehicles            | 5 - 8 Years  |
| Dies & Punches      | 8 Years      |

Depreciation on additions to or on disposal of assets is calculated on pro-rata basis. Individual assets costing below ₹5,000 are fully depreciated in the year of purchase.

Leasehold improvements are depreciated over the lease period or estimated useful life of assets in line with schedule II of the Companies Act, 2013, which ever is lower.

Depreciation methods, useful lives and residual values are reviewed in each financial year end and changes, if any, are accounted for prospectively. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

### Capital work-in-progress

Capital work-in-progress comprises of assets in the course of construction for production or/and supply of goods or services or administrative purposes, are carried at cost, less any recognised impairment loss. At the point when an asset is operating at management's intended use, the cost of construction is transferred to the appropriate category of property, plant and equipment. Costs associated with the commissioning of an asset are capitalised where the asset is available for use and commissioning has been completed.

### De-recognition

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between net disposal proceeds and the carrying amount of the asset and is recognised in the Consolidated Statement of Profit & Loss.

## 2.8 Intangible assets

Intangible Assets (Other than Goodwill) acquired separately are stated at cost less accumulated amortization and impairment loss, if any. Intangible assets are amortized on straight line method basis over the estimated useful life. Estimated useful life of the Software and designing rights is considered as 5 years.

Amortisation methods, useful lives and residual values are reviewed at each financial year end and changes, if any, are accounted for prospectively.

An intangible asset is de-recognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the Consolidated Statement of Profit & Loss when the asset is derecognised.

## 2.9 Non-current assets held for sale

Non-current assets are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets are generally measured at the lower of their carrying amount and fair value less costs to sell. An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of de-recognition.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

## Notes to Consolidated Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 2.10 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication on impairment. If any such indication exists, then the recoverable amount of assets is estimated.

For impairment testing, assets are Grouped together into the smallest Group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Unit (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment loss in respect of assets other than goodwill is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years. A reversal of impairment loss is recognised immediately in the Statement of Profit & Loss.

### 2.11 Borrowing Cost

Borrowing costs directly attributable to the acquisition, construction of qualifying assets are capitalised as part of the cost of such assets upto the assets are substantially ready for their intended use.

The loan origination costs directly attributable to the acquisition of borrowings (e.g. loan processing fee, upfront fee) are amortised on the basis of the Effective Interest Rate (EIR) method over the term of the loan.

All other borrowing costs are recognised in the Consolidated Statement of Profit & Loss in the period in which they are incurred.

### 2.12 Foreign currency transactions

Transactions in foreign currencies are recorded by the Group at their respective functional currency at the exchange rates prevailing at the date of the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currency are translated to the functional currency at the exchange rates prevailing at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in the Consolidated Statement of Profit & Loss with the exception of the following:

- exchange differences on foreign currency borrowings included in the borrowing cost when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the date of initial transactions. Non-monetary items measure at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

### 2.13 Employee benefits

#### Short term employee benefits

Short term employee benefits are expensed in the year in which the related services are provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### Defined contribution plans

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

#### Defined benefit plans

For defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yields available on government bonds.

The effect of the remeasurement changes (comprising actuarial gains and losses) to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in OCI and such remeasurement gain / loss are not reclassified to the Statement of Profit and Loss in the subsequent periods. They are included in retained earnings in the statement of changes in equity.

## Notes to Consolidated Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Group presents the first two components of defined benefit costs in the Consolidated Statement of Profit & Loss in the line item employee benefits expense.

The retirement benefit obligation recognised in the Consolidated Balance Sheet represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

### Other long-term employee benefits

The Group has long term employment benefit plans i.e. accumulated leave. Accumulated leave is encashed to eligible employees at the time of retirement. The liability for accumulated leave, which is a defined benefit scheme, is provided based on actuarial valuation as at the Consolidated Balance Sheet date, based on Projected Unit Credit Method, carried out by an independent actuary.

### 2.14 Revenue Recognition

The Group recognizes revenue when it satisfies a performance obligation in accordance with the provisions of contract with the customer. This is achieved when control of the product has been transferred to the customer, which is generally determined when title, ownership, risk of obsolescence and loss pass to the customer and the Group has the present right to payment, all of which occurs at a point in time upon shipment or delivery of the product. The Group considers shipping and handling activities as costs to fulfill the promise to transfer the related products and the customer payments for shipping and handling costs are recorded as a component of revenue.

Revenue (other than sale of goods) is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Claim on insurance companies, interest and others, where quantum of accrual cannot be ascertained with reasonable certainty, are accounted for on acceptance basis.

Revenue represents net value of goods and services provided to customers after deducting for certain incentives including, but not limited to discounts, volume rebates, incentive programs etc. For incentives offered to customers, the Group makes estimates related to customer performance and sales volume to determine the total amounts earned and to be recorded as deductions. The estimate is made in such a manner, which ensures that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The actual amounts may differ from these estimates and are accounted for prospectively. No element of significant financing is deemed present as the sales are made with a credit term, which is consistent with market practice.”

Interest income are recognised on an accrual basis using the effective interest method.

Dividends are recognised at the time the right to receive payment is established.

### 2.15 Inventories

Inventories are valued at lower of cost and net realisable value except waste/scrap which is valued at net realisable value. Cost of manufactured finished goods and stock in process is determined by taking cost of purchases, material consumed, labour and related overheads. Cost of raw materials, traded goods and stores & spare parts are computed on weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale. However, materials and other items held for use in the production of finished goods are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

### 2.16 Provisions, Contingent Liabilities and Contingent Assets

Based on the best estimate, provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event and it is probable (“more likely than not”) that it is required to settle the obligation, and a reliable estimate can be made of the amount of the obligation at reporting date.

A contingent liability is a possible obligation that arises from a past event, with the resolution of the contingency dependent on uncertain future events, or a present obligation where no outflow is probable. Major contingent liabilities are disclosed in the Consolidated Financial Statements unless the possibility of an outflow of economic resources is remote.

# Notes to Consolidated Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

Contingent assets are not recognized in the Consolidated Financial Statements but disclosed, where an inflow of economic benefit is probable.

## 2.17 Measurement of fair value

### a) Financial instruments

The estimated fair value of the Group's financial instruments is based on market prices and valuation techniques. Valuations are made with the objective to include relevant factors that market participants would consider in setting a price, and to apply accepted economic and financial methodologies for the pricing of financial instruments. References for less active markets are carefully reviewed to establish relevant and comparable data.

### b) Marketable and non-marketable equity securities

Fair value for quoted securities is based on quoted market prices as of the reporting date. Fair value for unquoted securities is calculated based on commonly accepted valuation techniques utilizing significant unobservable data. If fair value cannot be measured reliably unlisted shares are recognized at cost.

## 2.18 Financial instruments

### Financial Assets

#### Initial recognition and measurement

All financial assets are recognised initially at fair value, plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

#### Classifications

The Group classifies its financial assets as subsequently measured at either amortised cost or fair value depending on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

#### Financial Assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met:

- it is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
- the contractual terms of the financial assets represent contractual cash flows that are solely payments of principal and interest.

After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate ('EIR') method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the Consolidated Statement of Profit & Loss. The losses arising from impairment are recognised in the Consolidated Statement of Profit & Loss.

#### Financial Assets at fair value through Other Comprehensive Income (FVOCI)

Financial Assets with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets are classified to be measured at FVOCI.

#### Financial Assets at fair value through Profit & Loss (FVTPL)

Any Financial assets, which does not meet the criteria for categorization as at amortized cost or as FVOCI, are classified at FVTPL.

In addition, the Group may elect to classify a financial assets, which otherwise meets amortized cost or FVOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Financial assets included within the FVTPL category are measured at fair value with all changes recognized in the Consolidated Statement of Profit & Loss.

#### Equity Instruments

All equity instruments in scope of Ind AS 109 are measured at fair value. On initial recognition an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value as FVOCI. This election is made on an investment-by-investment basis.

All other Financial Instruments are classified as measured at FVTPL.

#### Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's Consolidated Balance Sheet) when:

- The rights to receive cash flows from the asset have expired, or

## Notes to Consolidated Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in Consolidated Statement of Profit & Loss.

### Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

With regard to trade receivable, the Group applies the simplified approach as permitted by Ind AS 109, Financial Instruments, which requires expected lifetime losses to be recognised from the initial recognition of the trade receivables.

### Financial liabilities

#### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, amortised cost, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of amortised cost, net of directly attributable transaction costs.

#### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

#### Financial Liabilities measured at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Consolidated Statement of Profit & Loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Consolidated Statement of Profit & Loss.

#### Financial liabilities at fair value through Profit & Loss

Financial liabilities at FVTPL includes financial liabilities designated upon initial recognition as at fair value through Profit & Loss.

Gains or losses on liabilities held for trading are recognised in the Consolidated Statement of Profit & Loss.

Financial liabilities designated upon initial recognition at fair value through Profit & Loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognized in OCI. These gains/loss are not subsequently transferred to Consolidated Statement of Profit & Loss. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Consolidated Statement of Profit & Loss.

## Notes to Consolidated Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### Derecognition of financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

### 2.19 Income tax

Income tax expense comprises current and deferred tax. It is recognised in Consolidated Statement of Profit & Loss except to the extent that it relates to items recognised directly in equity or in Other Comprehensive Income.

#### Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax assets and liabilities are offset only if, the Group:

- a) Has a legally enforceable right to set off the recognised amounts; and
- b) Intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Consolidated Balance Sheet and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the Consolidated Balance Sheet date.

Minimum Alternative Tax (MAT) is recognized as an asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of credit to the Consolidated Statement of Profit & Loss and included in deferred tax assets. The Group reviews the same at each Consolidated Balance Sheet date and writes down the carrying amount of MAT entitlement to the extent there is no longer convincing evidence to the effect that the Group will pay normal income tax during the specified period.

### 2.20 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is (or contains) a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

#### Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned. Leases are classified as finance leases when substantially all of the risks and rewards of ownership are transferred from the Group to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

#### Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of

## Notes to Consolidated Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

low value assets, wherein, the Group recognises the lease payments as an operating expense on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. Contingent and variable rentals are recognized as expense in the periods in which they are incurred.

### Lease Liability

The lease payments that are not paid at the commencement date, are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value as that of right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments) payable during the lease term and under reasonably certain extension options, less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the Balance Sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

### Right of Use (ROU) Assets

The ROU assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under Ind AS 37- Provisions, Contingent Liabilities and Contingent Assets. The costs are included in the related right-of-use asset. ROU assets are depreciated over the shorter period of the lease term or useful life of the underlying asset. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. The depreciation starts at the commencement date of the lease.

The ROU assets are presented as a separate line in the Balance Sheet and details of assets are given ROU note under "Notes forming part of the Financial Statement".

The Group applies Ind AS 36- Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as per its accounting policy on 'property, plant and equipment'.

As a practical expedient, Ind AS 116 permits lessee not to separate non-lease components when bifurcation of the payments is not available between the two components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has used this practical expedient.

Extension and termination options are included in many of the leases. In determining the lease term the management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option.

### 2.21 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash



## Notes to Consolidated Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

equivalents is as defined above, net of outstanding bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

### 2.22 Government grants

Government grants are recognised at its fair value, where there is a reasonable assurance that such grants will be received and compliance with the conditions attached therewith have been met.

Government grants related to expenditure on property, plant and equipment are credited to the statement of profit and loss over the useful lives of qualifying assets or other systematic basis representative of the pattern of fulfilment of obligations associated with the grant received. Grants received less amounts credited to the statement of profit and loss at the reporting date are included in the balance sheet as deferred income.

### 2.23 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The board of directors of the Company has been identified as being the chief operating decision maker by the Management of the Company.

### 2.24 Standard issued but not yet effective

Ministry of Corporate Affairs (“MCA”) has not notified new standard or amendments to the existing standards, which would have been applicable from April 1, 2022.

However, on March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1, 2022, The effect of those amendments is not material to the Company.

## Notes to Consolidated Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 3. (i) Property, Plant and Equipment (2021-22)

| Particulars            | Gross Block          |                 |                        |                      | Depreciation         |                 |                        |                      | Net Block            |                      |
|------------------------|----------------------|-----------------|------------------------|----------------------|----------------------|-----------------|------------------------|----------------------|----------------------|----------------------|
|                        | As at March 31, 2021 | Additions       | Deletions/ Adjustments | As at March 31, 2022 | As at March 31, 2021 | For the year    | Deletions/ Adjustments | As at March 31, 2022 | As at March 31, 2021 | As at March 31, 2022 |
| <b>Tangible Assets</b> |                      |                 |                        |                      |                      |                 |                        |                      |                      |                      |
| Freehold land          | 2,251.98             | 72.93           | -                      | 2,324.91             | -                    | -               | -                      | -                    | 2,251.98             | 2,324.91             |
| Buildings              | 17,786.61            | 603.33          | -                      | 18,389.94            | 2,884.75             | 703.00          | -                      | 3,587.75             | 14,901.86            | 14,802.19            |
| Plant and equipments   | 60,625.75            | 3,603.76        | 542.51                 | 63,687.00            | 10,903.73            | 3,163.34        | 263.42                 | 13,803.65            | 49,722.02            | 49,883.35            |
| Office equipments      | 1,734.08             | 222.32          | 22.99                  | 1,933.41             | 1,161.57             | 243.05          | 18.26                  | 1,386.36             | 572.51               | 547.05               |
| Furniture and fixtures | 4,323.21             | 158.91          | 27.32                  | 4,454.80             | 2,241.31             | 794.75          | 22.65                  | 3,013.41             | 2,081.90             | 1,441.39             |
| Vehicles               | 2,960.73             | 899.26          | 287.44                 | 3,572.55             | 1,253.42             | 511.64          | 211.57                 | 1,553.49             | 1,707.31             | 2,019.06             |
| <b>Total</b>           | <b>89,682.36</b>     | <b>5,560.51</b> | <b>880.26</b>          | <b>94,362.61</b>     | <b>18,444.78</b>     | <b>5,415.78</b> | <b>515.90</b>          | <b>23,344.66</b>     | <b>71,237.58</b>     | <b>71,017.95</b>     |

### 3. (ii) Capital Work in Progress

Capital work-in-progress as at March 31, 2022 is ₹22,670.63 lakhs.

₹25,676.25 lakhs is addition to Capital works in progress during the year ended March 31, 2022.

₹3,868.32 lakhs has been capitalised and transferred to property, plant and equipment during the year ended March 31, 2022.

### 3. (iii) Right of Use Assets (2021-22) (Refer note no. 53)

| Particulars                | Gross Block          |               |                         |                      | Depreciation         |               |                         |                      | Net Block            |                      |
|----------------------------|----------------------|---------------|-------------------------|----------------------|----------------------|---------------|-------------------------|----------------------|----------------------|----------------------|
|                            | As at March 31, 2021 | Additions     | Deletions / Adjustments | As at March 31, 2022 | As at March 31, 2021 | For the year  | Deletions / Adjustments | As at March 31, 2022 | As at March 31, 2021 | As at March 31, 2022 |
| <b>Right of use Assets</b> |                      |               |                         |                      |                      |               |                         |                      |                      |                      |
| Leasehold lands            | 343.97               | -             | -                       | 343.97               | 12.21                | 4.09          | -                       | 16.30                | 331.76               | 327.67               |
| Buildings                  | 4,875.77             | 559.76        | 167.62                  | 5,267.91             | 1,515.21             | 786.27        | 137.33                  | 2,164.16             | 3,360.56             | 3,103.75             |
| <b>Total</b>               | <b>5,219.74</b>      | <b>559.76</b> | <b>167.62</b>           | <b>5,611.88</b>      | <b>1,527.42</b>      | <b>790.36</b> | <b>137.33</b>           | <b>2,180.46</b>      | <b>3,692.32</b>      | <b>3,431.42</b>      |

### 3. (iv) Other Intangible Assets (2021-22)

| Particulars              | Gross Block          |             |                        |                      | Amortization         |               |                        |                      | Net Block            |                      |
|--------------------------|----------------------|-------------|------------------------|----------------------|----------------------|---------------|------------------------|----------------------|----------------------|----------------------|
|                          | As at March 31, 2021 | Additions   | Deletions/ Adjustments | As at March 31, 2022 | As at March 31, 2021 | For the year  | Deletions/ Adjustments | As at March 31, 2022 | As at March 31, 2021 | As at March 31, 2022 |
| <b>Intangible Assets</b> |                      |             |                        |                      |                      |               |                        |                      |                      |                      |
| Computer Softwares       | 1,079.52             | 3.00        | 19.72                  | 1,062.80             | 855.74               | 193.68        | 14.08                  | 1,035.34             | 223.78               | 27.46                |
| <b>Total</b>             | <b>1,079.52</b>      | <b>3.00</b> | <b>19.72</b>           | <b>1,062.80</b>      | <b>855.74</b>        | <b>193.68</b> | <b>14.08</b>           | <b>1,035.34</b>      | <b>223.78</b>        | <b>27.46</b>         |

## Notes to Consolidated Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 3. (i) Property, Plant and Equipment (2020-21)

| Particulars            | Gross Block          |                 |                        | Depreciation         |                      |                 |                        | Net Block            |                      |                      |
|------------------------|----------------------|-----------------|------------------------|----------------------|----------------------|-----------------|------------------------|----------------------|----------------------|----------------------|
|                        | As at March 31, 2020 | Additions       | Deletions/ Adjustments | As at March 31, 2021 | As at March 31, 2020 | For the year    | Deletions/ Adjustments | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2021 |
| <b>Tangible Assets</b> |                      |                 |                        |                      |                      |                 |                        |                      |                      |                      |
| Freehold land          | 2,251.98             | -               | -                      | 2,251.98             | -                    | -               | -                      | -                    | 2,251.98             | 2,251.98             |
| Building               | 17,250.23            | 541.00          | 4.62                   | 17,786.61            | 2,135.96             | 749.41          | 0.62                   | 2,884.75             | 15,114.27            | 14,901.86            |
| Plant and equipment    | 59,339.57            | 1,704.03        | 417.85                 | 60,625.75            | 8,160.51             | 2,930.66        | 187.44                 | 10,903.73            | 51,179.06            | 49,722.02            |
| Office equipments      | 1,662.76             | 112.57          | 41.25                  | 1,734.08             | 889.46               | 303.86          | 31.75                  | 1,161.57             | 773.30               | 572.51               |
| Furniture and fixtures | 4,434.54             | 168.78          | 280.11                 | 4,323.21             | 1,687.00             | 789.07          | 234.76                 | 2,241.31             | 2,747.54             | 2,081.90             |
| Vehicles               | 2,635.53             | 712.78          | 387.58                 | 2,960.73             | 1,084.11             | 453.48          | 284.17                 | 1,253.42             | 1,551.42             | 1,707.31             |
| <b>Total</b>           | <b>87,574.61</b>     | <b>3,239.16</b> | <b>1,131.41</b>        | <b>89,682.36</b>     | <b>13,957.04</b>     | <b>5,226.48</b> | <b>738.74</b>          | <b>18,444.78</b>     | <b>73,617.57</b>     | <b>71,237.58</b>     |

### 3. (ii) Capital Work in Progress

Capital work-in-progress as at March 31, 2021 is ₹862.70 lakhs.

₹2,367.49 lakhs is addition to Capital works in progress during the year ended March 31, 2021.

₹2,106.64 lakhs has been capitalised and transferred to property, plant and equipment during the year ended March 31, 2021.

### 3. (iii) Right of Use Assets (2020-21) (Refer note no. 53)

| Particulars                | Gross Block          |                 |                         | Depreciation         |                      |               |                         | Net Block            |                      |                      |
|----------------------------|----------------------|-----------------|-------------------------|----------------------|----------------------|---------------|-------------------------|----------------------|----------------------|----------------------|
|                            | As at March 31, 2020 | Additions       | Deletions / Adjustments | As at March 31, 2021 | As at March 31, 2020 | For the year  | Deletions / Adjustments | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2021 |
| <b>Right of use Assets</b> |                      |                 |                         |                      |                      |               |                         |                      |                      |                      |
| Leasehold lands            | 343.97               | -               | -                       | 343.97               | 8.12                 | 4.09          | -                       | 12.21                | 335.85               | 331.76               |
| Buildings                  | 3,693.87             | 1,181.90        | -                       | 4,875.77             | 777.42               | 737.79        | -                       | 1,515.21             | 2,916.45             | 3,360.56             |
| <b>Total</b>               | <b>4,037.84</b>      | <b>1,181.90</b> | <b>-</b>                | <b>5,219.74</b>      | <b>785.54</b>        | <b>741.88</b> | <b>-</b>                | <b>1,527.42</b>      | <b>3,252.30</b>      | <b>3,692.32</b>      |

### 3. (iv) Other Intangible Assets (2020-21)

| Particulars              | Gross Block          |             |                         | Amortization         |                      |               |                         | Net Block            |                      |                      |
|--------------------------|----------------------|-------------|-------------------------|----------------------|----------------------|---------------|-------------------------|----------------------|----------------------|----------------------|
|                          | As at March 31, 2020 | Additions   | Deletions / Adjustments | As at March 31, 2021 | As at March 31, 2020 | For the year  | Deletions / Adjustments | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2021 |
| <b>Intangible Assets</b> |                      |             |                         |                      |                      |               |                         |                      |                      |                      |
| Softwares                | 1,078.21             | 2.47        | 1.16                    | 1,079.52             | 662.41               | 194.49        | 1.16                    | 855.74               | 415.80               | 223.78               |
| <b>Total</b>             | <b>1,078.21</b>      | <b>2.47</b> | <b>1.16</b>             | <b>1,079.52</b>      | <b>662.41</b>        | <b>194.49</b> | <b>1.16</b>             | <b>855.74</b>        | <b>415.80</b>        | <b>223.78</b>        |

Note:

- Assets pledged and Hypothecated against borrowings: Please Refer note no. 18 & 24.

## Notes to Consolidated Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### Title deeds of Immovable Properties not held in name of the Company

| Relevant line item in the Balance Sheet | Description of item of property | Gross carrying value | Title deeds held in the name of                          | Whether title deed holder is a promoter, director or relative of promoter / director or employee of promoter / director | Property held since which date  | Reason for not being held in the name of the company |
|---|---------------------------------|----------------------|--|---|---|--|
| Property, Plant and Equipment           | Land                            | 9.53                 | Erstwhile Schablona India Limited (Amalgamating Company) | No  | April 01, 2019 i.e. the appointed date as per Scheme of Amalgamation approved by Hon'ble National Company Law Tribunal. (Refer Note no. 56 B) | Refer Note no. 56 B                                  |
| Property, Plant and Equipment           | Building                        | 155.59               |  | No  |   |  |

### 4. Loans

| Particulars  | As At March 31, 2022 | As At March 31, 2021 |
|--|----------------------|----------------------|
| (Unsecured, Considered Good Unless Stated Otherwise) |                      |                      |
| <b>Inter Copany Deposits</b>                         |                      |                      |
| - With Others  | -                    | 460.00               |
|  | -                    | 460.00               |

### 5. Other Financial Assets

| Particulars  | As At March 31, 2022 | As At March 31, 2021 |
|--|----------------------|----------------------|
| (Unsecured, Considered Good Unless Stated Otherwise) |                      |                      |
| Bank Deposits (Pledged with Government Departments)  | 0.60                 | 121.41               |
| Bank Deposit held as Margin Money                    | 603.46               | 383.43               |
| Security Deposits                                    | 941.80               | 834.67               |
|  | 1,545.86             | 1,339.51             |

### 6. Other Non-Current Assets

| Particulars  | As At March 31, 2022 | As At March 31, 2021 |
|--|----------------------|----------------------|
| Capital Advance*                                     | 723.64               | 219.62               |
| Prepaid Expenses                                     | 11.34                | 14.04                |
| Deposits with Government Departments (under Protest) | 65.50                | 58.54                |
|  | 800.48               | 292.20               |

\*Capital Advance includes ₹290 lakhs (Previous Year - ₹100 lakhs), represents payment made to a party for purchase of parcel of land in Rajasthan who had offered different parcels of land to the subsidiary Company. The management is in the process of assessing/ scrutinising the location, title deeds, etc considering its plan for setting up manufacturing unit and had also asked the party for alternative parcels of land. Management is confident of completing the process of acquisition in near future, hence considered the same good.

## Notes to Consolidated Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 7. Inventories

| Particulars   | As At<br>March 31, 2022 | As At<br>March 31, 2021 |
|---|-------------------------|-------------------------|
| (Valued at Lower of Cost and Net Realisable Value ) |                         |                         |
| Raw Materials & Packing Materials                   | 4,856.47                | 4,075.41                |
| Work -in-Progress                                   | 1,893.70                | 1,467.23                |
| Finished Goods                                      | 12,692.45               | 12,368.80               |
| Stock in Trade                                      | 4,316.70                | 3,622.26                |
| Stores and Spares                                   | 3,607.70                | 3,014.79                |
|   | <b>27,367.02</b>        | <b>24,548.49</b>        |

- Inventories are hypothecated to secured borrowings. Refer note no. 18 & 24.
- During the year ₹191.46 lakhs (previous year Nil) has been charged to Statement of Profit and Loss on account of write down of inventories. Nil (previous year ₹80.27 lakhs) was credited to the Statement of Profit and Loss on account of reversal of write down of inventories.

### 8. Current Investments

|  | As At March 31, 2022 |          | As At March 31, 2021 |          |
|--|----------------------|----------|----------------------|----------|
| <b>A Investments in Non Convertible Debentures (Quoted) (valued at fair value through profit &amp; loss)</b> |                      |          |                      |          |
| a) 400 Units (Previous Year - 400 Units) 9.70% U P Power Corporation Ltd 04.07.2031 Bonds (NCD)              |                      | 380.00   |                      | 400.00   |
| b) 103 Units (Previous Year - 103 Units) 9.00% Shriram Transport Finance Co. Ltd. 28.03.2028 (NCD)           |                      | 1,004.25 |                      | 844.60   |
| c) 83 Units (Previous Year - 83 Units) 9.00% SREI Infrastructure Finance Ltd 2027 (NCD)                      | 792.65               |          | 792.65               |          |
| Less:- Provision for Impairment#   | 792.65               | -        | 792.65               | -        |
| d) 1,05,500 Units (Previous Year - 1,05,500 Units) 9.60% SREI Infrastructure Finance Ltd 25.05.2028 (NCD)    | 1,052.08             |          | 1,052.08             |          |
| Less:- Provision for Impairment#   | 1,052.08             | -        | 1,052.08             | -        |
| <b>B) Investments in Mutual Fund (Un-Quoted) (valued at fair value through profit &amp; loss)</b>            |                      |          |                      |          |
| a) Nil Units (Previous Year - 1,33,342.724 Units) Axis Liquid Fund - Direct Growth                           |                      | -        |                      | 3,046.60 |
| b) 2,87,251.767 Units (Previous year - 2,87,251.767 Units) SBI Credit Risk Fund - Regular Growth             |                      | 103.86   |                      | 98.39    |
| c) 3,63,70,087.033 Units (Previous Year - 3,84,46,240.336 Units) HDFC Ultra Short Term Fund- Direct Growth   |                      | 4,514.55 |                      | 4,590.25 |

## Notes to Consolidated Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 8. Current Investments (Contd.)

|  | As At March 31, 2022 |                 | As At March 31, 2021 |                 |
|--|----------------------|-----------------|----------------------|-----------------|
| <b>C) Investments in Equity Instruments (Quoted) (valued at fair value through Profit &amp; Loss - fully Paid)</b> |                      |                 |                      |                 |
| a) 550 Equity Shares (Previous Year - 550) of ₹2/- each of Punjab National Bank Ltd.                               |                      | 0.19            |                      | 0.20            |
|  |                      | <b>6,002.85</b> |                      | <b>8,980.04</b> |
| # Refer note no. 46.   |                      |                 |                      |                 |
| Aggregate Book Value of Quoted Investments   |                      | 1,384.44        |                      | 1,244.80        |
| Aggregate Market Value of Quoted Investments   |                      | 1,384.44        |                      | 1,244.80        |
| Aggregate Book Value of Un-Quoted Investments  |                      | 4,618.41        |                      | 7,735.24        |
| Aggregate amount of impairment in value of investments   |                      | 1,844.73        |                      | 1,844.73        |

### 9. Trade Receivables

| Particulars                              | As At<br>March 31, 2022 | As At<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| <b>Unsecured</b>                         |                         |                         |
| Considered Good                          | 22,469.82               | 20,904.58               |
| Have Significant increase in Credit Risk | 2,531.30                | 2,628.85                |
| Considered Doubtful - Credit Impaired    | 613.91                  | 406.22                  |
|  | <b>25,615.03</b>        | <b>23,939.65</b>        |
| Less: Allowances for losses              | 1,931.39                | 1,826.25                |
|  | <b>23,683.64</b>        | <b>22,113.40</b>        |

- For details of receivable from related parties, Refer note no.- 43 Related Party Transactions.
- Trade Receivables are hypothecated to secured borrowings. Refer note no. 18 & 24.
- Refer note no. 50 (A) - Trade Receivables ageing.

### 10. Cash and Cash Equivalents

| Particulars                                    | As At<br>March 31, 2022 | As At<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| Balance with Banks                             |                         |                         |
| - Current Accounts                             | 1,450.85                | 973.79                  |
| Cash on Hand                                   | 72.78                   | 84.69                   |
| Bank Deposit with maturity of 3 months or less | 7,852.60                | 13,202.54               |
|  | <b>9,376.23</b>         | <b>14,261.02</b>        |

## Notes to Consolidated Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 11. Other Bank Balances

|  | As At March 31, 2022 |                 | As At March 31, 2021 |               |
|--|----------------------|-----------------|----------------------|---------------|
| Bank Deposit (Pledged with Government Departments)               | 84.72                |                 | 213.19               |               |
| Less:- Shown Under "Other Financial Assets"(More than 12 months) | 83.92                | 0.80            | 170.78               | 42.41         |
| Bank Deposit held as Margin Money                                | 1,719.48             |                 | 744.36               |               |
| Less:- Shown Under "Other Financial Assets"(More than 12 months) | 519.98               | 1,199.50        | 333.71               | 410.65        |
| Fixed Deposits with Banks  |                      | 4,246.19        |                      | 85.29         |
| <b>Earmarked Balances with Banks</b>                             |                      |                 |                      |               |
| Unclaimed Dividend Accounts                                      |                      | 38.00           |                      | 109.57        |
|  |                      | <b>5,484.49</b> |                      | <b>647.92</b> |

### 12. Loans

| Particulars  | As At<br>March 31, 2022 | As At<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| (Unsecured, Considered Good Unless Stated Otherwise) |                         |                         |
| Inter Corporate Deposit:-                            |                         |                         |
| - With Others  | 300.00                  | 1,085.00                |
|  | <b>300.00</b>           | <b>1,085.00</b>         |

### 13. Other Financial Assets

| Particulars                                  | As At<br>March 31, 2022 | As At<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| Accrued Interest                             | 147.52                  | 588.90                  |
| Deposit with others                          | 109.58                  | 32.78                   |
| Security Deposits with Government Department | 0.60                    | 0.60                    |
| Others                                       | 359.75                  | 160.41                  |
|  | <b>617.45</b>           | <b>782.69</b>           |

### 14. Current Tax Assets (net)

| Particulars   | As At<br>March 31, 2022 | As At<br>March 31, 2021 |
|---|-------------------------|-------------------------|
| Advance Income Tax / Tax Deducted at Source [Net of Income Tax Provision of ₹18,024.45 lakhs, (Previous year ₹14,900.45 lakhs)] | 1,967.42                | 1,627.39                |
|   | <b>1,967.42</b>         | <b>1,627.39</b>         |

## Notes to Consolidated Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 15. Other Current Assets

| Particulars                                  | As At<br>March 31, 2022 | As At<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| Prepaid Expenses                             | 321.34                  | 329.98                  |
| Export Incentives Receivable                 | 216.81                  | 195.10                  |
| Derivative Contract                          | -                       | 21.12                   |
| Properties held in Trust (Refer note no. 57) | 657.75                  | 426.81                  |
| Vendor Advances                              | 1,026.23                | 375.71                  |
| Other Receivables*                           | 363.80                  | 403.77                  |
| Indirect Tax Recoverable/adjustable          | 1,262.02                | 759.01                  |
|  | <b>3,847.95</b>         | <b>2,511.50</b>         |
| *Less: Allowances for credit losses          | 44.84                   | 36.29                   |
|  | <b>3,803.11</b>         | <b>2,475.21</b>         |

### 16. Equity Share Capital

| Particulars  | As At<br>March 31, 2022 | As At<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| <b>Authorised</b>  |                         |                         |
| Equity Shares 16,15,00,000 (Previous Year - 16,15,00,000) of ₹2/-each*   | 3,230.00                | 3,230.00                |
| <b>Issued, Subscribed and Paid up</b>  |                         |                         |
| Equity Shares 4,24,74,208 (Previous Year - 4,23,79,426) of ₹2/- each fully paid up*                              | 849.48                  | 847.59                  |
| Nil (Previous Year- 94,782) Equity Shares of ₹2 each fully paid to be issued pursuant to Scheme of Amalgamation* | -                       | 1.89                    |
|  | <b>849.48</b>           | <b>849.48</b>           |

#### a. Terms and rights attached to equity shares

The Company has one class of equity shares having a par value of ₹2/- each. Each shareholder is eligible for one vote per share held and carry a right to dividend. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

#### b. Reconciliation of number of shares outstanding at the beginning and end of the year :

| Particulars                                       | Number of Shares   |               | Amount        |               |
|---|--------------------|---------------|---------------|---------------|
|   | Issued             | To be issued* | Issued        | To be issued* |
| <b>Outstanding as on April 01, 2020</b>           | 4,23,79,426        | 94,782        | 847.59        | 1.89          |
| Equity Shares issued/ bought back during the year | -                  | -             | -             | -             |
| <b>Outstanding as on March 31, 2021</b>           | 4,23,79,426        | 94,782        | 847.59        | 1.89          |
| Equity Shares issued/ bought back during the year | 94,782             | (94,782)      | 1.89          | (1.89)        |
| <b>Outstanding as on March 31, 2022</b>           | <b>4,24,74,208</b> | <b>-</b>      | <b>849.48</b> | <b>-</b>      |



## Notes to Consolidated Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 16. Equity Share Capital (Contd.)

#### c. Shareholdings of Promotors at the end of March 31, 2022

| S. No. | Promoter Name   | Numbers of Shares | % of total Shares | % Change during the year |
|--------|---|-------------------|-------------------|--------------------------|
| i)     | Mr. Abhishek Somany - in capacity of Trustee of Shakthi Family Trust      | 1,00,80,055       | 23.73%            | -                        |
| ii)    | Mr. Shrivatsa Somany - in capacity of Trustee of Sanrakshith Family Trust | 43,37,872         | 10.21%            | -                        |
| iii)   | Mr. Shreekant Somany - in capacity of Trustee of Srijan Family Trust      | 43,37,872         | 10.21%            | -                        |
| iv)    | Abhishek Somany (HUF)   | 19,14,093         | 4.51%             | -                        |
| v)     | Ms. Anjana Somany   | 10,84,468         | 2.55%             | -                        |
| vi)    | Ms. Minal Somany  | 6,90,108          | 1.62%             | (35.51)%                 |
| vii)   | Ms. Aanvi Somany  | 3,00,000          | 0.71%             | 100.00%                  |
| viii)  | Ms. Anushree Chopra   | 2,01,407          | 0.47%             | 65.89%                   |
| ix)    | Mr. Shrivatsa Somany  | 1,19,538          | 0.28%             | 19.54%                   |
| x)     | Mr. Shreekant Somany  | 1,19,538          | 0.28%             | 19.54%                   |
| xi)    | Mr. Ameya Somany  | 65,000            | 0.15%             | -                        |
| xii)   | Mr. Abhishek Somany   | 19,538            | 0.05%             | 100.00%                  |

#### Shareholdings of Promotors at the end of March 31, 2021

| S. No. | Promoter Name   | Numbers of Shares | % of total Shares | % Change during the year |
|--------|---|-------------------|-------------------|--------------------------|
| i)     | Mr. Abhishek Somany - in capacity of Trustee of Shakthi Family Trust      | 1,00,80,055       | 23.73%            | -                        |
| ii)    | Mr. Shrivatsa Somany - in capacity of Trustee of Sanrakshith Family Trust | 43,37,872         | 10.21%            | -                        |
| iii)   | Mr. Shreekant Somany - in capacity of Trustee of Srijan Family Trust      | 43,37,872         | 10.21%            | -                        |
| iv)    | Abhishek Somany (HUF)   | 19,14,093         | 4.51%             | 3.52%                    |
| v)     | Ms. Anjana Somany   | 10,84,468         | 2.55%             | -                        |
| vi)    | Ms. Minal Somany  | 10,70,108         | 2.52%             | 100.00%                  |
| vii)   | Ms. Anushree Chopra   | 1,21,407          | 0.29%             | -                        |
| viii)  | Mr. Shrivatsa Somany  | 1,00,000          | 0.24%             | 100.00%                  |
| ix)    | Mr. Shreekant Somany  | 1,00,000          | 0.24%             | 100.00%                  |
| x)     | Mr. Ameya Somany  | 65,000            | 0.15%             | 100.00%                  |

#### d. List of shareholders holding more than 5% of the Equity Share Capital of the Company (In numbers)

|      |   | As At<br>March 31, 2022 | As At<br>March 31, 2021 |
|------|---|-------------------------|-------------------------|
| i)   | Mr. Abhishek Somany - in capacity of Trustee of Shakthi Family Trust      | 1,00,80,055             | 1,00,80,055             |
| ii)  | Mr. Shrivatsa Somany - in capacity of Trustee of Sanrakshith Family Trust | 43,37,872               | 43,37,872               |
| iii) | Mr. Shreekant Somany - in capacity of Trustee of Srijan Family Trust      | 43,37,872               | 43,37,872               |
| iv)  | Franklin Build India Fund #   | -                       | 36,50,000               |
| v)   | Kotak Small CAP Fund  | 26,51,985               | -                       |
|      |   | <b>2,14,07,784</b>      | <b>2,24,05,799</b>      |

## Notes to Consolidated Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 16. Equity Share Capital (Contd.)

e. Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date

| Particulars  | As At<br>March 31, 2022 | As At<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| Equity shares issued pursuant to Scheme of Amalgamation (in FY 2021-22)* | 94,782                  | -                       |
| Equity shares issued pursuant to Scheme of Amalgamation (in FY 2019-20)* | 1,90,87,200             | 1,90,87,200             |

\* Refer note no. 56

# Holindg as on March 31, 2022 is not more than 5%.

### 17. Other Equity (Refer note no. 56)

| Particulars                               | As At<br>March 31, 2022 | As At<br>March 31, 2021 |
|---|-------------------------|-------------------------|
| <b>Capital Reserve</b>                    |                         |                         |
| Balance at the beginning of the year      | (4,377.32)              | (4,377.32)              |
| Addition/ (Transfer) during the year      | -                       | -                       |
| Closing balance                           | (4,377.32)              | (4,377.32)              |
| <b>Capital Redemption Reserve</b>         |                         |                         |
| Balance at the beginning of the year      | 435.43                  | 435.43                  |
| Addition/ (Transfer) during the year      | -                       | -                       |
| Closing balance                           | 435.43                  | 435.43                  |
| <b>Security Premium</b>                   |                         |                         |
| Balance at the beginning of the year      | 16,991.77               | 16,991.77               |
| Addition/ (Transfer) during the year      | -                       | -                       |
| Closing balance                           | 16,991.77               | 16,991.77               |
| <b>General Reserve</b>                    |                         |                         |
| Balance at the beginning of the year      | 6,191.01                | 6,191.01                |
| Addition/ (Transfer) during the year      | -                       | -                       |
| Closing balance                           | 6,191.01                | 6,191.01                |
| <b>Retained earnings</b>                  |                         |                         |
| Balance at the beginning of the year      | 44,008.37               | 39,323.17               |
| Profit for the year                       | 8,868.71                | 5,702.31                |
| Acquisition of Non Controlling Interest   | (329.61)                | -                       |
| <b>Amount available for appropriation</b> | <b>52,547.47</b>        | <b>45,025.48</b>        |
| <b>Less : Appropriation:</b>              |                         |                         |
| Dividend Distributed                      | -                       | 1,017.11                |
| Closing Balance                           | 52,547.47               | 44,008.37               |

## Notes to Consolidated Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 17. Other Equity (Refer note no. 56) (Contd.)

| Particulars                                   | As At<br>March 31, 2022 | As At<br>March 31, 2021 |
|---|-------------------------|-------------------------|
| <b>Remeasurement of defined benefit plans</b> |                         |                         |
| Balance at the beginning of the year          | (23.96)                 | (160.96)                |
| Other comprehensive income for the year       | 15.77                   | 137.00                  |
| Closing Balance                               | (8.19)                  | (23.96)                 |
| <b>Total Retained Earnings</b>                | <b>52,539.28</b>        | <b>43,984.41</b>        |
| <b>Total Other Equity</b>                     | <b>71,780.17</b>        | <b>63,225.30</b>        |

### 18. Borrowings

| Particulars   | As At<br>March 31, 2022 | As At<br>March 31, 2021 |
|---|-------------------------|-------------------------|
| <b>Secured</b>  |                         |                         |
| <b>Term Loan</b>  |                         |                         |
| - From Banks  | 18,125.85               | 13,845.74               |
| <b>Car Loan</b>   |                         |                         |
| - From Banks  | 1,085.63                | 1,040.18                |
| <b>Other borrowings</b>                                   | -                       | 2,883.19                |
| <b>Unsecured</b>  |                         |                         |
| - From Others   | 3,091.33                | 2,446.33                |
|   | <b>22,302.81</b>        | <b>20,215.44</b>        |
| <b>Less: Current Maturities of Non Current Borrowings</b> |                         |                         |
| <b>Term loan</b>  |                         |                         |
| - From Banks  | 4,475.29                | 4,705.70                |
| <b>Car Loan</b>   |                         |                         |
| - From Banks  | 366.35                  | 366.70                  |
|   | <b>4,841.64</b>         | <b>5,072.40</b>         |
|   | <b>17,461.17</b>        | <b>15,143.04</b>        |

#### Notes

- Rupee loan of ₹3,212.18 lakhs (Previous Year ₹5,103.98 lakhs) from a Bank is secured by first pari passu charge by way of hypothecation of all movable fixed assets, both present and future, of the Company at Kassar & Kadi excluding assets those exclusively charged to other Banks. Repayment of aforesaid loan is ₹2,091.80 lakhs and ₹1,120.38 lakhs in FY 2022-23 and FY 2023-24 respectively.
- Rupee Loan of ₹702.16 lakhs (Previous Year ₹921.00 lakhs) of subsidiary company from a Bank is secured by way of hypothecation of entire plant and machinery & other fixed assets of the subsidiary company (present and future) and equitable mortgage over factory land & building of the subsidiary company. The said loan is further collaterally secured by extension of hypothecation of entire current assets of the subsidiary company (both current and future), equitable mortgage over factory land & building of the subsidiary company, properties owned by the promoters and their families of the subsidiary company and also personal guarantees of promoters of the subsidiary company. The said loan is tentatively repayable in FY 2022-23 ₹222.00 lakhs, FY 2023-24 ₹228.00 lakhs, FY 2024-25 ₹234.00 lakhs and FY 2025-26 (Balance amount).

## Notes to Consolidated Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 18. Borrowings (Contd.)

- c Rupee Loan of Nil (Previous Year ₹50.29 lakhs) of subsidiary company from a Bank is secured by way of hypothecation of entire plant and machinery & other fixed assets of the subsidiary company (present and future) and equitable mortgage over factory land & building of the subsidiary company. The said loan is further collaterally secured by extension of hypothecation of entire current assets of the subsidiary company (both current and future), equitable mortgage over factory land & building of the subsidiary company, properties owned by the promoters and their families of the subsidiary company and also personal guarantees of promoters of the subsidiary company. The said loan is repaid entirely in current year.
- d Rupee loan of ₹152.30 lakhs (Previous year ₹543.72 lakhs) of subsidiary company from banks is secured by first pari passu charge on all fixed assets (both present and future) including equitable mortgage of land and building and entire current assets (both present and future) and personal guarantee of promoters of the subsidiary company. The aforesaid loan is repayable in the FY 2022-23 ₹80.45 lakhs and FY 2023-24 ₹71.85 lakhs.
- e Rupee Loan of ₹104.17 lakhs (Previous year ₹520.83 lakhs) of subsidiary company from a Bank is secured by exclusive charge on movable and immovable fixed assets and current assets of the subsidiary company both present and future and also personal guarantee of promoters of the subsidiary company. The said loan is fully repayable in next quarter June 2022.
- f Rupee loan of ₹240.84 lakhs (Previous year ₹392.97 lakhs) of subsidiary company from a Bank is secured by first pari passu charge by way of hypothecation of all movable fixed assets of the subsidiary Company, excluding assets exclusively charged to other Banks and second pari passu on all current assets of the subsidiary company both present and future. The aforesaid loan is repayable in the FY 2022-23 ₹107.08 lakhs, FY 2023-24 ₹117.49 lakhs and FY 2024-25 ₹16.27 lakhs.
- g Rupee loan of ₹1,200.00 lakhs (Previous year ₹1,400.00 lakhs) of subsidiary company is secured by hypothecation of all existing and proposed plant & machineries and other assets, equitable mortgage of factory land and building, personal guarantee from certain directors & their relatives of the subsidiary company. It is further secured by equitable mortgage of Open Industrial land Located at village : Bhadiyad. Repayment of aforesaid loan is FY 2022-23 ₹300.00 lakhs, FY 2023-24 ₹300.00 lakhs, FY 2024-25 ₹300.00 lakhs and FY 2025-26 ₹300.00 lakhs.
- h Rupee loan of ₹135.04 lakhs (Previous year ₹165.04 lakhs) of subsidiary company is secured by hypothecation of all existing and proposed plant & machineries and other assets, equitable mortgage of factory land and building, personal guarantee from certain directors & their relatives of the subsidiary company. It is further secured by equitable mortgage of Open Industrial land Located at village : Bhadiyad. Repayment of aforesaid loan is FY 2022-23 ₹30.00 lakhs, FY 2023-24 ₹30.00 lakhs, FY 2024-25 ₹30.00 lakhs FY 2025-26 ₹30.00 lakhs and FY 2026-27 ₹15.04 lakhs
- i Rupee loan of ₹53.13 lakhs (Previous year ₹231.25 lakhs) of subsidiary company is secured by hypothecation of all existing and proposed plant & machineries and other assets, equitable mortgage of factory land and building, personal guarantee from certain directors & their relatives of the subsidiary company. It is further secured by equitable mortgage of Open Industrial land Located at village : Bhadiyad. Repayment of aforesaid loan is FY 2022-23 ₹53.13 lakhs.
- j Rupee loan of ₹379.23 lakhs (Previous year ₹476.00 lakhs) of subsidiary company is secured by hypothecation of all existing and proposed plant & machineries and other assets, equitable mortgage of factory land and building, personal guarantee from certain directors & their relatives of the subsidiary company. It is further secured by equitable mortgage of Open Industrial land Located at village : Bhadiyad. Repayment of aforesaid loan is FY 2022-23 ₹159 lakhs, FY 2023-24 ₹159 lakhs , FY 2024-25 ₹61.23 lakhs
- k Rupee loan of ₹423 lakhs (Previous year Nil) of subsidiary company is secured by hypothecation of all existing and proposed plant & machineries and other assets, equitable mortgage of factory land and building, personal guarantee from certain directors & their relatives of the subsidiary company. It is further secured by equitable mortgage of Open Industrial land Located at village : Bhadiyad. Repayment of aforesaid loan is FY 2022-23 ₹78.95 lakhs lakhs, FY 2023-24 ₹157.89 lakhs , FY 2024-25 ₹157.89 lakhs and in FY 2025-16 ₹28.27 lakhs.
- l Rupee loan of ₹1.32 lakhs (Previous year Nil) of subsidiary company is secured by hypothecation of all existing and proposed plant & machineries and other assets, equitable mortgage of factory land and building, personal guarantee from certain directors & their relatives of the subsidiary company. It is further secured by equitable mortgage of Open Industrial land Located at village : Bhadiyad. Repayment of aforesaid loan is FY 2022-23 ₹1.32 lakhs

## Notes to Consolidated Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 18. Borrowings (Contd.)

- m Rupee term loan of ₹1,960.00 lakhs (Previous year ₹2,266.25 lakhs) of subsidiary company from a Bank is secured through exclusive charge over the entire movable and immovable fixed assets of the subsidiary company both present and future and exclusive charge over entire current assets of the subsidiary company both present and future. Repayment of aforesaid loan is ₹367.50 lakhs, ₹367.50 lakhs, ₹367.50 lakhs, ₹428.75 lakhs and ₹428.75 lakhs in FY22-23, FY23-24, FY24-25, FY25-26 and FY26-27 respectively.
- n Rupee term loan of Nil (Previous year ₹250.00 lakhs) of subsidiary company from a Bank is secured through exclusive charge over the entire movable and immovable fixed assets of the subsidiary company both present and future and exclusive charge over entire current assets of the subsidiary company both present and future, was repaid in full during the year and charge satisfaction form was filled accordingly.
- o Rupee term loan of ₹800.00 lakhs (Previous year ₹925.00 lakhs) of subsidiary company from a Bank is secured through exclusive charge over the entire movable and immovable fixed assets of the subsidiary company both present and future and exclusive charge over entire current assets of the subsidiary company both present and future. Repayment of aforesaid loan is ₹150.00 lakhs, ₹150.00 lakhs, ₹150.00 lakhs, ₹175.00 lakhs and ₹175.00 lakhs in in FY22-23, FY23-24, FY24-25, FY25-26 and FY26-27 respectively.
- p Rupee term loan of ₹293.69 lakhs (Previous year ₹357.94 lakhs) of subsidiary company from a Bank is secured through exclusive charge over the entire movable and immovable fixed assets of the subsidiary company both present and future and exclusive charge over entire current assets of the subsidiary company both present and future. Repayment of aforesaid loan is ₹55.07 lakhs, ₹55.07 lakhs, ₹55.07 lakhs, ₹64.24 lakhs and ₹64.24 lakhs in FY22-23, FY23-24, FY24-25, FY25-26, FY26-27 and FY27-28 respectively.
- q Rupee Term Loan of ₹2,313.58 lakhs (Previous year other borrowing of ₹2,883.19 lakhs equivalent to USD 39.22 lakhs, converted into Rupee term loan in CY) of subsidiary company from ICICI Bank is secured by exclusive charge over the entire movable and immovable fixed assets of the subsidiary company both present and future and exclusive charge over entire current assets of the subsidiary company both present and future. Repayment of aforesaid loan is ₹433.70 lakhs, ₹433.70 lakhs, ₹433.70 lakhs, ₹505.98 lakhs and ₹506.50 lakhs in FY22-23, FY23-24, FY24-25, FY25-26 and FY26-27 respectively.
- r Rupee term loan of ₹2,500.00 lakhs (Previous year Nil) of subsidiary company from ICICI Bank is secured by exclusive charge over the entire movable and immovable fixed assets of the subsidiary company both present and future and exclusive charge over entire current assets of the subsidiary company both present and future. Repayment of aforesaid loan is ₹218.75 lakhs, ₹375.00 lakhs, ₹406.25 lakhs, ₹500.00 lakhs, ₹531.25 lakhs and ₹468.75 lakhs in FY23-24, FY24-25, FY25-26, FY26-27, FY27-28 and FY28-29 respectively.
- s Rupee term loan of ₹725.00 lakhs (Previous year Nil) of subsidiary company from ICICI Bank is secured by exclusive charge over the entire movable and immovable fixed assets of the subsidiary company both present and future and exclusive charge over entire current assets of the subsidiary company both present and future. Repayment of aforesaid loan is ₹99.00 lakhs, ₹132.00 lakhs, ₹132.00 lakhs, ₹132.00 lakhs, ₹132.00 lakhs and ₹98.00 lakhs in FY23-24, FY24-25, FY25-26, FY26-27, FY27-28 and FY28-29 respectively.
- t Rupee term loan of ₹2,765.00 lakhs (Previous year Nil) of subsidiary company from Axis Bank is secured by exclusive charge over the entire movable and immovable fixed assets of the subsidiary company both present and future and exclusive charge over entire current assets of the subsidiary company both present and future. Repayment of aforesaid loan is ₹166.20 lakhs, ₹360.10 lakhs, ₹424.92 lakhs, ₹462.03 lakhs, ₹462.04, ₹563.42 lakhs and ₹326.29 lakhs in in FY22-23, FY23-24, FY24-25, FY25-26, FY26-27, FY27-28 and FY28-29 respectively.
- u Rupee loan of ₹165.21 lakhs (Previous Year ₹241.46 lakhs) of subsidiary company from a Bank is secured by first pari passu charge by way of hypothecation of all movable & Immovable fixed assets (including Land) and all current assets of the subsidiary company both present and future. The aforesaid loan is repayable in forty eight equal Monthly installments starting from June, 2020.
- v Unsecured loans from others in subsidiary companies will be repaid once the existing loans from banks are fully repaid or as may be mutually agreed between that subsidiary companies & their banks and unsecured loans carries interest rate in the range of 9.00% to 12.00%.
- w Car loan from Banks and others are secured by hypothecation of cars purchased there under and are repayable in monthly installments over the period of loan.
- x Rate of interest applicable to all term loans is linked with MCLR.

## Notes to Consolidated Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 19. Other Financial Liabilities

| Particulars       | As At<br>March 31, 2022 | As At<br>March 31, 2021 |
|-------------------|-------------------------|-------------------------|
| Trade Deposits    | 2,781.26                | 2,776.03                |
| Security Deposits | 17.50                   | 17.50                   |
|                   | <b>2,798.76</b>         | <b>2,793.53</b>         |

### 20. Provisions (Non Current)

| Particulars        | As At<br>March 31, 2022 | As At<br>March 31, 2021 |
|--------------------|-------------------------|-------------------------|
| Employees Benefits | 871.86                  | 801.17                  |
|                    | <b>871.86</b>           | <b>801.17</b>           |

### 21. Deferred Income

| Particulars                                     | As At<br>March 31, 2022 | As At<br>March 31, 2021 |
|---|-------------------------|-------------------------|
| Grants related to Property, Plant and equipment | 102.39                  | 255.91                  |
|   | <b>102.39</b>           | <b>255.91</b>           |

Grants relating to property, plant and equipment relate to duty saved on import of capital goods and spares under the EPCG scheme. Under the scheme, the Group is committed to export prescribed times of the duty saved on import of capital goods over a specified period of time. In case such commitments are not met, the Group would be required to pay the duty saved along with interest to the regulatory authorities. Such grants recognised are released to the statement of profit and loss based on fulfilment of related export obligations.

### 22. Deferred Tax

#### A. Deferred tax Assets

| Particulars                    | As At<br>March 31, 2022 | As At<br>March 31, 2021 |
|--------------------------------|-------------------------|-------------------------|
| Deferred tax Assets            | 1,530.74                | 1,546.49                |
| Less: Deferred tax Liabilities | 1,125.57                | 1,043.54                |
|                                | <b>405.17</b>           | <b>502.95</b>           |

| Particulars                | As at<br>March 31, 2021 | Recognised in P&L                     |                        | Recognized<br>in OCI | As At<br>March 31, 2022 |
|----------------------------|-------------------------|---------------------------------------|------------------------|----------------------|-------------------------|
|                            |                         | Reversal due to<br>change in tax rate | At current<br>tax rate |                      |                         |
| <b>Deferred Tax Assets</b> |                         |                                       |                        |                      |                         |
| Accrued Expenses           | 4.87                    | -                                     | 3.10                   | (0.54)               | 7.43                    |
| MAT Credit Entitlement     | 10.69                   | -                                     | 53.98                  | -                    | 64.67                   |
| Others                     | 1,530.93                | -                                     | (72.29)                | -                    | 1,458.64                |
| <b>Sub- Total (A)</b>      | <b>1,546.49</b>         | <b>-</b>                              | <b>(15.21)</b>         | <b>(0.54)</b>        | <b>1,530.74</b>         |

## Notes to Consolidated Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 22. Deferred Tax (Contd.)

| Particulars                                       | As at<br>March 31, 2021 | Recognised in P&L                     |                        | Recognized<br>in OCI | As At<br>March 31, 2022 |
|---|-------------------------|---------------------------------------|------------------------|----------------------|-------------------------|
|   |                         | Reversal due to<br>change in tax rate | At current<br>tax rate |                      |                         |
| <b>Deferred Tax Liabilities</b>                   |                         |                                       |                        |                      |                         |
| Property, Plant and Equipment & Intangible Assets | 1,043.54                | -                                     | 82.03                  | -                    | 1,125.57                |
| <b>Sub- Total (B)</b>                             | <b>1,043.54</b>         | <b>-</b>                              | <b>82.03</b>           | <b>-</b>             | <b>1,125.57</b>         |
| <b>Net Deferred Tax Assets (A)-(B)</b>            | <b>502.95</b>           | <b>-</b>                              | <b>(97.24)</b>         | <b>(0.54)</b>        | <b>405.17</b>           |

| Particulars                                       | As at<br>April 01, 2020 | Recognised in P&L                     |                        | Recognized<br>in OCI | As at<br>March 31, 2021 |
|---|-------------------------|---------------------------------------|------------------------|----------------------|-------------------------|
|   |                         | Reversal due to<br>change in tax rate | At current<br>tax rate |                      |                         |
| <b>Deferred Tax Assets</b>                        |                         |                                       |                        |                      |                         |
| Accrued Expenses                                  | 1.26                    | -                                     | 2.69                   | 0.92                 | 4.87                    |
| MAT Credit Entitlement                            | 7.30                    | -                                     | 3.39                   | -                    | 10.69                   |
| Others  | 1,529.08                | -                                     | 1.85                   | -                    | 1,530.93                |
| <b>Sub- Total (A)</b>                             | <b>1,537.64</b>         | <b>-</b>                              | <b>7.93</b>            | <b>0.92</b>          | <b>1,546.49</b>         |
| <b>Deferred Tax Liabilities</b>                   |                         |                                       |                        |                      |                         |
| Property, Plant and Equipment & Intangible Assets | 994.32                  | -                                     | 49.22                  | -                    | 1,043.54                |
| <b>Sub- Total (B)</b>                             | <b>994.32</b>           | <b>-</b>                              | <b>49.22</b>           | <b>-</b>             | <b>1,043.54</b>         |
| <b>Net Deferred Tax Assets (A)-(B)</b>            | <b>543.32</b>           | <b>-</b>                              | <b>(41.29)</b>         | <b>0.92</b>          | <b>502.95</b>           |

### B. Deferred tax Liabilities

| Particulars               | As At<br>March 31, 2022 | As At<br>March 31, 2021 |
|---------------------------|-------------------------|-------------------------|
| Deferred tax Liabilities  | 5,903.53                | 5,791.25                |
| Less: Deferred tax assets | 2,268.82                | 2,080.75                |
|                           | <b>3,634.71</b>         | <b>3,710.50</b>         |

| Particulars                | As at<br>March 31, 2021 | Recognised in P&L                     |                        | Recognized<br>in OCI | As At<br>March 31, 2022 |
|----------------------------|-------------------------|---------------------------------------|------------------------|----------------------|-------------------------|
|                            |                         | Reversal due to<br>change in tax rate | At current<br>tax rate |                      |                         |
| <b>Deferred Tax Assets</b> |                         |                                       |                        |                      |                         |
| Accrued expenses           | 1,230.17                | -                                     | 1.61                   | (9.32)               | 1,222.46                |
| MAT Credit Entitlement     | 280.03                  | -                                     | (6.04)                 | -                    | 273.99                  |
| Others                     | 570.55                  | -                                     | 201.82                 | -                    | 772.37                  |
| <b>Sub- Total (A)</b>      | <b>2,080.75</b>         | <b>-</b>                              | <b>197.39</b>          | <b>(9.32)</b>        | <b>2,268.82</b>         |

## Notes to Consolidated Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 22. Deferred Tax (Contd.)

| Particulars                                       | As at<br>March 31, 2021 | Recognised in P&L                     |                        | Recognized<br>in OCI | As At<br>March 31, 2022 |
|---|-------------------------|---------------------------------------|------------------------|----------------------|-------------------------|
|   |                         | Reversal due to<br>change in tax rate | At current<br>tax rate |                      |                         |
| <b>Deferred Tax Liabilities</b>                   |                         |                                       |                        |                      |                         |
| Property, Plant and Equipment & Intangible Assets | 5,785.37                | -                                     | 110.90                 | -                    | 5,896.27                |
| Others  | 5.88                    | -                                     | 1.38                   | -                    | 7.26                    |
| <b>Sub- Total (B)</b>                             | <b>5,791.25</b>         | <b>-</b>                              | <b>112.28</b>          | <b>-</b>             | <b>5,903.53</b>         |
| <b>Net Deferred Tax Liability (B)-(A)</b>         | <b>3,710.50</b>         | <b>-</b>                              | <b>(85.11)</b>         | <b>9.32</b>          | <b>3,634.71</b>         |

| Particulars                                       | As at<br>April 01, 2020 | Recognised in P&L                     |                        | Recognized<br>in OCI | As at<br>March 31, 2021 |
|---|-------------------------|---------------------------------------|------------------------|----------------------|-------------------------|
|   |                         | Reversal due to<br>change in tax rate | At current<br>tax rate |                      |                         |
| <b>Deferred Tax Assets</b>                        |                         |                                       |                        |                      |                         |
| Accrued expenses                                  | 785.46                  | (0.20)                                | 493.46                 | (48.55)              | 1,230.17                |
| MAT Credit Entitlement                            | 279.00                  | -                                     | 1.03                   | -                    | 280.03                  |
| Others  | 593.30                  | -                                     | (22.75)                | -                    | 570.55                  |
| <b>Sub- Total (A)</b>                             | <b>1,657.76</b>         | <b>(0.20)</b>                         | <b>471.74</b>          | <b>(48.55)</b>       | <b>2,080.75</b>         |
| <b>Deferred Tax Liabilities</b>                   |                         |                                       |                        |                      |                         |
| Property, Plant and Equipment & Intangible Assets | 5,536.73                | (32.81)                               | 281.45                 | -                    | 5,785.37                |
| Others  | 22.30                   | (0.43)                                | (15.99)                | -                    | 5.88                    |
| <b>Sub- Total (B)</b>                             | <b>5,559.03</b>         | <b>(33.24)</b>                        | <b>265.46</b>          | <b>-</b>             | <b>5,791.25</b>         |
| <b>Net Deferred Tax Liability (B)-(A)</b>         | <b>3,901.27</b>         | <b>(33.04)</b>                        | <b>(206.28)</b>        | <b>48.55</b>         | <b>3,710.50</b>         |

The Group has recognised deferred tax assets on unabsorbed depreciations, carried forward tax losses and MAT Credit Entitlement. The Group has MAT Credit Entitlement, unabsorbed depreciations and incurred tax losses due to substantial expansion in earlier financial years. The Group has concluded that deferred tax assets on MAT Credit Entitlement, unabsorbed depreciations and carried forward tax losses will be recoverable using estimated future taxable income based on approved business plans and budgets. The Group is expected to generate taxable income in near future. MAT Credit Entitlement, unabsorbed depreciation and tax losses can be carried forward as per local tax regulations and the Group expects to recover the same in due course.

### C. Amounts recognised in Statement of profit and loss

| Particulars                                       | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| <b>Current tax expense</b>                        |                                      |                                      |
| Current year                                      | 3,206.69                             | 2,462.64                             |
| Income tax for earlier year                       | 75.80                                | (49.90)                              |
|   | <b>3,282.49</b>                      | <b>2,412.74</b>                      |
| <b>Deferred Tax (Charge)/Credit</b>               |                                      |                                      |
| Origination and reversal of temporary differences | 12.13                                | (198.04)                             |
|   | <b>12.13</b>                         | <b>(198.04)</b>                      |
| <b>Total Tax Expense</b>                          | <b>3,294.62</b>                      | <b>2,214.70</b>                      |



## Notes to Consolidated Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 22. Deferred Tax (Contd.)

#### D. Amounts recognised in Other Comprehensive Income

| Particulars                                 | For the year ended |                |
|---|--------------------|----------------|
|   | March 31, 2022     | March 31, 2021 |
| <b>Current tax expense</b>                  |                    |                |
| Current year                                | (0.95)             | -              |
|   | <b>(0.95)</b>      | <b>-</b>       |
| <b>Deferred Tax (Charge)/Credit</b>         |                    |                |
| Remeasurements of defined benefit liability | (9.86)             | (47.63)        |
|   | <b>(9.86)</b>      | <b>(47.63)</b> |
| <b>Total</b>                                | <b>(10.81)</b>     | <b>(47.63)</b> |

#### E. Reconciliation of Income Tax expense

| Particulars   | For the year ended |                 | For the year ended |                 |
|---|--------------------|-----------------|--------------------|-----------------|
|   | March 31, 2022     |                 | March 31, 2021     |                 |
|   | Rate               | Amount          | Rate               | Amount          |
| <b>Accounting Profit before tax</b>   |                    | 12,636.25       |                    | 8,273.67        |
| Tax using the Company's domestic tax rate                                   | 25.17%             | 3,180.29        | 25.17%             | 2,082.32        |
| Tax effect of:  |                    |                 |                    |                 |
| Non-deductible expenses   |                    | 19.29           |                    | 52.12           |
| Lower tax rate on (gain)/loss on sale of investment                         |                    | (3.67)          |                    | 47.53           |
| Changes in estimates related to prior years                                 |                    | 75.80           |                    | (49.91)         |
| Previously unrecognised deferred tax now recognised                         |                    | 0.19            |                    | 9.11            |
| Impact of opening deferred tax assets/liabilities due to change in tax rate |                    | -               |                    | (33.03)         |
| Effect of Tax paid at Higher Rate   |                    | 19.99           |                    | 7.86            |
| Others  |                    | 2.73            |                    | 98.70           |
| <b>At the Effective Income Tax Rate</b>                                     |                    | <b>3,294.62</b> |                    | <b>2,214.70</b> |

#### Note:

The Holding company and three (3) subsidiary companies had exercised the option permitted under section 115BAA of the Income Tax Act, 1961 in earlier years and one (1) subsidiary has exercised the said option in the current year.

One (1) subsidiary company had exercised the option permitted under section 115BAB of the Income Tax Act, 1961 in the earlier years and one (1) subsidiary has exercised the said option in the current year.

Nine (9) Subsidiary companies have not exercised these options and continue to recognise the taxes on income for year ended March 31, 2022 as per the normal tax rate at which management expect to recover or settle the deferred tax at this reporting date. Management of these Subsidiary companies will review the above position at each year end.

## Notes to Consolidated Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 23. Other Non-Current Liabilities

| Particulars              | As At<br>March 31, 2022 | As At<br>March 31, 2021 |
|--------------------------|-------------------------|-------------------------|
| Security Deposits        | 644.97                  | 458.25                  |
| Less: Current Maturities | 170.66                  | 51.14                   |
|                          | <b>474.31</b>           | <b>407.11</b>           |

### 24. Borrowings

| Particulars  | As At<br>March 31, 2022 | As At<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| <b>Secured Loans:</b>  |                         |                         |
| <b>Working Capital Facilities from Banks*</b>                  |                         |                         |
| Working Capital Demand Loans                                   | 271.73                  | 236.55                  |
| Cash Credit  | 7,859.69                | 5,433.35                |
| Current Maturities of Long term Borrowings (Refer note no. 18) | 4,841.64                | 5,072.40                |
| <b>Unsecured Loans:</b>  |                         |                         |
| - Discounting of Bills Payable                                 | 20,688.41               | 15,350.96               |
| - From Others  | -                       | 1,110.00                |
|  | <b>33,661.47</b>        | <b>27,203.26</b>        |

\*Working Capital Facilities from Banks are secured by:

- First charge by way of hypothecation of stocks of raw materials, finished goods and stock in process, stores & spares and book debts and ranking pari-passu; and
- Second and subservient charge by way of (i) Equitable Mortgage (EM) on all properties, both present and future, and (ii) hypothecation of current assets, all movable fixed assets ranking pari-passu, excluding assets exclusively charged. EM over certain land pieces is yet to be created.(iii) in case of few subsidiaries also guaranteed by their directors.

### 25. Trade Payables

| Particulars  | As At<br>March 31, 2022 | As At<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| Outstanding dues of Micro Enterprises and Small Enterprises                      | 2,377.37                | 1,622.51                |
| Outstanding dues of Creditors other than Micro Enterprises and Small Enterprises | 20,170.33               | 16,768.99               |
|  | <b>22,547.70</b>        | <b>18,391.50</b>        |

For details of payables to related parties, Refer note no. 43, Related Party Transactions.

Refer note no. 50 (B) - Trade Payables ageing.

## Notes to Consolidated Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 26. Other Financial Liabilities

| Particulars         | As At<br>March 31, 2022 | As At<br>March 31, 2021 |
|---------------------|-------------------------|-------------------------|
| Interest Accrued    | 34.86                   | 252.68                  |
| Capital Creditors*  | 795.03                  | 36.68                   |
| Unclaimed Dividends | 38.00                   | 45.78                   |
| Others              | 139.97                  | 122.39                  |
|                     | <b>1,007.86</b>         | <b>457.53</b>           |

\*Includes Outstanding dues of Micro Enterprises and Small Enterprises of ₹87.90 lakhs.

### 27. Other Current Liabilities

| Particulars   | As At<br>March 31, 2022 | As At<br>March 31, 2021 |
|---|-------------------------|-------------------------|
| Statutory Dues  | 2,177.13                | 2,327.31                |
| Security Deposits - current maturities of Other Non Current Liabilities | 174.51                  | 54.99                   |
| Advance from Customers  | 1,161.97                | 1,362.92                |
| Sales Incentive   | 1,921.46                | 1,611.74                |
| Liability under Defalcation Suit (Refer note no. 57)                    | 669.64                  | 414.93                  |
| Accruals related to employees and others#                               | 3,362.97                | 3,007.10                |
|   | <b>9,467.68</b>         | <b>8,778.99</b>         |

# For details of payables to related parties, Refer note no. 43, Related Party Transactions.

### 28. Provisions (Current)

| Particulars        | As At<br>March 31, 2022 | As At<br>March 31, 2021 |
|--------------------|-------------------------|-------------------------|
| Employees Benefits | 174.05                  | 159.12                  |
|                    | <b>174.05</b>           | <b>159.12</b>           |

### 29. Current tax Liabilities (net)

| Particulars   | As At<br>March 31, 2022 | As At<br>March 31, 2021 |
|---|-------------------------|-------------------------|
| Income Tax [Net of Advance -₹15.68 lakhs, (Pervious year ₹20.46 lakhs)] | 49.20                   | 10.11                   |
|   | <b>49.20</b>            | <b>10.11</b>            |

### 30. Revenue from Operations

| Particulars    | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|----------------|--------------------------------------|--------------------------------------|
| Sales of Goods | 2,08,273.75                          | 1,64,135.65                          |
|                | <b>2,08,273.75</b>                   | <b>1,64,135.65</b>                   |

## Notes to Consolidated Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 30. Revenue from Operations (Contd.)

| Particulars                            | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|--|--------------------------------------|--------------------------------------|
| <b>Other Operating Revenue</b>         |                                      |                                      |
| Export incentives                      | 151.43                               | 248.87                               |
| Scrap Sales                            | 333.26                               | 219.60                               |
| Sundry Balance Written Back            | 243.53                               | 267.51                               |
| Insurance Claim Received               | 436.64                               | 187.73                               |
| Income From Services                   | 15.75                                | 0.01                                 |
|  | <b>1,180.61</b>                      | <b>923.72</b>                        |
| Less: Capitalized/ Transferred to CWIP | 8.31                                 | -                                    |
|  | <b>1,172.30</b>                      | <b>923.72</b>                        |
|  | <b>2,09,446.05</b>                   | <b>1,65,059.37</b>                   |

a) Unsatisfied performance obligation (contract liabilities) Refer note no. 27.

b) Reconciliation of contract price vis a vis revenue recognised in the statement of profit and loss is as follows:

| Particulars   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| <b>Contract Price</b>                                     |                                      |                                      |
| (i) Sales of goods  | 2,15,470.59                          | 1,69,726.09                          |
| (ii) Sales of services                                    | 15.75                                | 0.01                                 |
| (iii) other operating revenue                             | 1,164.86                             | 674.84                               |
| <b>Adjustments:</b>                                       |                                      |                                      |
| Discount/rebate/ Sales incentives                         | (7,205.15)                           | (5,341.57)                           |
| <b>Revenue recognised in statement of profit and loss</b> | <b>2,09,446.05</b>                   | <b>1,65,059.37</b>                   |

c) The above revenues have been recognised at point of time.

d) For contract assets and balances Refer note no. 9.

### 31. Other Income

| Particulars   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| Interest Income   | 575.58                               | 713.47                               |
| <b>Other non-operating revenue:</b>                             |                                      |                                      |
| Profit on Sale of Property, Plant and Equipment (net)           | -                                    | 169.77                               |
| Profit on Sale of Current Investments measured at FVTPL         | 70.77                                | 2.21                                 |
| Net Gain on Fair Value of Current Investments measured at FVTPL | 285.90                               | -                                    |
| Net Gain on Foreign Currency Translations and Transactions      | 110.38                               | 110.75                               |
| Provision no longer required written back                       | 59.62                                | -                                    |

## Notes to Consolidated Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 31. Other Income (Contd.)

| Particulars  | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|--|--------------------------------------|--------------------------------------|
| Deferred Income (Amortisation of Government Grant) | 153.51                               | 130.78                               |
| Miscellaneous Income                               | 90.62                                | 150.95                               |
|  | <b>1,346.38</b>                      | <b>1,277.93</b>                      |
| Less: Capitalized/ Transferred to CWIP             | 4.46                                 | -                                    |
|  | <b>1,341.92</b>                      | <b>1,277.93</b>                      |

### 32. Cost of Materials Consumed

| Particulars                            | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|--|--------------------------------------|--------------------------------------|
| Raw Material Consumed                  | 40,335.73                            | 33,097.00                            |
| Packing Material Consumed              | 8,442.81                             | 6,282.08                             |
|  | <b>48,778.54</b>                     | <b>39,379.08</b>                     |
| Less: Capitalized/ Transferred to CWIP | 0.15                                 | -                                    |
|  | <b>48,778.39</b>                     | <b>39,379.08</b>                     |

### 33. Change in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade

| Particulars                   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|-------------------------------|--------------------------------------|--------------------------------------|
| <b>Closing Stock</b>          |                                      |                                      |
| Finished Goods                | 12,692.45                            | 12,368.80                            |
| Stock-in-Trade                | 4,316.70                             | 3,622.26                             |
| <b>Total Finished Goods</b>   | <b>17,009.15</b>                     | <b>15,991.06</b>                     |
| Work-in-Progress              | 1,893.70                             | 1,467.23                             |
|                               | <b>18,902.85</b>                     | <b>17,458.29</b>                     |
| <b>Less: Opening Stock</b>    |                                      |                                      |
| Finished Goods                | 12,368.80                            | 19,790.81                            |
| Stock-in-Trade                | 3,622.26                             | 4,205.57                             |
| <b>Total Finished Goods</b>   | <b>15,991.06</b>                     | <b>23,996.38</b>                     |
| Work-in-Progress              | 1,467.23                             | 1,347.98                             |
|                               | <b>17,458.29</b>                     | <b>25,344.36</b>                     |
| (Increase)/ Decrease in Stock | <b>(1,444.56)</b>                    | <b>7,886.07</b>                      |

## Notes to Consolidated Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 34. Employee Benefit Expense

| Particulars   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| Salary, Wages, Bonus etc.                             | 24,196.54                            | 21,151.51                            |
| Contribution towards Provident Fund and Gratuity Fund | 932.58                               | 760.43                               |
| Workmen & Staff Welfare                               | 693.26                               | 607.99                               |
|   | <b>25,822.38</b>                     | <b>22,519.93</b>                     |
| Less: Capitalized/ Transferred to CWIP                | 110.18                               | -                                    |
|   | <b>25,712.20</b>                     | <b>22,519.93</b>                     |

### 35. Finance Costs

| Particulars                            | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|--|--------------------------------------|--------------------------------------|
| Interest                               | 2,894.48                             | 3,344.34                             |
| Interest expense on lease liabilities  | 311.15                               | 277.20                               |
| Other Borrowing Costs                  | 374.76                               | 392.29                               |
|  | <b>3,580.39</b>                      | <b>4,013.83</b>                      |
| Less: Capitalized/ Transferred to CWIP | 616.47                               | -                                    |
|  | <b>2,963.92</b>                      | <b>4,013.83</b>                      |

### 36. Depreciation and Amortization Expense

| Particulars                            | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|--|--------------------------------------|--------------------------------------|
| Depreciation and Amortization          | 6,399.82                             | 6,162.83                             |
| Less: Capitalized/ Transferred to CWIP | 4.53                                 | -                                    |
|  | <b>6,395.29</b>                      | <b>6,162.83</b>                      |

### 37. Other Expenses

| Particulars                     | For the year ended<br>March 31, 2022 |           | For the year ended<br>March 31, 2021 |           |
|---------------------------------|--------------------------------------|-----------|--------------------------------------|-----------|
| Stores and Spare Parts Consumed |                                      | 7,254.69  |                                      | 5,555.47  |
| Power & Fuel                    |                                      | 48,096.98 |                                      | 27,726.49 |
| Repairs and Maintenance:        |                                      |           |                                      |           |
| Buildings                       |                                      | 204.49    |                                      | 118.73    |

## Notes to Consolidated Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 37. Other Expenses (Contd.)

| Particulars   | For the year ended<br>March 31, 2022 |                  | For the year ended<br>March 31, 2021 |                  |
|---|--------------------------------------|------------------|--------------------------------------|------------------|
| Plant & Machinery                                   |                                      | 700.87           |                                      | 556.19           |
| Others  |                                      | 125.79           |                                      | 108.87           |
| Rent  |                                      | 93.57            |                                      | 79.11            |
| Rates & Taxes                                       |                                      | 404.39           |                                      | 156.51           |
| Insurance   |                                      | 1,152.86         |                                      | 805.71           |
| Travelling and Conveyance                           |                                      | 1,741.21         |                                      | 1,141.98         |
| Freight Outward and Handling Charges                |                                      | 3,625.93         |                                      | 2,874.05         |
| Advertisement & Sales Promotion                     |                                      | 3,384.06         |                                      | 2,541.37         |
| Commission to Agents                                |                                      | 576.41           |                                      | 245.54           |
| CSR Expenses  |                                      | 116.68           |                                      | 117.21           |
| Provision for credit losses/ doubtful advances      |                                      | 140.58           |                                      | 474.02           |
| Bad Debts   | 67.78                                |                  | 83.49                                |                  |
| Less: Provision for Credit Losses                   | 26.90                                | 40.88            | 59.69                                | 23.80            |
| Sundry Balances Written Off                         | 218.75                               |                  | 102.62                               |                  |
| Less: Provision for Credit Losses                   | -                                    | 218.75           | 12.58                                | 90.04            |
| Technical Support and Services                      |                                      | 10.72            |                                      | 8.73             |
| Loss on Sale of Property, Plant and Equipment (net) |                                      | 36.47            |                                      | -                |
| Property, Plant and Equipments Discard /Written Off |                                      | 18.08            |                                      | 282.53           |
| Net Loss on Fair Value of Current Investments       |                                      | -                |                                      | 88.33            |
| Other Expenses                                      |                                      | 3,319.85         |                                      | 2,498.39         |
|   |                                      | <b>71,263.26</b> |                                      | <b>45,493.07</b> |
| Less: Capitalized/ Transferred to CWIP              |                                      | 233.11           |                                      | 27.16            |
|   |                                      | <b>71,030.15</b> |                                      | <b>45,465.91</b> |

### 38. Earning per share

| Particulars   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| Profit for the year                                   | 8,868.71                             | 5,702.31                             |
| Weighted average number of equity shares of ₹2/- each | 4,24,74,208                          | 4,24,74,208                          |
| EPS - Basic and Diluted (Per share in ₹)              | 20.88                                | 13.43                                |

## Notes to Consolidated Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 39. Contingent liabilities, contingent assets and commitments

#### A. Contingent liabilities (not provided for) in respect of:

| Particulars  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| 1. Claim and other demands against the Group not acknowledged as debts.  | 333.61                  | 266.99                  |
| 2. Sales Tax demands against which the Group has preferred appeals.  | 27.77                   | 59.46                   |
| 3. Excise duty (excluding interest and penalty), service tax demands and show-cause notices issued against which the Group/Department has preferred appeals/filed replies. | 333.36                  | 333.36                  |
| 4. Income tax demand disputed by the Group which excludes penalty, if any, as same can not be measured at this stage.  | 126.15                  | 154.82                  |
| 5. a) Local Area Development Tax imposed by the State of Haryana disputed by the Group.  | 810.78                  | 810.78                  |
| b) Entry Tax matter pending before Hon'ble High Court of Calcutta.   | 38.88                   | 38.88                   |
| 6. Demand from ESIC disputed by the Group.   | 15.41                   | 15.41                   |

Pending resolution of the respective proceedings, it is not practicable for the Group to estimate the timings of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgments/ decisions pending with various forums/ authorities. However, the Group has reviewed all its pending litigation and proceeding and has adequately provided for where provision required and disclosed as contingent liabilities where applicable, in its financial statements. The Group does not expect the outcome of these proceeding to have a materially adverse effect on its financial position. The Group does not expects any payment in respect of the above contingent liabilities.

#### B. Others

- The Group has procured certain capital goods under EPCG scheme at concessional rate of duty. As on March 31, 2022, The Group is contingently liable to pay differential custom duty of ₹155.88 lakhs (Previous year - ₹155.88 lakhs) on such procurement.
- In light of judgment of Honorable Supreme Court dated February 28, 2019 on the definition of "Basic Wages" under the Employees Provident Funds & Misc. Provisions Act, 1952 and based on Group's evaluation, there are significant uncertainties and numerous interpretative issues relating to the judgement and hence, it is unclear as to whether the clarified definition of Basic Wages would be applicable prospectively or retrospectively. The amount of the obligation therefore cannot be measured with sufficient reliability for past periods and hence has currently been considered to be a contingent liability.

#### C. Commitments

| Particulars  | As At<br>March 31, 2022 | As At<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| (i) Estimated amount of Contracts remaining to be executed on Capital Account not provided for [Net of Advances] | 1,548.16                | 248.62                  |

- The Company, in terms of the Share Subscription cum Shareholders Agreements with subsidiary companies, may contribute funds (loan / equity) in the proportion of its shareholding for the purpose of meeting repayment obligation to banks, financial institutions or other lenders, any statutory liability, liabilities towards fuel suppliers or such other similar liabilities, fund requirement for expansion/ diversification, etc. The Company has committed to a bank, for the same, in respect of one of the subsidiary. The Company shall not withdraw the funds so infused, if any, till the money remain due to bank.



## Notes to Consolidated Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 40. Foreign exchange derivatives and exposures outstanding at the year-end:

|                       |      | Amount (Foreign Currency in lakhs) | Amount (Equivalent Rupees in lakhs) | Amount (Foreign Currency in lakhs) | Amount (Equivalent Rupees in lakhs) |
|-----------------------|------|------------------------------------|-------------------------------------|------------------------------------|-------------------------------------|
|                       |      | March 31, 2022                     |                                     | March 31, 2021                     |                                     |
| <b>Open Exposures</b> |      |                                    |                                     |                                    |                                     |
| Receivables           | USD  | 6.33                               | 476.90                              | 5.22                               | 382.03                              |
| Receivables           | CNY  | 0.01                               | 0.05                                | 0.01                               | 0.04                                |
| Receivables           | AUD  | 0.21                               | 11.55                               | 0.26                               | 14.13                               |
| Receivables           | EURO | 0.00                               | 0.17                                | 0.03                               | 2.74                                |
| Payables              | USD  | 1.81                               | 136.14                              | 40.71                              | 2,979.67                            |
| Payables              | CNY  | -                                  | -                                   | 0.14                               | 1.61                                |
| Payables              | EURO | 0.05                               | 4.45                                | 0.26                               | 22.92                               |
| Payables              | NPR  | 0.92                               | 0.58                                | -                                  | -                                   |

### 41. Details of Investment made, Loan and Guarantee given covered under section 186(4) of the Companies Act, 2013

#### a) Loan given for business purpose

| Name                                 | Terms of repayments | For the year ended |                | Outstanding as on |                |
|--------------------------------------|---------------------|--------------------|----------------|-------------------|----------------|
|                                      |                     | March 31, 2022     | March 31, 2021 | March 31, 2022    | March 31, 2021 |
| Sungloss Ceramic Industries          | After one year      | -                  | -              | -                 | 250.00         |
| Zealous Financial Services Pvt. Ltd. | Within one year     | -                  | -              | -                 | 1,085.00       |
| Salix Ceramic Pvt. Ltd.              | Within one year     | 100.00             | 100.00         | 100.00            | -              |

The above loans carries interest rate in the range of 9.00% to 12.00% (Previous Year 9.00% to 12.00%)

b) Details of investments made is given in Note No. 8.

c) Details of gurantee and security given in Note No. 39C (ii).

### 42. Employee benefits

The Group contributes to the following post-employment defined benefit plans in India.

#### (i) Defined Contribution Plans:

The Group makes contributions towards provident fund to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Group is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits.

| Particulars                     | For the year ended |                |
|---------------------------------|--------------------|----------------|
|                                 | March 31, 2022     | March 31, 2021 |
| Contribution to Provident Funds | 672.77             | 594.74         |

Above amounts have been included in Contributions to Provident and Gratuity Fund (Refer note no. 34) of the Statement of Profit and Loss.

## Notes to Consolidated Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 42. Employee benefits (Contd.)

#### (ii) Defined Benefit Plan:

The Group provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. Gratuity liability is being contributed to the gratuity fund formed by the Group.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at March 31, 2022. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

#### A. Movement in net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components:

| Particulars  | March 31, 2022             |                           |  | March 31, 2021             |                           |  |
|--|----------------------------|---------------------------|--|----------------------------|---------------------------|--|
|  | Defined benefit obligation | Fair value of plan assets | Net defined benefit (asset)/ liability | Defined benefit obligation | Fair value of plan assets | Net defined benefit (asset)/ liability |
| Opening Balance                                      | 1,930.40                   | 1,852.14                  | 78.26                                  | 1,795.57                   | 1,569.07                  | 226.50                                 |
| <b>Included in profit &amp; loss</b>                 |                            |                           |  |                            |                           |  |
| Current service cost                                 | 185.45                     | -                         | 185.45                                 | 186.90                     | -                         | 186.90                                 |
| Interest cost / (income)                             | 130.04                     | (125.67)                  | 4.37                                   | 122.08                     | (107.23)                  | 14.85                                  |
| Other Adjustment                                     | -                          | -                         | -                                      | 4.01                       | -                         | 4.01                                   |
| Past Service Cost including curtailment Gains/Losses | 108.67                     | -                         | 108.67                                 | -                          | -                         | -                                      |
|  | <b>424.16</b>              | <b>(125.67)</b>           | <b>298.49</b>                          | <b>312.99</b>              | <b>(107.23)</b>           | <b>205.76</b>                          |
| <b>Included in OCI</b>                               |                            |                           |  |                            |                           |  |
| Remeasurements loss / (gain)                         |                            |                           |  |                            |                           |  |
| Actuarial loss / (gain) arising from:                |                            |                           |  |                            |                           |  |
| - demographic assumptions                            | -                          | -                         | -                                      | 0.01                       | -                         | 0.01                                   |
| - financial assumptions                              | (81.98)                    | -                         | (81.98)                                | (3.24)                     | -                         | (3.24)                                 |
| - experience adjustment                              | 50.12                      | -                         | 50.12                                  | (9.72)                     | -                         | (9.72)                                 |
| - on plan assets                                     | -                          | (7.76)                    | (7.76)                                 | -                          | (175.84)                  | (175.84)                               |
|  | <b>(31.86)</b>             | <b>(7.76)</b>             | <b>(39.62)</b>                         | <b>(12.95)</b>             | <b>(175.84)</b>           | <b>(188.79)</b>                        |
| <b>Other</b>   |                            |                           |  |                            |                           |  |
| Contributions paid by the employer                   |                            |                           |  |                            |                           |  |
| Benefits paid  | (237.00)                   | -                         | (237.00)                               | (165.21)                   | -                         | (165.21)                               |
|  | <b>(237.00)</b>            | <b>-</b>                  | <b>(237.00)</b>                        | <b>(165.21)</b>            | <b>-</b>                  | <b>(165.21)</b>                        |
| <b>Closing Balance</b>                               | <b>2,085.70</b>            | <b>1,985.57</b>           | <b>100.13</b>                          | <b>1,930.40</b>            | <b>1,852.14</b>           | <b>78.26</b>                           |

## Notes to Consolidated Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 42. Employee benefits (Contd.)

#### B. Plan assets

| Particulars             | March 31, 2022 | March 31, 2021 |
|-------------------------|----------------|----------------|
| Fund managed by insurer | 100%           | 100%           |
|                         | 100%           | 100%           |

In the absence of detailed information regarding plan assets which is funded with Insurance Company, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.

#### C. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date

| Particulars                             | March 31, 2022              | March 31, 2021              |
|---|-----------------------------|-----------------------------|
| Discount rate                           | 7.16%-7.51%                 | 6.76%-7.08%                 |
| Expected rate of future salary increase | 3.50%-5.00%                 | 5.00%                       |
| Mortality                               | 100% OF IALM<br>(2012 - 14) | 100% OF IALM<br>(2012 - 14) |

Assumptions regarding future mortality have been based on published statistics and mortality tables.

The Group expects to pay ₹207.31 lakhs (Previous Year ₹202.07 lakhs) in contribution to its defined benefit plans in the next year.

#### D. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

| Particulars   | March 31, 2022 |          | March 31, 2021 |          |
|---|----------------|----------|----------------|----------|
|   | Increase       | Decrease | Increase       | Decrease |
| Discount rate (0.5% movement)                           | (92.34)        | 90.03    | (80.83)        | 91.22    |
| Expected rate of future salary increase (0.5% movement) | 83.08          | (87.82)  | 87.18          | (78.31)  |

Sensitivities due to mortality & withdrawals are insignificant, hence ignored. Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement and life expectancy are not applicable being a lump sum benefit on retirement.

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

#### E. Description of Risk Exposures:

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such Group is exposed to various risks as follow :-

- Salary Increases- Higher than expected increase in salary will increase the defined benefit obligation.
- Investment Risk – Assets / liabilities mismatch and actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability / Assets.
- Discount Rate - Reduction in discount rate in subsequent valuations can increase the plan's liability.
- Demographic risk : This is the risk of variability of results due to unsystematic nature of decrements that includes mortality, withdrawals, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends on the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the employee benefit of a short career employee typically costs less per year as compared to a long service employee.

## Notes to Consolidated Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 43. Related parties

#### A. Related parties and their relationships as identified by the Company.

##### i Key Managerial Personnel (KMP) and their relatives

| Name                                 | Relationship   |
|--------------------------------------|--|
| Mr. Shreekant Somany <sup>^</sup>    | Chairman & Managing Director (CMD)   |
| Mr. Abhishek Somany <sup>^</sup>     | Managing Director (Son of CMD)   |
| Mrs. Anjana Somany <sup>^</sup>      | Whole time Director (Ceased to be director w.e.f. June 16, 2021) (Wife of CMD) |
| Mr. Saikat Mukhopadhyay <sup>^</sup> | Chief Financial Office (CFO)   |
| Mr. Ambrish Julka <sup>^</sup>       | GM (Legal) & Company Secretary   |
| Mrs. Minal Somany                    | Wife of Managing Director  |
| Mr. Shrivatsa Somany                 | Son of CMD (Related party w.e.f. January 18, 2021)                             |
| Mr. Ameya Somany                     | Son of Managing Director (Related party w.e.f. October 1, 2021)                |
| Mr. G.G. Trivedi #                   | Non - Executive Director   |
| Mr. T.R. Maheshwari #                | Non - Executive Director till June 9, 2020                                     |
| Mr. Siddarath Bindra*                | Non - Executive Director   |
| Mr. Ravindra Nath*                   | Non - Executive Director   |
| Mr. Salil Singhal*                   | Non - Executive Director   |
| Mr. Rameshwar Singh Thakur*          | Non - Executive Director   |
| Mrs. Rumjhum Chatterjee*             | Non - Executive Director   |
| Mr. Vineet Agarwal*                  | Non - Executive Director   |

<sup>^</sup> KMP under the Companies Act, 2013.

# Non Independent Directors

\* Independent Directors

##### ii Enterprise over which Company exercise significant influence and with whom transactions have taken place during the year:

H. L. Somany Foundation

##### iii. Employees Trusts

Somany Provident Fund Institution

SPL Employees Gratuity Fund

##### iv. Other related parties with which Company has transactions:

| Name  | Relationship   |
|---|--|
| Trans India Ceramics Pvt. Ltd.                                | Private company in which director is a director  |
| Vidres India Ceramics Pvt. Ltd.                               | Private company in which director is a director  |
| Ishiv India Solutions Pvt. Ltd.                               | Private company in which director's relative is a director   |
| Biba Apparels Pvt. Ltd. (Now known as Biba Fashion Ltd.)      | Private company in which director is a director upto March 02, 2022  |
| Biba Fashion Ltd. (Formerly known as Biba Apparels Pvt. Ltd.) | Public company in which director is a director and holds more than 2% shares alongwith relatives (w.e.f. March 02, 2022) |

## Notes to Consolidated Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 43. Related parties (Contd.)

| Name                                      | Relationship   |
|---|--|
| Transport Corporation of India Ltd.       | Public company in which director is a director and holds more than 2% shares alongwith relatives |
| TCI Express Ltd.                          | Public company in which director is a director and holds more than 2% shares alongwith relatives |
| TCI-Concor Multimodal Solutions Pvt. Ltd. | Private company in which director is a director  |

### B. Transactions with the above in the ordinary course of business

#### a) Payments to Key Managerial Personnel and their relatives

| Nature of Transactions       | For the year ended |                |
|------------------------------|--------------------|----------------|
|                              | March 31, 2022     | March 31, 2021 |
| <b>Mr. Shreekant Somany</b>  |                    |                |
| - Remuneration               | 298.72             | 153.98         |
| Outstanding at the year-end: |                    |                |
| - Remuneration Payable       | 15.49              | 3.75           |
| <b>Mr. Abhishek Somany</b>   |                    |                |
| - Remuneration               | 378.32             | 177.56         |
| - Commission                 | 174.45             | 200.00         |
| - Rent Paid                  | 9.53               | 7.81           |
| Outstanding at the year-end: |                    |                |
| - Remuneration Payable       | 16.81              | -              |
| - Commission Payable         | 174.45             | 200.00         |
| <b>Mrs. Anjana Somany</b>    |                    |                |
| - Remuneration               | 27.49              | 24.26          |
| - Rent Paid                  | 3.25               | 2.65           |
| Outstanding at the year-end: |                    |                |
| - Remuneration Payable       | 1.53               | -              |
| <b>Mrs. Minal Somany</b>     |                    |                |
| - Remuneration               | 28.36              | 28.36          |
| - Rent Paid                  | 14.39              | 11.52          |
| Outstanding at the year-end: |                    |                |
| - Remuneration Payable       | 1.28               | 1.14           |
| <b>Mr. Shrivatsa Somany</b>  |                    |                |
| - Remuneration               | 16.76              | 1.51           |
| Outstanding at the year-end: |                    |                |
| - Remuneration Payable       | -                  | 1.30           |
| <b>Mr. Ameya Somany</b>      |                    |                |
| - Remuneration               | 7.24               | -              |
| Outstanding at the year-end: |                    |                |
| - Remuneration Payable       | 1.09               | -              |

## Notes to Consolidated Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 43. Related parties (Contd.)

| Nature of Transactions         | For the year ended |                |
|--------------------------------|--------------------|----------------|
|                                | March 31, 2022     | March 31, 2021 |
| <b>Mr. Saikat Mukhopadhyay</b> |                    |                |
| - Remuneration                 | 130.99             | 118.46         |
| - Sale of Goods                | -                  | 0.13           |
| Outstanding at the year-end:   |                    |                |
| - Remuneration Payable         | 3.60               | 3.87           |
| <b>Mr. Ambrish Julka</b>       |                    |                |
| - Remuneration                 | 31.94              | 28.98          |
| - Sale of Goods                | 0.26               | -              |
| Outstanding at the year-end:   |                    |                |
| - Remuneration Payable         | 1.07               | 1.09           |

### b) Non- Executive Directors

| Nature of Transactions       | For the year ended |                |
|------------------------------|--------------------|----------------|
|                              | March 31, 2022     | March 31, 2021 |
| <b>Mr. G.G. Trivedi</b>      |                    |                |
| - Commission                 | 1.50               | -              |
| - Sitting Fees               | 1.70               | 1.10           |
| Outstanding at the year-end: |                    |                |
| - Commission Payable         | 1.50               | -              |
| - Sitting Fees Payable       | 0.18               | -              |
| <b>Mr. Siddharath Bindra</b> |                    |                |
| - Commission                 | 1.50               | -              |
| - Sitting Fees               | 1.15               | 1.20           |
| Outstanding at the year-end: |                    |                |
| - Commission Payable         | 1.50               | -              |
| - Sitting Fees Payable       | 0.14               | -              |
| <b>Mr. Ravindra Nath</b>     |                    |                |
| - Commission                 | 1.50               | -              |
| - Sitting Fees               | 0.95               | 0.90           |
| Outstanding at the year-end: |                    |                |
| - Commission Payable         | 1.50               | -              |
| - Sitting Fees Payable       | 0.14               | -              |
| <b>Mr. Salil Singhal</b>     |                    |                |
| - Commission                 | 1.50               | -              |
| - Sitting Fees               | 1.20               | 1.00           |
| Outstanding at the year-end: |                    |                |
| - Commission Payable         | 1.50               | -              |
| - Sitting Fees Payable       | 0.18               | -              |

## Notes to Consolidated Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 43. Related parties (Contd.)

| Nature of Transactions                | For the year ended |                |
|---------------------------------------|--------------------|----------------|
|                                       | March 31, 2022     | March 31, 2021 |
| <b>Mr. Rameshwar Singh Thakur</b>     |                    |                |
| - Commission                          | 1.50               | -              |
| - Sitting Fees                        | 1.75               | 1.25           |
| Outstanding at the year-end:          |                    |                |
| - Commission Payable                  | 1.50               | -              |
| - Sitting Fees Payable                | 0.18               | -              |
| <b>Mrs. Rumjhum Chatterjee</b>        |                    |                |
| - Commission                          | 1.50               | -              |
| - Sitting Fees                        | 0.90               | 0.80           |
| Outstanding at the year-end:          |                    |                |
| - Commission Payable                  | 1.50               | -              |
| - Sitting Fees Payable                | 0.14               | -              |
| <b>Mr. Vineet Agarwal</b>             |                    |                |
| - Commission                          | 1.50               | -              |
| - Sitting Fees                        | 1.15               | 1.05           |
| Outstanding at the year-end:          |                    |                |
| - Commission Payable                  | 1.50               | -              |
| - Sitting Fees Payable                | 0.18               | -              |
| <b>Summary of payment made to KMP</b> |                    |                |
| Short term employee benefits*         | 1,033.72           | 710.54         |
| Other Payments                        | 9.53               | 10.46          |

\* excludes provision in respect of gratuity, compensated absences etc. as the same is determined on an actuarial basis for company as whole and includes commission to directors which is paid after approval of shareholders in annual general meeting.

### c) With Employees Trusts are as under:-

| Nature of Transactions                   | For the year ended |                |
|--|--------------------|----------------|
|  | March 31, 2022     | March 31, 2021 |
| <b>Somany Provident Fund Institution</b> |                    |                |
| - Contribution made                      | 58.78              | 194.44         |
| - Administration Charges                 | 2.94               | 6.51           |
| Outstanding at the year-end:             |                    |                |
| - Payable                                | -                  | 25.61          |
| <b>SPL Employees Gratuity Fund</b>       |                    |                |
| - Contribution made                      | 237.00             | 165.21         |

## Notes to Consolidated Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 43. Related parties (Contd.)

#### d) With Other Related Parties are as under:-

| Nature of Transactions                           | For the year ended |                |
|--|--------------------|----------------|
|  | March 31, 2022     | March 31, 2021 |
| <b>H. L. Somany Foundation</b>                   |                    |                |
| - Contribution towards CSR Activities            | 112.53             | 112.91         |
| - Rent Received                                  | 0.24               | 0.24           |
| Outstanding at the year-end:                     |                    |                |
| - Trade Payable                                  | -                  | 0.07           |
| <b>Trans India Ceramics Pvt. Ltd.</b>            |                    |                |
| - Purchase of goods                              | 98.79              | 120.39         |
| - Purchase of Plant and Equipments               | 186.30             | 310.12         |
| - Services received                              | 12.37              | 11.37          |
| Outstanding at the year-end:                     |                    |                |
| - Trade Payable                                  | 2.24               | 13.14          |
| <b>Vidres India Ceramics Pvt. Ltd.</b>           |                    |                |
| - Purchase of goods                              | 3,031.29           | 2,303.46       |
| Outstanding at the year-end:                     |                    |                |
| - Trade Payable                                  | 175.43             | 230.86         |
| <b>Ishiv India Solution Pvt. Ltd.</b>            |                    |                |
| - Purchase of goods                              | -                  | 1.49           |
| <b>Biba Fashion Ltd.</b>                         |                    |                |
| Outstanding at the year-end:                     |                    |                |
| - Other Payable                                  | -                  | 1.00           |
| <b>Transport Corporation of India Ltd.</b>       |                    |                |
| - Services received                              | 67.18              | 106.85         |
| - Sale of goods                                  | -                  | 0.77           |
| Outstanding at the year-end:                     |                    |                |
| - Trade Payable                                  | 18.45              | 6.15           |
| <b>TCI Express Ltd.</b>                          |                    |                |
| - Services received                              | 60.78              | 48.67          |
| - Reimbursement of Expenses                      | 0.37               | -              |
| Outstanding at the year-end:                     |                    |                |
| - Trade Payable                                  | 12.20              | 18.74          |
| <b>TCI-Concor Multimodal Solutions Pvt. Ltd.</b> |                    |                |
| - Services received                              | 6.19               | -              |
| Outstanding at the year-end:                     |                    |                |
| - Trade Payable                                  | 1.28               | 0.12           |

#### Terms and conditions of transactions with related parties:

Outstanding balances at the year-end are unsecured, Interest Free and settlement occurs in cash. Terms and conditions for Loan Refer note no. 41.



## Notes to Consolidated Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 44. Financial instruments – Fair values and risk management

#### I. Fair value measurements

##### A. Financial instruments by category

| Particulars                    | As at March 31, 2022 |                  | As at March 31, 2021 |                  |
|--------------------------------|----------------------|------------------|----------------------|------------------|
|                                | FVTPL                | Amortised Cost   | FVTPL                | Amortised Cost   |
| <b>Financial Assets</b>        |                      |                  |                      |                  |
| Investments                    |                      |                  |                      |                  |
| Current                        | 6,002.85             | -                | 8,980.04             | -                |
| Loans                          |                      |                  |                      |                  |
| Non Current                    | -                    | -                | -                    | 460.00           |
| Current                        | -                    | 300.00           | -                    | 1,085.00         |
| Trade receivables              | -                    | 23,683.64        | -                    | 22,113.40        |
| Cash and cash equivalents      | -                    | 9,376.23         | -                    | 14,261.02        |
| Bank balances other than above | -                    | 5,484.49         | -                    | 647.92           |
| Others                         |                      |                  |                      |                  |
| Non Current                    | -                    | 1,545.86         | -                    | 1,339.51         |
| Current                        | -                    | 617.45           | -                    | 782.69           |
|                                | <b>6,002.85</b>      | <b>41,007.67</b> | <b>8,980.04</b>      | <b>40,689.54</b> |
| <b>Financial Liabilities</b>   |                      |                  |                      |                  |
| Borrowings                     |                      |                  |                      |                  |
| Non Current                    | -                    | 17,461.17        | -                    | 15,143.04        |
| Current                        | -                    | 33,661.47        | -                    | 27,203.26        |
| Lease Liability                |                      |                  |                      |                  |
| Non Current                    | -                    | 2,942.21         | -                    | 3,227.90         |
| Current                        | -                    | 644.30           | -                    | 476.19           |
| Other Financial Liabilities    |                      |                  |                      |                  |
| Non-current                    | -                    | 2,798.76         | -                    | 2,793.53         |
| Current                        | -                    | 1,007.86         | -                    | 457.53           |
| Trade payables                 | -                    | 22,547.70        | -                    | 18,391.50        |
|                                | <b>-</b>             | <b>81,063.47</b> | <b>-</b>             | <b>67,692.95</b> |

## Notes to Consolidated Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 44. Financial instruments – Fair values and risk management (Contd.)

#### B. Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are:

- recognised and measured at fair value and
- measured at amortised cost.

To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

#### Financial assets and liabilities measured at fair value – recurring fair value measurements

| Particulars                           | As at March 31, 2022 |                 |          |                 |
|---------------------------------------|----------------------|-----------------|----------|-----------------|
|                                       | Level 1              | Level 2         | Level 3  | Total           |
| <b>Financial assets</b>               |                      |                 |          |                 |
| <b>Financial Investments at FVTPL</b> |                      |                 |          |                 |
| Investments                           |                      |                 |          |                 |
| Current                               | 1,384.44             | 4,618.41        | -        | 6,002.85        |
| <b>Total financial assets</b>         | <b>1,384.44</b>      | <b>4,618.41</b> | <b>-</b> | <b>6,002.85</b> |

| Particulars                           | As at March 31, 2021 |                 |          |                 |
|---------------------------------------|----------------------|-----------------|----------|-----------------|
|                                       | Level 1              | Level 2         | Level 3  | Total           |
| <b>Financial assets</b>               |                      |                 |          |                 |
| <b>Financial Investments at FVTPL</b> |                      |                 |          |                 |
| Investments                           |                      |                 |          |                 |
| Current                               | 1,244.80             | 7,735.24        | -        | 8,980.04        |
| <b>Total financial assets</b>         | <b>1,244.80</b>      | <b>7,735.24</b> | <b>-</b> | <b>8,980.04</b> |

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, debt instruments that have quoted price. The fair value is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, mutual funds, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

There are no transfers between level 1 and level 2 during the year.

## Notes to Consolidated Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 44. Financial instruments – Fair values and risk management (Contd.)

#### I. Fair value measurements

##### C. Financial assets and liabilities measured at amortised cost

| Particulars                    | As at March 31, 2022 |                  | As at March 31, 2021 |                  |
|--------------------------------|----------------------|------------------|----------------------|------------------|
|                                | Carrying Amount      | Fair Value       | Carrying Amount      | Fair Value       |
| <b>Financial assets</b>        |                      |                  |                      |                  |
| Loans                          |                      |                  |                      |                  |
| Non Current                    | -                    | -                | 460.00               | 460.00           |
| Current                        | 300.00               | 300.00           | 1,085.00             | 1,085.00         |
| Trade receivables              | 23,683.64            | 23,683.64        | 22,113.40            | 22,113.40        |
| Cash and cash equivalents      | 9,376.23             | 9,376.23         | 14,261.02            | 14,261.02        |
| Bank balances other than above | 5,484.49             | 5,484.49         | 647.92               | 647.92           |
| Others                         |                      |                  |                      |                  |
| Non Current                    | 1,545.86             | 1,545.86         | 1,339.51             | 1,339.51         |
| Current                        | 617.45               | 617.45           | 782.69               | 782.69           |
|                                | <b>41,007.67</b>     | <b>41,007.67</b> | <b>40,689.54</b>     | <b>40,689.54</b> |
| <b>Financial liabilities</b>   |                      |                  |                      |                  |
| Borrowings                     |                      |                  |                      |                  |
| Non Current                    | 17,461.17            | 17,461.17        | 15,143.04            | 15,143.04        |
| Current                        | 33,661.47            | 33,661.47        | 27,203.26            | 27,203.26        |
| Lease Liability                |                      |                  |                      |                  |
| Non Current                    | 2,942.21             | 2,942.21         | 3,227.90             | 3,227.90         |
| Current                        | 644.30               | 644.30           | 476.19               | 476.19           |
| Other financial liabilities    |                      |                  |                      |                  |
| Non-current                    | 2,798.76             | 2,798.76         | 2,793.53             | 2,793.53         |
| Current                        | 1,007.86             | 1,007.86         | 457.53               | 457.53           |
| Trade payables                 | 22,547.70            | 22,547.70        | 18,391.50            | 18,391.50        |
|                                | <b>81,063.47</b>     | <b>81,063.47</b> | <b>67,692.95</b>     | <b>67,692.95</b> |

The management considers that the carrying amount of financial assets and financial liabilities carried as amortised cost approximates their fair value.

## Notes to Consolidated Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 44. Financial instruments – Fair values and risk management (Contd.)

#### II. Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- credit risk;
- liquidity risk; and
- market risk

##### i. Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the processes to control risks through defined framework.

The Company's risk management policy is established to identify and analyse the risks faced by the Group, to set appropriate controls. Risk management policy is reviewed by the board annually to reflect changes in market conditions and the Group's activities.

The Company's Audit Committee oversees compliance with the Company's risk management policy, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

##### ii. Credit risk

Financial loss to the Group, arising, if a customer or counterparty to a financial instrument fails to meet its contractual obligations principally from the Group's receivables from customers and investments in debt securities.

The carrying amount of financial assets represents the maximum credit exposure. The Group monitor credit risk closely both in domestic and export market.

##### Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Company Management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. Sales credit limit are set up for each customer and reviewed periodically. The credit risk from loans to other corporate is managed in accordance with the Company's fund management policy that includes parameters of safety, liquidity and post tax returns. The Group's review includes market check, industry feedback, past Financial and external ratings, if they are available, and in some cases bank reference checks are also done.

The Group creates allowances for impairment that represents its expected credit losses in respect of trade and other receivables. The management uses a simplified approach for the purpose of computation of expected credit loss for trade receivables.

The gross carrying amount of trade receivables is ₹25,615.03 lakhs (Previous year ₹23,939.65 lakhs).

## Notes to Consolidated Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 44. Financial instruments – Fair values and risk management (Contd.)

#### Reconciliation of loss allowance provision – Trade receivables

| Particulars               | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---------------------------|--------------------------------------|--------------------------------------|
| Opening balance           | 1,826.25                             | 1,353.51                             |
| Changes in loss allowance | 105.14                               | 472.74                               |
| <b>Closing balance</b>    | <b>1,931.39</b>                      | <b>1,826.25</b>                      |

#### Investments

Group invests in Bonds, Debentures, Liquid Mutual Funds, Equity instruments etc., in accordance with the Company's Investment Policy that includes parameters of safety, liquidity and post tax returns. Group avoids the concentration of credit risk by spreading them over several counterparties with good credit rating profile and sound financial position as well as held to maturity policy. The Group's exposure and credit ratings of its counterparties are monitored on an ongoing basis. Based on historical experience and credit profiles of counterparties, the Group does not expect any significant risk of default other than as disclosed.

#### iii. Liquidity risk

Liquidity risk is the risk that the Group may face difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to manage liquidity is to ensure, as far as possible, sufficient liquidity to meet its obligations, under both normal and stressed conditions.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions.

Management monitors rolling forecasts of the Group's liquidity position (comprising the undrawn borrowing facilities) and cash and cash equivalents on the basis of expected future cash flows.

#### Maturities of financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and exclude contractual interest payments and the impact of netting agreements.

| Particulars                             | Carrying Amount<br>March 31, 2022 | Contractual cash flows |                  |                  |                   |
|---|-----------------------------------|------------------------|------------------|------------------|-------------------|
|   |                                   | On demand              | Less than 1 Year | 1–5 years        | More than 5 years |
| <b>Financial liabilities</b>            |                                   |                        |                  |                  |                   |
| Borrowings                              | 22,302.81                         | -                      | 4,841.64         | 10,730.74        | 6,730.43          |
| Lease Liability                         | 3,586.51                          | -                      | 644.30           | 2,160.49         | 781.72            |
| Other non-current financial liabilities | 2,798.76                          | -                      | -                | -                | 2,798.76          |
| Current Borrowings                      | 33,661.47                         | 6,133.77               | 27,527.70        | -                | -                 |
| Trade payables                          | 22,547.70                         | -                      | 22,547.70        | -                | -                 |
| Other current financial liabilities     | 1,007.86                          | -                      | 1,007.86         | -                | -                 |
| <b>Total financial liabilities</b>      | <b>85,905.11</b>                  | <b>6,133.77</b>        | <b>56,569.20</b> | <b>12,891.23</b> | <b>10,310.91</b>  |

## Notes to Consolidated Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 44. Financial instruments – Fair values and risk management (Contd.)

| Particulars                             | Carrying Amount<br>March 31, 2021 | Contractual cash flows |                  |                  |                   |
|---|-----------------------------------|------------------------|------------------|------------------|-------------------|
|   |                                   | On demand              | Less than 1 Year | 1–5 years        | More than 5 years |
| <b>Financial liabilities</b>            |                                   |                        |                  |                  |                   |
| Borrowings                              | 20,215.44                         | -                      | 5,072.40         | 10,279.00        | 4,864.04          |
| Lease Liability                         | 3,704.09                          | -                      | 476.19           | 2,277.50         | 950.40            |
| Other non-current financial liabilities | 2,639.43                          | -                      | -                | -                | 2,639.43          |
| Current Borrowings                      | 27,203.26                         | 4,944.31               | 22,258.95        | -                | -                 |
| Trade payables                          | 18,391.50                         | -                      | 18,391.50        | -                | -                 |
| Other current financial liabilities     | 457.53                            | -                      | 457.53           | -                | -                 |
| <b>Total financial liabilities</b>      | <b>72,611.25</b>                  | <b>4,944.31</b>        | <b>46,656.57</b> | <b>12,556.50</b> | <b>8,453.87</b>   |

#### iv. Market risk

Risk on account of changes in foreign exchange rates, interest rates etc. that may affect the Group's income or the value of its holdings of financial instruments. The objective of market risk is to optimize the return by managing and controlling the market risk exposures within acceptable parameters.

#### v. Currency risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Group's functional currency (INR). The Group is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD and small exposure in EURO, CNY, AUD & NPR. The risk is measured through a forecast of highly probable foreign currency cash flows.

#### Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the Company is as follows (Foreign currency in lakhs)

|   | As at March 31, 2022 |               |             |             |             | As at March 31, 2021 |             |             |               |
|---|----------------------|---------------|-------------|-------------|-------------|----------------------|-------------|-------------|---------------|
|   | USD                  | CNY           | EUR         | AUD         | NPR         | USD                  | CNY         | EUR         | AUD           |
| Payables  | 1.81                 | -             | 0.05        | -           | 0.92        | 1.49                 | 0.14        | 0.26        | -             |
| Borrowings  | -                    | -             | -           | -           | -           | 39.22                | -           | -           | -             |
| Less: Receivables                                   | 6.33                 | 0.01          | 0.00        | 0.21        | -           | 5.22                 | 0.01        | 0.03        | 0.26          |
| <b>Net statement of financial position exposure</b> | <b>(4.52)</b>        | <b>(0.01)</b> | <b>0.05</b> | <b>0.21</b> | <b>0.92</b> | <b>35.49</b>         | <b>0.13</b> | <b>0.23</b> | <b>(0.26)</b> |

The following significant exchange rates have been applied

|       | Average Rates  |                | Year end spot rates |                |
|-------|----------------|----------------|---------------------|----------------|
|       | March 31, 2022 | March 31, 2021 | March 31, 2022      | March 31, 2021 |
| USD 1 | 74.51          | 74.20          | 75.39               | 73.19          |
| CNY 1 | 11.57          | 10.97          | 11.97               | 11.17          |
| EUR 1 | 86.56          | 86.67          | 85.29               | 88.86          |
| AUD 1 | 55.75          | 50.74          | 56.12               | 55.37          |
| NPR 1 | 0.63           | 0.63           | 0.63                | 0.63           |

## Notes to Consolidated Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 44. Financial instruments – Fair values and risk management (Contd.)

#### Sensitivity analysis

Every percentage point depreciation / appreciation in the exchange rate for the closing balances between the Indian Rupee and respective currencies would affect the Group's incremental profit before tax and equity, net of tax as per below :

|                       | (Profit) or loss |           | Equity, net of tax |           |
|-----------------------|------------------|-----------|--------------------|-----------|
|                       | Strength-ening   | Weakening | Strength-ening     | Weakening |
| <b>March 31, 2022</b> |                  |           |                    |           |
| USD (10% movement)    | 34.08            | (34.08)   | 25.50              | (25.50)   |
| CNY (10% movement)    | 0.01             | (0.01)    | 0.01               | (0.01)    |
| EUR (10% movement)    | (0.43)           | 0.43      | (0.32)             | 0.32      |
| AUD (10% movement)    | (1.18)           | 1.18      | (0.88)             | 0.88      |
| NPR (10% movement)    | (0.06)           | 0.06      | (0.04)             | 0.04      |

|                       | (Profit) or loss |           | Equity, net of tax |           |
|-----------------------|------------------|-----------|--------------------|-----------|
|                       | Strength-ening   | Weakening | Strength-ening     | Weakening |
| <b>March 31, 2021</b> |                  |           |                    |           |
| USD (10% movement)    | (259.78)         | 259.78    | (194.40)           | 194.40    |
| CNY (10% movement)    | (0.15)           | 0.15      | (0.11)             | 0.11      |
| EUR (10% movement)    | (2.04)           | 2.04      | (1.53)             | 1.53      |
| AUD (10% movement)    | 1.44             | (1.44)    | 1.08               | (1.08)    |

#### Interest rate risk

The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During March 31, 2022 and March 31, 2021, the Group's borrowings at variable rate were denominated mainly in Indian Rupees.

Currently the Group's borrowings are within acceptable risk levels, as determined by the management, hence the Group has not taken any swaps to hedge the interest rate risk.

#### Exposure to interest rate risk

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Company is as follows.

|                                  | Nominal Amount   |                  |
|----------------------------------|------------------|------------------|
|                                  | March 31, 2022   | March 31, 2021   |
| <b>Fixed-rate instruments</b>    |                  |                  |
| Borrowings                       | 3,091.33         | 7,479.70         |
|                                  | <b>3,091.33</b>  | <b>7,479.70</b>  |
| <b>Variable-rate instruments</b> |                  |                  |
| Borrowings*                      | 27,342.90        | 19,515.64        |
|                                  | <b>27,342.90</b> | <b>19,515.64</b> |

\*excluding bills discounting on which the Company has no interest exposure.

## Notes to Consolidated Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 44. Financial instruments – Fair values and risk management (Contd.)

#### Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 50 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

|                              | Profit or (loss) |                | Equity, net of tax |                |
|------------------------------|------------------|----------------|--------------------|----------------|
|                              | 50 bp increase   | 50 bp decrease | 50 bp increase     | 50 bp decrease |
| <b>March 31, 2022</b>        |                  |                |                    |                |
| Variable-rate instruments    | (136.71)         | 136.71         | (102.31)           | 102.31         |
| <b>Cash flow sensitivity</b> | <b>(136.71)</b>  | <b>136.71</b>  | <b>(102.31)</b>    | <b>102.31</b>  |

|                              | Profit or (loss) |                | Equity, net of tax |                |
|------------------------------|------------------|----------------|--------------------|----------------|
|                              | 50 bp increase   | 50 bp decrease | 50 bp increase     | 50 bp decrease |
| <b>March 31, 2021</b>        |                  |                |                    |                |
| Variable-rate instruments    | (97.58)          | 97.58          | (73.02)            | 73.02          |
| <b>Cash flow sensitivity</b> | <b>(97.58)</b>   | <b>97.58</b>   | <b>(73.02)</b>     | <b>73.02</b>   |

#### Fair value sensitivity analysis for fixed-rate instruments

The Group does not account for any borrowings at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

### 45. Capital-Work-in Progress (CWIP) Ageing Schedule as on March 31, 2022

| CWIP                 | Amount in CWIP for a period of |              |             |                   |                  |
|----------------------|--------------------------------|--------------|-------------|-------------------|------------------|
|                      | Less than 1 year               | 1-2 years    | 2-3 years   | More than 3 years | Total            |
| Projects in progress | 22,631.91                      | 32.59        | 6.13        | -                 | 22,670.63        |
| <b>Total</b>         | <b>22,631.91</b>               | <b>32.59</b> | <b>6.13</b> | <b>-</b>          | <b>22,670.63</b> |

#### Capital-Work-in Progress (CWIP) Ageing Schedule as on March 31, 2021

| CWIP                 | Amount in CWIP for a period of |             |           |                   |               |
|----------------------|--------------------------------|-------------|-----------|-------------------|---------------|
|                      | Less than 1 year               | 1-2 years   | 2-3 years | More than 3 years | Total         |
| Projects in progress | 856.57                         | 6.13        | -         | -                 | 862.70        |
| <b>Total</b>         | <b>856.57</b>                  | <b>6.13</b> | <b>-</b>  | <b>-</b>          | <b>862.70</b> |

There were no temporarily suspended projects and/or no time overrun and/or cost overrun for the projects under capital works in progress as on March 31, 2022 and March 31, 2021.



## Notes to Consolidated Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 46. Exceptional items

In the earlier years, The Parent Company has done investment in debt instruments of a company amounting to ₹1,844.73 lakhs, which due their stressed financial position, has moved to NCLT to seek relief. Considering the above and other available information, as an abundant caution in the previous year, the Parent Company has provided for the above amount as impairment loss in the books of accounts and disclosed the same under the head “Exceptional items”. However, the Parent Company is taking all the necessary actions for recovering the same.”

47. The Company has raised ₹11,999.97 lakhs through qualified institutions placement of equity shares in December, 2015. Till previous year ₹8,770.66 lakhs including issue expenses of ₹307.34 lakhs, were utilised for the purpose the fund were so raised and balance of ₹3,229.31 lakhs was temporarily invested mainly in the debt instruments/ funds. However in current year, balance amount was fully utilised.

### 48. Dividend

The Company has not paid any dividend during the current year. Interim dividend of ₹2.40 per equity share aggregating ₹1,017.11 Lakhs paid during the year ended March 31, 2021 out of profit available for distribution.

### 49. Segment Reporting

According to Ind AS 108, identification of operating segments is based on Chief Operating Decision Maker (CODM) approach for making decisions about allocating resources to the segment and assessing its performance. The business activity of the company falls within one broad business segment viz. “Ceramic Tiles and Allied products” and substantially sale of the product is within the country. Hence, the disclosure requirement of Ind AS 108 of ‘Segment Reporting’ is not considered applicable.

### 50. (A) - Trade Receivables ageing

Trade Receivables ageing schedule for the period ended March 31, 2022

| Particulars  | Outstanding for following periods from due date of payment |                    |                  |           |           |                   | Total     |
|--|--|--------------------|------------------|-----------|-----------|-------------------|-----------|
|  | Not Due  | Less than 6 months | 6 months -1 year | 1-2 Years | 2-3 years | More than 3 years |           |
| (i) Undisputed Trade receivables – considered good                               | 17,444.10  | 4,701.56           | 105.23           | 72.20     | 138.90    | 7.83              | 22,469.82 |
| (ii) Disputed Trade Receivables – which have significant increase in credit risk | -  | -                  | 11.05            | 102.00    | 418.88    | 1,999.37          | 2,531.30  |
| (iii) Disputed Trade Receivables – credit impaired                               | -  | -                  | -                | -         | 1.39      | 612.52            | 613.91    |
|  | 17,444.10  | 4,701.56           | 116.28           | 174.20    | 559.17    | 2,619.72          | 25,615.03 |

Trade Receivables ageing schedule for the period ended March 31, 2021

| Particulars  | Outstanding for following periods from due date of payment |                    |                  |           |           |                   | Total     |
|--|--|--------------------|------------------|-----------|-----------|-------------------|-----------|
|  | Not Due  | Less than 6 months | 6 months -1 year | 1-2 Years | 2-3 years | More than 3 years |           |
| (i) Undisputed Trade receivables – considered good                               | 15,097.81  | 5,082.00           | 119.95           | 339.97    | 129.59    | 135.26            | 20,904.58 |
| (ii) Disputed Trade Receivables – which have significant increase in credit risk | -  | 0.21               | 13.47            | 430.00    | 1,015.19  | 1,169.98          | 2,628.85  |
| (iii) Disputed Trade Receivables – credit impaired                               | -  | 0.23               | 0.09             | 0.19      | 1.55      | 404.16            | 406.22    |
|  | 15,097.81  | 5,082.44           | 133.51           | 770.16    | 1,146.33  | 1,709.40          | 23,939.65 |

## Notes to Consolidated Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 50. (B) - Trade Payables ageing

Trade Payables ageing schedule for the period ended March 31, 2022

| Particulars | Unbilled | Not Due   | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total     |
|-------------|----------|-----------|------------------|-----------|-----------|-------------------|-----------|
| i) MSME*    | -        | 2,377.37  | -                | -         | -         | -                 | 2,377.37  |
| ii) Others  | 427.83   | 14,339.68 | 4,961.54         | 364.49    | 21.33     | 55.45             | 20,170.33 |
|             | 427.83   | 16,717.05 | 4,961.54         | 364.49    | 21.33     | 55.45             | 22,547.70 |

Trade Payables ageing schedule for the period ended March 31, 2021

| Particulars | Unbilled | Not Due   | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total     |
|-------------|----------|-----------|------------------|-----------|-----------|-------------------|-----------|
| i) MSME*    | -        | 1,622.51  | -                | -         | -         | -                 | 1,622.51  |
| ii) Others  | 457.31   | 12,386.84 | 3,801.07         | 43.39     | 56.48     | 23.90             | 16,768.99 |
|             | 457.31   | 14,009.35 | 3,801.07         | 43.39     | 56.48     | 23.90             | 18,391.50 |

\*Outstanding dues of Micro Enterprises & Small Enterprises only.

### 51. Capital Management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders. The following table summarises the capital of the Group.

| Particulars                                  | March 31, 2022   | March 31, 2021   |
|--|------------------|------------------|
| Equity Share Capital                         | 849.48           | 849.48           |
| Other Equity                                 | 71,780.17        | 63,225.30        |
| Non Controlling Interest                     | 10,761.83        | 9,969.53         |
| <b>Total Equity</b>                          | <b>83,391.48</b> | <b>74,044.31</b> |
| Non-Current Borrowings                       | 17,461.17        | 15,143.04        |
| Current maturities of Non-Current Borrowings | 4,841.64         | 5,072.40         |
| Current Borrowings                           | 28,819.83        | 22,130.86        |
| <b>Total Debts</b>                           | <b>51,122.64</b> | <b>42,346.30</b> |

### 52. Changes in Liabilities and Asset from Financing Activities are as under:

| Particulars  | March 31, 2022   | Cash Flow changes | Obtaining/losing Control of Subsidiary | Non Cash Changes          |               | March 31, 2021   |
|--|------------------|-------------------|--|---------------------------|---------------|------------------|
|  |                  |                   |  | Foreign Exchange Movement | Others        |                  |
| Non Current borrowings                             | 22,302.81        | 2,087.37          | -                                      | -                         | -             | 20,215.44        |
| Current borrowings                                 | 28,819.83        | 6,688.97          | -                                      | -                         | -             | 22,130.86        |
| Lease Liability                                    | 3,586.51         | (640.59)          | -                                      | -                         | 523.01        | 3,704.09         |
| <b>Total liabilities from financing activities</b> | <b>54,709.15</b> | <b>8,135.75</b>   | <b>-</b>                               | <b>-</b>                  | <b>523.01</b> | <b>46,050.39</b> |

## Notes to Consolidated Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 52. Changes in Liabilities and Asset from Financing Activities are as under: (Contd.)

| Particulars  | March 31, 2021   | Cash Flow changes | Obtaining/losing Control of Subsidiary | Non Cash Changes          |                 | March 31, 2020   |
|--|------------------|-------------------|--|---------------------------|-----------------|------------------|
|  |                  |                   |  | Foreign Exchange Movement | Others          |                  |
| Non Current borrowings                             | 20,215.44        | (4,715.22)        | -                                      | (73.79)                   | 36.42           | 24,968.03        |
| Current borrowings                                 | 22,130.86        | (3,828.29)        | -                                      | -                         | -               | 25,959.15        |
| Lease Liability                                    | 3,704.09         | (565.65)          | -                                      | -                         | 1,181.90        | 3,087.84         |
| <b>Total liabilities from financing activities</b> | <b>46,050.39</b> | <b>(9,109.16)</b> | <b>-</b>                               | <b>(73.79)</b>            | <b>1,218.32</b> | <b>54,015.02</b> |

### 53. Lease Disclosure

#### I. Group as a lessee

The Group incurred following expenses towards short-term leases and leases of low-value assets.

#### Lease payments not recognised as a Lease Liability.

| Particulars                | March 31, 2022 | March 31, 2021 |
|----------------------------|----------------|----------------|
| Short-term Leases          | 92.71          | 78.04          |
| Leases of Low Value Assets | 0.86           | 1.07           |

#### II. Group as a lessor

The Group has recognised rent income under the head of other income as follows:

| Particulars                   | March 31, 2022 | March 31, 2021 |
|-------------------------------|----------------|----------------|
| Rent received during the year | 14.07          | 42.98          |

54. There are following charges appearing on the website of the MCA. These are verily old charges against which the Company has no loan outstanding as at reporting date. The Company is taking up with the MCA to remove these charges from its website.

| S. No. | Lender Name     | Amount | Location of the Registrar |
|--------|-----------------|--------|---------------------------|
| 1      | L.I.C. OF INDIA | 24.00  | Kolkata                   |
| 2      | L.I.C. OF INDIA | 24.00  | Kolkata                   |
| 3      | L.I.C. OF INDIA | 24.00  | Kolkata                   |
| 4      | H.D.F.C. LTD.   | 19.65  | Kolkata                   |
| 5      | ICICI BANK LTD. | 50.00  | Kolkata                   |

55. a.) The Group has no transactions and/or outstanding balances with companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956 as identified to the extent of struck off companies details available on the public domain.

b.) In few subsidiary companies, having borrowings facility from banks on the basis of security of current assets, the amount shown in quarterly returns or statements were derived from the unaudited and provisional books of accounts. As regards the disclosure of discrepancies, if any, envisaged to be disclosed as part of additional information were not made due to unfinished summary of reconciliation in this regards. However, the management of the subsidiary companies do not foresee any reasons for material discrepancies nevertheless figures submitted in quarterly returns or statements were provisional and unaudited in nature and subject to reconciliation.

## Notes to Consolidated Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 56. Business Combination

**A** In earlier years, the Hon'ble National Company Law Tribunal Kolkata bench, (NCLT) vide order dated September 4, 2019 sanctioned the Scheme of Amalgamation of Bhilwara Holdings Limited, Sarvottam Vanijya Limited and Scope Vinimoy Private Limited (Amalgamating Companies) engaged in the business of investment activity, with the Company under section 230 to 232 of the Companies Act, 2013 from the appointed date i.e. April 01, 2018. The Scheme became effective on September 25, 2019. Impact of the scheme has been considered during the year ended March 31, 2020.

#### **B Amalgamation with Schablona India Limited (SIL)**

During the current year, the Hon'ble National Company Law Tribunal Kolkata bench, (NCLT) vide order dated December 20, 2021 and the Hon'ble National Company Law Tribunal Delhi bench vide order dated December 24, 2021, sanctioned the Scheme of Amalgamation of Schablona India Limited (Amalgamating Company) engaged in the business of manufacturing and trading of tiles and home decor, with the Company under section 230 to 232 of the Companies Act, 2013 from the appointed date i.e. April 01, 2019. The Scheme became effective on January 01, 2022 on filing of orders with respective Registrar of Companies.

**The accounting effect of this Amalgamation to in the financial statements has been given as under:-**

- i) In terms of the said scheme, authorised capital of the company has since been increased by ₹500 lakhs (2,50,00,000 equity shares of ₹2 each) on merger of authorised share capital of SIL.
- ii) In terms of the said Scheme, 3 (Three) fully paid-up equity share of ₹2 each of the Company shall be issued and allotted to the Shareholders of the SIL for every 100 (Hundred) Equity shares of ₹4 each held by them. These shares shall rank pari passu in all respect (including dividend) with the existing shareholders of the Company. Any fraction of share arising out of the share exchange process, if any, will be rounded off to nearest whole number. The amalgamation being a common control transaction has been accounted for under the 'Pooling of interest' method as prescribed by Ind AS 103 on Business Combinations.
- iii) The share capital of the SIL ₹126.37 lakhs consisting of 31,59,215 equity shares of ₹4 each as on the Appointed Date stand cancelled.
- iv) The Company has recorded all assets and liabilities of the SIL at their respective book values as appearing in the books of account of the SIL immediately before the appointed date and audited by auditor of SIL.

**A summary of the assets, liabilities and reserves incorporated as at appointed date (i.e. April 01, 2019) is as follows:**

#### **a) Summary of Assets, Liabilities and Reserve acquired**

| Particular                     | ₹ In lakhs |
|--------------------------------|------------|
|                                | Amount     |
| <b>Assets</b>                  |            |
| <b>Non-Current Assets</b>      |            |
| Property, Plant and Equipment  | 270.27     |
| Other Non-Current Assets       | 13.56      |
| <b>Current Assets</b>          |            |
| Inventories                    | 179.96     |
| Financial Assets               |            |
| Trade Receivables              | 277.67     |
| Cash and Cash Equivalents      | 14.02      |
| Bank balances other than above | 17.96      |
| Current Tax Assets             | 4.57       |

## Notes to Consolidated Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 56. Business Combination (Contd.)

| ₹ In lakhs   |                   |
|--|-------------------|
| Particular   | Amount            |
| Other Current Assets   | 45.77             |
| <b>Total Assets (x)</b>  | <b>823.78</b>     |
| <b>Liabilities</b>   |                   |
| <b>Non-Current Liabilities</b>   |                   |
| Financial Liabilities  |                   |
| Borrowings   | 7.21              |
| Other Financial Liabilities  | 152.26            |
| Provisions   | 5.62              |
| <b>Current Liabilities</b>   |                   |
| Financial Liabilities  |                   |
| Borrowings   | 1,085.00          |
| Trade Payables   |                   |
| Outstanding dues to Micro and Small Enterprises  | 1,209.75          |
| Outstanding dues other than Micro and Small Enterprises  | 165.98            |
| Other Financial Liabilities  | 80.82             |
| Other Current Liabilities  | 7.14              |
| <b>Total Liabilities (y)</b>   | <b>2,713.78</b>   |
| <b>Other Equity</b>  |                   |
| Capital reserve  | 0.63              |
| General reserve  | 75.00             |
| Retained earnings  | (2,092.01)        |
| <b>Total Other Equity (z)</b>  | <b>(2,016.38)</b> |
| <b>b) Assets (net off liabilities) and other equity acquired as at April 01, 2019 (x-y-z)</b>  | <b>126.38</b>     |
| <b>c) Consideration</b>  |                   |
| 94,782 equity shares of ₹2 each issued to the shareholders of SIL on January 13, 2022  | 1.90              |
| <b>d) Capital Reserves (b-c)</b>   | <b>124.48</b>     |
| <b>e) The Scheme of Amalgamation has been given effect from appointment date i.e. April 01, 2019 as required under section 232 (6) of the Companies Act, 2013, accordingly Financial Statements for the year end March 31, 2020 and March 31, 2021 has been restated incorporating the effect of scheme of amalgamation.</b> |                   |

57. During the financial year 2018-19, the Parent Company had discovered defalcation of ₹1,585.82 lakhs committed by an employee. The Company has filed a civil as well as a criminal suit against him and his wife, being the beneficiaries. During the pendency of the suit, he and his wife have signed a 'Memorandum of Understanding' (MOU) dated February 11, 2021 with the Company, duly acknowledged by Hon'ble High Court of Gujarat vide its order dated February 12, 2021, under which he and his wife offered their immovable properties to the tune of ₹660.00 lakhs (net off loan of ₹40.17 lakhs), which has since been transferred in the name of the Company, as value determined by the Hon'ble High Court of Gujarat and a sum of ₹40.00 lakhs deposited by them in the Court towards compliance of their Bail condition. In terms of the said MOU, the Company is obligated to attempt to

## Notes to Consolidated Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 57. (Contd.)

sell the properties in a diligent manner and quantify the amount received upon sale of such properties (net of expenses) and submit a purshis(s) of the same with the Hon'ble Civil Court. The Company has during the year sold on property and increased the "Liability under Defalcation Suit". Awaiting the final decree of the Hon'ble Civil Court, the Company is holding the properties in fiduciary capacity and disclosed the same as 'Properties held in trust' under Note no. 15 amounting to ₹657.75 lakhs (Previous year ₹426.81 lakhs) and also recognised 'Liability under Defalcation Suit' amounting to ₹669.64 lakhs (net of Expenses) (Previous year ₹414.94 lakhs) under Note no 27. The final accounting and taxation of the amounts mentioned in the purshis(s) would be done based on the final verdict of the Hon'ble Civil Court.

### 58. The Consolidated Financial Statements include the accounts of Somany Ceramics Limited (Parent Company) and its subsidiaries as detailed below:

| Name   | Country of Incorporation | Percentage of Ownership interest as at March 31, 2022 | Percentage of Ownership interest as at March 31, 2021 |
|--|--------------------------|---|---|
| SR Continental Ltd.  | India                    | 100%  | 100%  |
| Somany Bathware Ltd.   | India                    | 100%  | 100%  |
| Amora Tiles Pvt. Ltd.  | India                    | 51%   | 51%   |
| Somany Fine Vitrified Pvt. Ltd.                                | India                    | 51%   | 51%   |
| Somany Sanitaryware Pvt. Ltd.                                  | India                    | 51%   | 51%   |
| Somany Excel Vitrified Pvt. Ltd.                               | India                    | 100%  | 100%  |
| Vintage Tiles Pvt. Ltd.  | India                    | 50%   | 50%   |
| Vicon Ceramic Pvt. Ltd.  | India                    | 26%   | 26%   |
| Acer Granito Pvt. Ltd.   | India                    | 26%   | 26%   |
| Sudha Somany Ceramics Pvt. Ltd.                                | India                    | 60%   | 60%   |
| Amora Ceramics Pvt. Ltd.                                       | India                    | 51%   | 51%   |
| Somany Bath Fittings Pvt. Ltd.                                 | India                    | 100%  | 51%   |
| Somany Piastrelle Pvt. Ltd. (w.e.f February 18, 2021)          | India                    | 100%  | 100%  |
| SRCL Buildwell Pvt. Ltd. (subsidiary of SR Continental Ltd.) * | India                    | 100%  |   |
| Somany Max Pvt. Ltd. #   | India                    | 100%  |   |

\* Incorporated on February 24, 2022 to carry out the business of manufacturing of large format/slab tiles.

# Incorporated on November 9, 2021 to carry out the business of trading of premium range of tiles and allied products.

### 59. Disclosure of the additional information as required by the Schedule III:

#### a) As at and for the year ended March 31, 2022

| Name of the Entity           | Net Assets, i.e., total assets minus total liabilities |           | Share in profit or loss            |          | Other Comprehensive Income                      |        | Total Comprehensive Income                      |          |
|------------------------------|--|-----------|------------------------------------|----------|---|--------|---|----------|
|                              | As % of consolidated net assets                        | Amount    | As % of consolidated Profit/(Loss) | Amount   | As % of consolidated Other Comprehensive Income | Amount | As % of consolidated Total Comprehensive Income | Amount   |
| <b>Parent</b>                |  |           |                                    |          |   |        |   |          |
| Somany Ceramics Ltd.         | 96.93%   | 70,403.15 | 98.99%                             | 8,778.77 | 17.95%  | 2.83   | 98.84%  | 8,781.60 |
| <b>Subsidiaries (Indian)</b> |  |           |                                    |          |   |        |   |          |

## Notes to Consolidated Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 59. Disclosure of the additional information as required by the Schedule III: (Contd.)

| Name of the Entity  | Net Assets, i.e., total assets minus total liabilities |                  | Share in profit or loss            |                 | Other Comprehensive Income                      |              | Total Comprehensive Income                      |                 |
|---|--|------------------|------------------------------------|-----------------|---|--------------|---|-----------------|
|   | As % of consolidated net assets                        | Amount           | As % of consolidated Profit/(Loss) | Amount          | As % of consolidated Other Comprehensive Income | Amount       | As % of consolidated Total Comprehensive Income | Amount          |
| SR Continental Ltd.   | 0.51%  | 373.63           | (0.12)%                            | (10.45)         | 0.00%   | -            | (0.12)%   | (10.45)         |
| Somany Bathware Ltd.  | 0.13%  | 98.00            | 0.03%                              | 2.70            | 0.00%   | -            | 0.03%   | 2.70            |
| Amora Tiles Pvt. Ltd.   | 2.01%  | 1,460.29         | (2.27)%                            | (201.30)        | 52.32%  | 8.25         | (2.17)%   | (193.05)        |
| Somany Fine Vitrified Pvt. Ltd.                                 | 2.83%  | 2,053.42         | (2.44)%                            | (216.59)        | 14.02%  | 2.21         | (2.41)%   | (214.38)        |
| Somany Sanitaryware Pvt. Ltd.                                   | 1.66%  | 1,204.70         | 0.28%                              | 24.93           | (2.09)%   | (0.33)       | 0.28%   | 24.60           |
| Somany Excel Vitrified Pvt. Ltd.                                | 0.55%  | 397.14           | 0.28%                              | 24.97           | 0.00%   | -            | 0.28%   | 24.97           |
| Vintage Tiles Pvt. Ltd.   | 2.10%  | 1,524.24         | 0.64%                              | 57.16           | 60.67%  | 9.57         | 0.75%   | 66.73           |
| Somany Piastrelle Pvt. Ltd.                                     | 1.31%  | 952.20           | (0.14)%                            | (12.47)         | 0.00%   | -            | (0.14)%   | (12.47)         |
| SRCL Buildwell Pvt. Ltd.<br>(subsidiary of SR Continental Ltd.) | (0.01)%  | (6.16)           | (0.08)%                            | (7.16)          | 0.00%   | -            | (0.08)%   | (7.16)          |
| Somany Max Pvt. Ltd.  | 0.00%  | 0.65             | (0.00)%                            | (0.35)          | 0.00%   | -            | (0.00)%   | (0.35)          |
| Acer Granito Pvt. Ltd.  | 3.89%  | 2,826.29         | 2.38%                              | 211.28          | 9.06%   | 1.43         | 2.39%   | 212.71          |
| Vicon Ceramic Pvt. Ltd.   | 1.52%  | 1,104.42         | 0.78%                              | 69.23           | 9.64%   | 1.52         | 0.80%   | 70.75           |
| Sudha Somany Ceramics Pvt Ltd.                                  | 4.54%  | 3,297.71         | 4.78%                              | 423.86          | 4.88%   | 0.77         | 4.78%   | 424.63          |
| Amora Ceramics Pvt Ltd.   | 0.70%  | 509.02           | (1.60)%                            | (141.55)        | 10.01%  | 1.58         | (1.58)%   | (139.97)        |
| Somany Bath Fittings Pvt. Ltd.                                  | 1.03%  | 746.46           | 0.08%                              | 6.86            | 6.36%   | 1.00         | 0.09%   | 7.86            |
| Non Controlling Interest in All Subsidiaries                    | (14.82)%   | (10,761.83)      | (5.33)%                            | (472.92)        | (82.83)%  | (13.06)      | (5.47)%   | (485.98)        |
| Consolidated Adjustments/<br>Eliminations*                      | (4.89)%  | (3,553.68)       | 3.74%                              | 331.74          | 0.00%   | -            | 3.73%   | 331.74          |
|   | <b>100.00%</b>   | <b>72,629.65</b> | <b>100.00%</b>                     | <b>8,868.71</b> | <b>100.00%</b>                                  | <b>15.77</b> | <b>100.00%</b>                                  | <b>8,884.48</b> |

\*includes inter company eliminations, consolidation adjustments including accounting estimation difference.

### b) As at and for the year ended March 31, 2021

| Name of the Entity           | Net Assets, i.e., total assets minus total liabilities |           | Share in profit or loss            |          | Other Comprehensive Income                      |        | Total Comprehensive Income                      |          |
|------------------------------|--|-----------|------------------------------------|----------|---|--------|---|----------|
|                              | As % of consolidated net assets                        | Amount    | As % of consolidated Profit/(Loss) | Amount   | As % of consolidated Other Comprehensive Income | Amount | As % of consolidated Total Comprehensive Income | Amount   |
| <b>Parent</b>                |  |           |                                    |          |   |        |   |          |
| Somany Ceramics Ltd.         | 96.17%   | 61,621.55 | 96.82%                             | 5,520.90 | 98.38%  | 134.79 | 96.86%  | 5,655.69 |
| <b>Subsidiaries (Indian)</b> |  |           |                                    |          |   |        |   |          |

## Notes to Consolidated Financial Statements for the Year Ended March 31, 2022

(All amounts are in rupees lakhs, unless otherwise stated)

### 59. Disclosure of the additional information as required by the Schedule III: (Contd.)

| Name of the Entity                                    | Net Assets, i.e., total assets minus total liabilities |                  | Share in profit or loss            |                 | Other Comprehensive Income                      |               | Total Comprehensive Income                      |                 |
|---|--|------------------|------------------------------------|-----------------|---|---------------|---|-----------------|
|   | As % of consolidated net assets                        | Amount           | As % of consolidated Profit/(Loss) | Amount          | As % of consolidated Other Comprehensive Income | Amount        | As % of consolidated Total Comprehensive Income | Amount          |
| SR Continental Ltd.                                   | 0.21%  | 134.08           | (0.01)%                            | (0.54)          | 0.00%   | -             | (0.01)%   | (0.54)          |
| Somany Bathware Ltd.                                  | 0.15%  | 95.30            | 0.10%                              | 5.94            | 0.00%   | -             | 0.10%   | 5.94            |
| Amora Tiles Pvt. Ltd.                                 | 2.58%  | 1,653.35         | (2.32)%                            | (132.14)        | 1.66%   | 2.28          | (2.22)%   | (129.86)        |
| Somany Fine Vitrified Pvt. Ltd.                       | 3.54%  | 2,267.78         | (3.49)%                            | (199.18)        | 1.24%   | 1.69          | (3.38)%   | (197.49)        |
| Somany Sanitaryware Pvt. Ltd.                         | 1.84%  | 1,180.10         | 0.37%                              | 21.13           | (0.52)%   | (0.72)        | 0.35%   | 20.41           |
| Somany Excel Vitrified Pvt. Ltd.                      | 0.58%  | 372.17           | 0.40%                              | 22.73           | 0.00%   | -             | 0.39%   | 22.73           |
| Vintage Tiles Pvt. Ltd.                               | 2.27%  | 1,457.51         | (1.69)%                            | (96.09)         | 0.74%   | 1.01          | (1.63)%   | (95.08)         |
| Somany Piastrelle Pvt. Ltd. (w.e.f February 18, 2021) | 0.00%  | 0.67             | (0.01)%                            | (0.33)          | 0.00%   | -             | (0.01)%   | (0.33)          |
| Acer Granito Pvt. Ltd.                                | 4.08%  | 2,613.57         | 2.27%                              | 129.50          | 2.53%   | 3.46          | 2.28%   | 132.96          |
| Vicon Ceramic Pvt. Ltd.                               | 1.61%  | 1,033.67         | 1.15%                              | 65.72           | (0.01)%   | (0.01)        | 1.13%   | 65.71           |
| Sudha Somany Ceramics Pvt Ltd.                        | 1.97%  | 1,260.58         | 2.10%                              | 119.77          | (1.29)%   | (1.76)        | 2.02%   | 118.01          |
| Amora Ceramics Pvt Ltd.                               | 1.01%  | 648.99           | (1.38)%                            | (78.57)         | 0.31%   | 0.43          | (1.34)%   | (78.14)         |
| Somany Bath Fittings Pvt. Ltd.                        | 1.15%  | 738.60           | (0.53)%                            | (30.50)         | (0.00)%   | (0.01)        | (0.52)%   | (30.51)         |
| Non Controlling Interest in All Subsidiaries          | (15.56)%   | (9,969.53)       | (6.25)%                            | (356.66)        | (3.03)%   | (4.15)        | (6.18)%   | (360.80)        |
| Consolidated Adjustments/ Eliminations*               | (1.61)%  | (1,033.61)       | 12.46%                             | 710.63          | 0.00%   | -             | 12.17%  | 710.63          |
|   | <b>100.00%</b>   | <b>64,074.78</b> | <b>100.00%</b>                     | <b>5,702.31</b> | <b>100.00%</b>                                  | <b>137.01</b> | <b>100.00%</b>                                  | <b>5,839.32</b> |

\*includes inter company eliminations, consolidation adjustments including accounting estimation difference.

60. The figures for the previous year have been regrouped/rearranged, wherever considered necessary, to conform current year classifications.

#### For and on behalf of Board of Directors

As per our report of even date attached

For Singhi & Co.

Chartered Accountants

Firm Registration No. 302049E

**Bimal Kumar Sipani**

Partner

M. No. 088926

Place: Noida

Date: May 18, 2022

**Shreekant Somany**

Chairman & Managing Director

DIN: 00021423

**Saikat Mukhopadhyay**

Chief Financial Officer

**Abhishek Somany**

Managing Director

DIN: 00021448

**Ambrish Julka**

GM - Legal & Company Secretary



## SOMANY CERAMICS LIMITED

**Regd. Office:** 2, Red Cross Place, Kolkata, West Bengal-700001  
**CIN:** L40200WB1968PLC224116, **Website:** www.somanyceramics.com  
**Phone:** 033-22487406/5913, **E-mail:** sclinvestors@somanyceramics.com;  
corporateaffairs@somanyceramics.com

### NOTICE OF THE 54<sup>th</sup> ANNUAL GENERAL MEETING

Notice is hereby given that the 54<sup>th</sup> Annual General Meeting (“AGM”) of the Members of Somany Ceramics Limited will be held on Friday the 23<sup>rd</sup> September, 2022 at 11 A.M. through Video Conferencing (“VC”)/ Other Audio Visual Means (“OAVM”) to transact the following business:

#### ORDINARY BUSINESS

1. To receive, consider and adopt: -

The Audited Standalone Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2022 together with the Reports of Directors’ and Auditors’ thereon; and the Audited Consolidated Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2022 together with report of Auditors thereon.

2. To declare a dividend on equity shares for the financial year ended 31<sup>st</sup> March, 2022.
3. To appoint a Director in place of Mr. Ghanshyam Girdharbhai Trivedi (DIN:00021470), who retires by rotation at this Annual General Meeting and being eligible, has offered himself for re-appointment.
4. To re-appoint M/s. Singhi & Co., Chartered Accountants (Firms Registration No.: 302049E) as the Statutory Auditors of the Company, and in this connection, to pass, with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

“**RESOLVED THAT** pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and on the recommendation of the Audit Committee and the Board of Directors of the Company, M/s. Singhi & Co., Chartered Accountants (Firm Registration No.: 302049E), be and are hereby re-appointed as Statutory Auditors of the Company for the second consecutive term of five years, to hold office from the conclusion of 54<sup>th</sup> Annual General Meeting until the conclusion of the 59<sup>th</sup> Annual General Meeting to be held in the year 2027 at such remuneration as decided by the Board of Directors of the Company.”

#### SPECIAL BUSINESS

5. To consider and, if thought fit, to pass, the following resolution as a **SPECIAL RESOLUTION**:

**To re-appoint Mr. Abhishek Somany (DIN: 00021448) as the Managing Director & Chief Executive Officer of the Company for a period of 3 (Three) consecutive years, commencing from 1<sup>st</sup> June, 2023 till 31<sup>st</sup> May, 2026.**

“**RESOLVED THAT** in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI (LODR)] (including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof, for the time being in force), consent and/or approval of Members of the Company be and is hereby accorded for the re-appointment of Mr. Abhishek Somany (“Mr. Somany”) (DIN: 00021448) as Managing Director & Chief Executive Officer (“Key Managerial Personnel”) of the Company for a period of 3 (Three) consecutive years, commencing from 1<sup>st</sup> June, 2023 till 31<sup>st</sup> May, 2026, liable to retire by rotation and to receive remuneration by way of salary, commission, perquisites and/or allowances, as Managing Director and Chief Executive Officer of the Company as recommended by the Nomination and Remuneration Committee and Board of Directors of the Company and upon the terms, conditions and stipulations contained in the draft Agreement to be entered into between the Company of the ONE PART and Mr. Somany of the OTHER PART and details as set out in the Statement pursuant to Section 102 of the Companies Act, 2013, which Agreement is specifically sanctioned with liberty to the Board of Directors to alter, vary and modify the terms, conditions and stipulations of the said re-appointment of Mr. Somany as the Managing Director & Chief Executive Officer of the Company and/or remuneration payable to him and/or agreement containing the terms and conditions as may be agreed to between the Board of Directors and Mr. Somany, provided, however, that the

remuneration payable to Mr. Somany, shall not exceed the maximum limits for payment of managerial remuneration, specified in Schedule V to the said Act, or any amendment thereto as may be made from time to time or the laws or guidelines as may for the time being in force.”

“**RESOLVED FURTHER THAT** notwithstanding anything to the contrary herein contained where in any financial year during the tenure of Mr. Somany, the Company has no profits or its profits are inadequate, the Company may pay him remuneration as may be approved from time to time, as the minimum remuneration subject to limits laid down in Schedule V of the Companies Act, 2013 or as approved by the shareholders of the Company by way of Special Resolution or otherwise as permissible by law for the time being in force.”

“**RESOLVED FURTHER THAT** pursuant to Regulation 17(6)(e) of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, subject to other applicable provisions, if any, and as per the recommendation of the Nomination & Remuneration Committee and the Board of Directors of the Company, the consent of the members be and is hereby accorded for the payment of remuneration to Mr. Abhishek Somany (DIN: 00021448), as Managing Director and Chief Executive Officer of the Company, who is also a Promoter of the Company, during his term commencing on 1<sup>st</sup> June, 2023 and ending on 31<sup>st</sup> May, 2026 notwithstanding that the annual remuneration to Mr. Abhishek Somany (DIN: 00021448) may exceed ₹5 crore or 2.5% of the net profits of the Company calculated as per the provisions of Section 198 of the Companies Act, 2013, whichever is higher or the aggregate annual remuneration to all the executive directors exceeds 5% of the net profits of the Company.”

“**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to do and perform all such acts, deeds, matters and things, as may be considered necessary desirable or expedient to give effect to this resolution.”

6. To consider and, if thought fit, to pass the following resolution as a **SPECIAL RESOLUTION**:

**Remuneration by way of Commission to Non-Executive Directors:**

“**RESOLVED THAT** pursuant to Section 197, 198, and all other applicable provisions of the Companies Act, 2013, (“the Act”), provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Articles of Association of the Company, consent of the Members of the Company be and is hereby accorded for payment of commission to its Directors (other than the Managing Director and Whole-time Director of the Company) not exceeding in the aggregate, 1% (one per cent) per annum of the net profit of the Company, calculated in accordance with the provisions of Section 198 of the Act, in addition to the sitting fees being paid / payable for

attending the meetings of the Board of Directors of the Company and its Committees thereof.

“**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to determine such amounts, proportions, periodicity and the manner of payment of the amount to be payable to such Directors as commission, from time to time, within overall limit of 1% of the net profits of the Company for each financial year commencing from 1<sup>st</sup> April 2023 up to 31<sup>st</sup> March, 2028.”

“**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, proper and expedient in order to give effect to the above Resolution.”

7. To consider and if thought fit, to pass the following resolution as a **SPECIAL RESOLUTION**:

**Re-appointment of Mr. Rameshwar Singh Thakur (DIN: 00020126) as an Independent Director for his second term of five (5) consecutive years.**

“**RESOLVED THAT** pursuant to the provisions of Section 149, 150, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualifications of Directors) Rules, 2014 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI (LODR)] (including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof, for the time being in force) and as recommended by the Nomination and Remuneration Committee and Board of Directors of the Company, Mr. Rameshwar Singh Thakur (DIN: 00020126) (who has attained the age of 75 years), who was appointed as an Independent Director of the Company at the 50<sup>th</sup> Annual General Meeting of the Company to hold office as an Independent Director with effect from 24<sup>th</sup> May, 2018 upto 23<sup>rd</sup> May, 2023 and who is eligible for being re-appointed as an Independent Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of five consecutive years i.e. from 24<sup>th</sup> May, 2023 upto 23<sup>rd</sup> May, 2028.”

“**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, proper and expedient in order to give effect to the above Resolution.”

8. To consider and, if thought fit, to pass the following resolution as a **SPECIAL RESOLUTION**:

**Re-appointment of Mrs. Rumjhum Chatterjee (DIN: 00283824) as an Independent Director for her second term of five (5) consecutive years.**

**“RESOLVED THAT** pursuant to the provisions of sections 149, 150, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 (the Act) and the Companies (Appointment and Qualifications of Directors) Rules, 2014 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) (including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof, for the time being in force) and as recommended by the Nomination and Remuneration Committee and Board of Directors of the Company, Mrs. Rumjhum Chatterjee (DIN: 00283824), who was appointed as an Independent Director of the Company at the 51<sup>st</sup> Annual General Meeting of the Company to hold office as an Independent Director with effect from 1<sup>st</sup> September, 2018 upto 31<sup>st</sup> August, 2023 and who is eligible for being re-appointed as an Independent Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of five consecutive years i.e. with effect from 1<sup>st</sup> September, 2023 upto 31<sup>st</sup> August, 2028.”

**“RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, proper and expedient in order to give effect to the above Resolution.”

- 9 To consider and, if thought fit, to pass the following resolution as an **ORDINARY RESOLUTION:**

**Approval for Material Related Party Transactions with M/s Sudha Somany Ceramics Private Limited (“SSCPL”).**

**“RESOLVED THAT** pursuant to the applicable provisions, if any, of the Companies Act, 2013, read with Rules framed there under, Regulation 23 of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, as amended from time to time (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) Memorandum and Articles of Association of the Company, the Company’s Policy on Related Party Transactions and in accordance with the provisions of any other applicable laws or regulations and such other approval(s), permission(s) and sanction(s) as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority(ies) while granting such approval(s), permission(s) and sanction(s), on recommendation of the Audit Committee and Board of Directors of the Company, the approval of the Shareholders of the Company be and is hereby accorded to Board of Directors of the Company (hereinafter referred to as “Board”, which term shall be deemed to include any Committee duly constituted / empowered by the Board, from time to time, to exercise its powers conferred by this resolution), to enter into and / or to carry out and / or continue to enter, carry out contracts / arrangements / transactions, whether by

way of renewal(s) or extension(s) or modification(s) of earlier contract/ arrangements/transactions or otherwise and/or carrying out/ continuing with arrangements and transactions (whether individual transaction or transactions taken together or series of transactions or otherwise) with M/s Sudha Somany Ceramics Private Limited (being a related party of the Company within the meaning of Section 2 (76) of the Companies Act, 2013 and Regulation 2(1)(zb) of the SEBI(LODR) Regulations, 2015), which may exceed 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company or such other materiality threshold, as may be prescribed from time to time subject to an amount ₹32,200 Lakhs (Rupees Thirty Two Thousand Two Hundred Lakhs), to be entered during the FY 2022-23, subject to such contracts(s)/arrangement(s)/ transaction(s) being carried out at arm’s length and in ordinary course of business of the Company.”

**“RESOLVED FURTHER THAT** the Board be and is hereby authorized to do and perform all such acts, deeds, matters and things, as may be necessary, including finalizing the terms and conditions, methods and modes in respect thereof and finalizing and executing necessary documents, including contracts, schemes, agreements and such other documents and deal with any matters, take necessary steps as the Board may in its absolute discretion deem necessary, desirable or expedient to give effect to this resolution and to settle any question that may arise in this regard and incidental thereto, without being required to seek any further consent or approval of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

**“RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers herein conferred, to any Committee, Director(s), Chief Financial Officer, Company Secretary or any other Officer(s) / Authorized Representative(s) of the Company, to do all such acts and take such steps, as may be considered necessary or expedient, to give effect to the aforesaid resolution(s).”

**“RESOLVED FURTHER THAT** all actions taken by the Board in connection with any matter referred to or contemplated in any of the foregoing resolutions be and are hereby approved, ratified and confirmed in all respects.”

- 10 To consider and, if thought fit, to pass the following resolution as a **SPECIAL RESOLUTION:**

**Authorize borrowings by way of issuance of Non-Convertible Debentures/Bonds/Other Similar Instruments.**

**“RESOLVED THAT** pursuant to the provisions of Sections 42, 71 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities)

Rules, 2014, and subject to all the applicable Laws and Regulations, including but not limited to SEBI (Issue and Listing of Debt Securities) Regulations, 2008, the Listing Agreement entered into with the Stock Exchange (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to the provisions of the Memorandum and Articles of Association of the Company, consent of the members be and is hereby accorded to the Board of Directors (hereinafter referred to as the “Board”, which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to borrow from time-to-time by making offer(s) or invitation(s) to subscribe or issuance of redeemable Non-Convertible Debentures (NCD)/ Bonds/Other similar instruments, whether secured or unsecured, on private placement basis, in one or more tranches, upto an amount not exceeding ₹50 crore (Rupees Fifty crore Only) during a period of one year from the date of passing of this Resolution on such terms and conditions as the Board may, from time to time, determine and

consider proper and that the said borrowing shall be within the overall borrowing limits of the Company as may be approved by the Members from time to time.”

“**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, proper and expedient in order to give effect to the above Resolution.”

By Order of the Board of Directors  
For Somany Ceramics Limited

(Ambrish Julka)

Place: Noida General Manager (Legal) & Company Secretary  
Dated: 10<sup>th</sup> August, 2022 (M. No. F4484)

## Notes:-

1. Explanatory Statements setting out the material facts concerning each item of Special Business to be transacted at the Annual General Meeting pursuant to Section 102 of the Companies Act, 2013, is annexed hereto and forms part of the Notice. Information on Directors proposed to be appointed/reappointed at the Meeting as required under Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings issued by The Institute of Company Secretaries of India (“SS-2”) are provided in the Annexure – A to this Notice.
2. In view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide General Circular No. 3/2022 dated 05<sup>th</sup> May, 2022 (in continuation of General Circular No. 20/2021 dated 08<sup>th</sup> December, 2021, Circular number 10/2021 dated 23<sup>th</sup> June, 2021, 39/2020 dated 31<sup>st</sup> December, 2020, 33/2020 dated 28<sup>th</sup> September, 2020, 22/2020 dated 15<sup>th</sup> June, 2020, 17/2020 dated 13<sup>th</sup> April, 2020 and 14/2020 dated 8<sup>th</sup> April, 2020, issued by the Ministry of Corporate Affairs, Government of India (hereinafter collectively referred to as “MCA Circulars”) and Circular No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15<sup>th</sup> January, 2021 (in continuation of Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12<sup>th</sup> May, 2020) issued under Regulation 101 and SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated 13<sup>th</sup> May, 2022 (hereinafter collectively referred as “SEBI Circulars”). The forthcoming AGM of the Company will thus be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate
3. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars and SEBI Circulars the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has appointed Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting’s agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
4. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on first come first serve basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders

Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

5. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
6. Pursuant to MCA Circulars, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form, Attendance Slip and Route Map are not annexed to this Notice. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members can attend the AGM through VC/OAVM and cast their votes through e-voting.
7. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated 13<sup>th</sup> April, 2020, the Notice calling the AGM has been uploaded on the website of the Company at [www.somanyceramics.com](http://www.somanyceramics.com)

The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. [www.evotingindia.com](http://www.evotingindia.com).

8. The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circulars.
9. Members are requested to notify immediately the change of their name, postal address, email address, mobile number, PAN, Nomination and bank particulars to their DP if the shares are held by them in electronic form and to the Registrar & Share Transfer Agent ("RTA") of the Company i.e. Maheshwari Datamatics Pvt. Ltd. if shares are held in physical form, as available on website of RTA at <https://mdpl.in/form>. in prescribed Form ISR-1 and other forms pursuant to SEBI Circular No. SEBI/HO/ MIRSD/MIRSD\_RTAMB/P/CIR/2021/655 dated 3<sup>rd</sup> November, 2021. Further the shareholders are requested to submit duly filled form along with all necessary documents at the address of R & T Agent at 23, R. N. Mukherjee Road, 5<sup>th</sup> Floor, Kolkata 700001. Pursuant to the above referred SEBI Circular, in case any of the above cited documents/details are not available in the folio(s) on or after 1st April 2023, RTA shall be constrained to freeze such folio(s). To prevent fraudulent transactions, members are allowed to exercise due diligence and not to leave their Demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.

10. Members having multiple folios in the same order of name(s) may inform the Company for consolidation into one folio.
11. Members holding shares in physical form and desirous of making a nomination or cancellation/ variation in nomination already made in respect of their shareholding in the Company, as permitted under Section 72 of the Companies Act, 2013, are requested to submit the prescribed Form SH-13 to the RTA of the Company for nomination and Form SH-14 for cancellation/variation as the case may be. The forms are available on the website of the RTA [www.mdpl.in/form](http://www.mdpl.in/form). Shareholders holding shares in demat form are also advised to avail nomination facility by submitting the prescribed form to their respective Depository Participants (DPs).
12. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 and the Register of Contract or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection.
13. The Register of Members and Share Transfer Books of the Company will remain closed from 17<sup>th</sup> September 2022 to 23<sup>rd</sup> September 2022 for the purpose of the 54<sup>th</sup> Annual General Meeting.
14. (a) Pursuant to the provisions of Sections 124 and 125 of the Companies Act, 2013, the unpaid/unclaimed dividends upto the year 2013-2014 has been transferred to Investor Education and Protection Fund ("IEPF") and dividends for the Financial Year ended 31<sup>st</sup> March, 2015 and thereafter which remain unpaid or unclaimed for a period of 7 consecutive years will also be transferred to the IEPF constituted by the Central Government, on the respective due dates on or before 6<sup>th</sup> October, 2022. The Company has also uploaded full details of such shareholders, whose dividend for seven consecutive years remained unclaimed, on its website [www.somanyceramics.com](http://www.somanyceramics.com).

Members, who have not encashed their dividend warrant(s) for the financial year ended 31<sup>st</sup> March, 2015 or any subsequent financial year(s) are urged to claim such amount from the Company immediately. Shareholders whose amount has been transferred to IEPF as above may claim refund from IEPF in accordance with the provisions under the Companies Act, 2013 and rules made thereunder.

- (b) Pursuant to the provisions of Investor Education and Protection Fund (uploading of information regarding unpaid and unclaimed amount lying with Companies) Rules, 2012, the Company has uploaded details of unpaid and unclaimed amounts lying with the Company as on 15<sup>th</sup> September 2021 (the date of last Annual General Meeting) on the website of the Company [www.somanyceramics.com](http://www.somanyceramics.com).

- (c) Further, pursuant to the provisions of Section 124 of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, all shares in respect of which dividend has not been encashed/claimed by the Shareholders for seven consecutive years, the Company is required to transfer such Equity Shares of the Members to the Demat Account of the IEPF. Accordingly, the Company has transferred 4059 Equity Shares of ₹2/- each to IEPF whose dividend has not been encashed for consecutive 7 years from 2013-14, details of which are available on website of the Company also. Similarly, the Company will transfer such shares to the Demat Account of IEPF Authority on which dividend for 2014-15 will remain unencashed for consecutive 7 years, as per the guidelines issued by the concerned authority/(ies) from time to time.
15. SEBI vide its Circular No. SEBI/HO/MIRSD/DOPI/CIR/P/2018/73 dated 20<sup>th</sup> April, 2018 has mandated that for making dividend payments, companies whose securities are listed on the stock exchanges shall use electronic clearing services (local, regional or national), direct credit, real time gross settlement, national electronic funds transfer etc. The Company and its Registrars and Share Transfer Agent are required to seek relevant bank details of shareholders from depositories/investors for making payment of dividends in electronic mode. Further, pursuant to General Circular 20/2020 dated 05<sup>th</sup> May, 2020 Companies are directed to credit the dividend of the shareholders directly to the bank accounts of the shareholders using Electronic Clearing Service. Accordingly, Members are requested to provide or update (as the case may be) their bank details with the respective depository participant for the shares held in dematerialized form and with the Registrars & Share Transfer Agent in respect of shares held in physical form.
  16. 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 their PAN to their Depository Participants (DPs) with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to RTA viz. Maheshwari Datamatics Private Limited/ Company.
  17. SEBI vide its Notification No. SEBI/LAD-NRO/GN/2018/24 dated 08<sup>th</sup> June, 2018 and Notification No. SEBI/LAD-NRO/ GN/2018/49 dated 30<sup>th</sup> November, 2018 amended Regulation 40 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which provides that from 01<sup>st</sup> April, 2019 transfer of securities would not be processed unless the securities are held in the dematerialized form with a depository. In view of the same, now the shares cannot be transferred in the physical mode. Hence, Members holding shares in physical form are requested to dematerialise their holdings immediately. However, Members can continue to make request for transmission or transposition of securities held in physical form.
  18. The Companies Act, 2013 in line with the measures undertaken by the Ministry of Corporate Affairs for promotion of Green Initiative, has introduced enabling provisions for sending notice of the meeting and other shareholder correspondences through electronic mode. Members holding shares in physical mode are requested to register their email ID's with the Company or its RTA and Members holding shares in demat mode are requested to register their e-mail ID's with their respective Depository Participants (DPs). If there is any change in the e-mail ID already registered with the Company, Members are requested to immediately notify such change to the Company or its RTA in respect of shares held in physical form and to DPs in respect of shares held in electronic form.
  19. Members may also note that the Notice of this Annual General Meeting and the Annual Report of the Company for the year 2021-22 is also available on the website of the Company viz. [www.somanyceramics.com](http://www.somanyceramics.com)
  20. The Financial Statements of the subsidiaries of the Company are not attached to the 54<sup>th</sup> Annual Report of the Company. However, these documents will be made available upon receipt of request from any Member of the Company and shall be available at the Registered Office of the Company as well as its Subsidiary Companies for inspection by the Members in terms of the provisions under the Companies Act, 2013.
  21. The Board of Directors of the Company has appointed Mr. Akshit Kumar Jangid, Partner of M/s Pinchaa & Co., Company Secretaries, (Membership No. FCS 11285, CP No. 16300), as Scrutinizer to scrutinize the e-voting during the AGM and remote e-voting in a fair and transparent manner.

**THE INSTRUCTIONS OF SHAREHOLDERS FOR E-VOTING AND JOINING VIRTUAL MEETINGS ARE AS UNDER:**

**Step 1** : Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

**Step 2** : Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

- (i) The voting period begins on Monday, 19<sup>th</sup> September, 2022 at 9 a.m. and ends on Thursday, 22<sup>nd</sup> September, 2022 at 5 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Friday, 16<sup>th</sup> September, 2022 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) Any person, who acquire shares of the Company and becomes a member of the Company after sending of the notice and holding shares as of the cut-off date, may follow the same procedure as given below for remote e-voting.
- (iv) Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09<sup>th</sup> December, 2020 under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

**Step 1** : Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

- (v) In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 9<sup>th</sup> December, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to abovesaid SEBI Circular, Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode CDSL/NSDL is given below:

| Type of shareholders  | Login Method   |
|---|--|
| Individual Shareholders holding securities in Demat mode with CDSL Depository | <ol style="list-style-type: none"><li>1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or visit <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.</li><li>2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly.</li><li>3) If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li></ol> |

| Type of shareholders  | Login Method  |
|---|---|
|   | <p>4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page or click on <a href="https://evoting.cdslindia.com/Evoting/EvotingLogin">https://evoting.cdslindia.com/Evoting/EvotingLogin</a></p> <p>The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</p>   |
| Individual Shareholders holding securities in demat mode with NSDL Depository                               | <p>1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p> <p>2) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select “Register Online for IDeAS “Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></p> <p>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p> |
| Individual Shareholders (holding securities in demat mode) login through their Depository Participants (DP) | <p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p>   |

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL.**

| Login type   | Helpdesk details   |
|--|--|
| Individual Shareholders holding securities in Demat mode with CDSL | Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at toll free no. 1800 22 55 33 |
| Individual Shareholders holding securities in Demat mode with NSDL | Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30         |



**Step 2 : Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.**

(vi) Login method for e-Voting and joining virtual meetings for **Physical shareholders and shareholders other than individual holding in Demat form.**

- 1) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- 2) Click on “Shareholders” module.
- 3) 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. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- 4) Next enter the Image Verification as displayed and Click on Login.
- 5) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.
- 6) If you are a first-time user follow the steps given below:

|  | <b>For Physical shareholders and other than individual shareholders holding shares in Demat.</b>  |
|--|---|
| PAN  | <p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>• Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.</li> </ul> |
| Dividend Bank Details or Date of Birth (DOB) | <p>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.</p> <ul style="list-style-type: none"> <li>• 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.</li> </ul>                |

- (vii) After entering these details appropriately, click on “SUBMIT” tab.
- (viii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders 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.
- (ix) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the EVSN for the relevant Somany Ceramics Limited on which you choose to vote.
- (xi) 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.
- (xii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiii) 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.
- (xiv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.

(xvi) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xvii) There is also an optional provision to upload BR/POA if any uploaded, which will be made available to scrutinizer for verification.

**(xviii) Additional Facility for Non – Individual Shareholders and Custodians – For Remote Voting only.**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the “Corporates” module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto: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 login will be mapped automatically & can be delinked in case of any wrong mapping.
- It is Mandatory that, 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.
- Alternatively, Non Individual shareholders are required mandatory to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; [ppincha@gmail.com](mailto:ppincha@gmail.com) and [scl\\_agm@somanyceramics.com](mailto:scl_agm@somanyceramics.com), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

**INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:**

1. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.

4. Shareholders are encouraged to join the Meeting through Laptops / iPads for better experience.

5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

6. Please note that participants connecting from mobile devices or tablets or through laptop connecting via mobile hotspot may experience audio/video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

7. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 10 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at [scl\\_agm@somanyceramics.com](mailto:scl_agm@somanyceramics.com). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 10 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at [scl\\_agm@somanyceramics.com](mailto:scl_agm@somanyceramics.com). These queries will be replied to by the company suitably by email.

8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

9. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.

10. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders may be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

**PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY / DEPOSITORIES.**

1. For Physical shareholders– Members are requested to directly register their email id/update their PAN by visiting the link of the Company’s Registrar and Share Transfer Agent M/s. Maheshwari Datamatics Private Limited as given below:
  - Link for email registration - <http://mdpl.in/form>
  - Further the shareholders are requested to submit duly filled form along with all necessary documents at the address of R & T Agent at 23, R. N. Mukherjee Road, 5th Floor, Kolkata 700001.

2. For Demat shareholders - Please update your email id & mobile no. with your respective mdpldc@yahoo.com
3. **For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.**

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futorex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call toll free no. 1800 22 55 33.

## EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102(I) OF THE COMPANIES ACT, 2013

### Item No. 4

This Explanatory Statement is in terms of Regulation 36(5) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), though statutorily it is not required in terms of Section 102 of the Act. The Members at the 49<sup>th</sup> Annual General Meeting ('AGM') of the Company held on 25<sup>th</sup> August, 2017, had approved appointment of M/s. Singhi & Co., Chartered Accountants (Firms Registration No.: 302049E), as the Statutory Auditors of the Company to hold office from the conclusion of 49<sup>th</sup> AGM till the conclusion of 54<sup>th</sup> AGM of the Company to be held in the year 2022. After evaluating and considering various factors such as industry experience, competency of the audit team, efficiency in conduct of audit, independence, etc., the Board of Directors of the Company ('Board') has, based on the recommendation of the Audit Committee, proposed the reappointment of M/s. Singhi & Co. as the Statutory Auditors of the Company, for the second consecutive term of five years from the conclusion of 54<sup>th</sup> Annual General Meeting until the conclusion of the 59<sup>th</sup> Annual General Meeting of the Company to be held in the year 2027 at a remuneration as decided by the Board of Directors. M/s. Singhi & Co. have consented to their appointment as the Statutory Auditors and have confirmed that the appointment, if made, would be within the limits specified under Section 141(3)(g) of the Act and that they are not disqualified to be appointed as the Statutory Auditors in terms of the provisions of Section 139 and 141 of the Act and the Rules framed thereunder.

The fee proposed to be paid for the FY 2022-23 will be as decided by the Board of Directors of the Company. The Board, in consultation with the Audit Committee shall approve revisions in the remuneration of the Statutory Auditors for the remaining part of the tenure, if any. Besides the audit services, the Company would also obtain certifications from the Statutory Auditors under various statutory regulations and certifications required by clients, banks, statutory authorities, audit related services and other permissible non audit services as required from time to time, for which they will be remunerated separately on mutually agreed terms.

The above fee excludes the proposed remuneration to be paid for the purpose of statutory audit of subsidiaries and branches, if any. The Board, in consultation with the Audit Committee, may alter and vary the terms and conditions of re-appointment, including remuneration, in such manner and to such extent as may be mutually agreed with the Statutory Auditors.

None of the Directors, Key Managerial Personnel or their respective relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution at Item No. 4 of the accompanying Notice. Based on the

recommendation of the Audit Committee, the Board recommends the Ordinary Resolution set forth at Item No. 4 of the Notice for approval by the Members.

### Item Nos. 5

The present term of Mr. Abhishek Somany (DIN: 00021448) as Managing Director of the Company expires by efflux of time on 31<sup>st</sup> May, 2023 who is also designated as Chief Executive Officer of the Company. Mr. Abhishek Somany (DIN: 00021448), aged about 50 years is a Bachelor of Business Administration from Richmond University, U.K. with specialization in Finance & Marketing and at present is the Managing Director & Chief Executive Officer of the Company. Keeping in view his business acumen and varied experience he acquired during his association with the Company, the Board of Directors considered his appointment useful and recommended his re-appointment as Managing Director ("Key Managerial Personnel") and designated as Chief Executive Officer of the Company, at its meeting held on 10<sup>th</sup> August, 2022, liable to retire by rotation, for a further period of 3 (Three) consecutive years commencing from 1<sup>st</sup> June, 2023 to 31<sup>st</sup> May, 2026. His re-appointment and remuneration has been recommended by the Nomination and Remuneration Committee and is in accordance with Schedule V to the Companies Act, 2013 ("the Act").

Further, in terms of Regulation 17 (6) (e) of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, the fees or compensation payable to executive directors who are promoters or members of the promoter group, shall be subject to the approval of the shareholders by special resolution in general meeting, if-

- (i) the annual remuneration payable to such executive director exceeds ₹5 crore or 2.5% of the net profits of the listed entity calculated as per the provisions of Section 198 of the Companies Act, 2013, whichever is higher; or
- (ii) where there is more than one such director, the aggregate annual remuneration to such directors exceeds 5% of the net profits of the listed entity

The Board of Directors has accordingly considered the following remuneration as per the recommendations of the Nomination and Remuneration Committee which is in accordance with Schedule V of the Companies Act, 2013, payable to Mr. Abhishek Somany (DIN: 00021448), as Managing Director and Chief Executive Officer of the Company during his period of re-appointment with power to make such variation or increase therein as may be thought fit from time to time, in accordance with the provisions of Section 197 and 198 of the Companies Act, 2013 read-with Schedule V to the said Act, or any statutory amendment or relaxation thereof;

| S.No | Particulars              | Mr. Abhishek Somany, Managing Director & Chief Executive Officer (DIN: 00021448)   |
|------|--------------------------|--|
| 1    | Period of Re-appointment | 3 (Three) consecutive years commencing from 1 <sup>st</sup> June, 2023 to 31 <sup>st</sup> May, 2026.  |
| 2    | Remuneration *           | Mr. Abhishek Somany (DIN: 00021448) (hereinafter referred to as “the appointee”) shall, in consideration of his services, be entitled to the following remuneration by way of: |
| A    | Salary                   | ₹35,00,000/- (Rupees Thirty Five Lakhs Only) per month.  |
| B    | House Rent Allowance     | ₹2,00,000/- (Rupees Two Lakhs Only) per month.   |
| C    | Commission               | At the rate of 3% (Three Percent) of net profits of the Company for each financial year computed in the manner laid down in Section 197 of the Companies Act, 2013.            |
| D    | Perquisites              | The appointee will be entitled to the following perquisites in addition to his salary, house rent allowance and commission.  |

\* The Board may consider and grant an annual increment at its discretion, as may be recommended by the Nomination and Remuneration Committee.

He will be entitled to the following perquisites in addition to his salary, house rent allowance and commission, subject to overall limit laid down in Schedule V to the Companies Act, 2013. Unless the context otherwise requires, perquisites are classified into three categories A, B and C as follows:-

**CATEGORY –A** This will comprise of leave travel concession, medical reimbursement, fees of clubs and personal accident insurance. These may be provided for as under:-

**Medical Reimbursement:**

All medical expenses incurred for him and his family including Hospitalization, Nursing Home and Surgical charges in India and/or Abroad or both subject to a ceiling of his one month salary in a year or 3 (Three) months’ salary over a period of 3 years, as the case may be.

**Leave Travel Concession:**

To him and his family once in a year, subject to the ceiling of one month salary.

**Club Fee:**

Fees of club’s subject to a maximum of two clubs. This will not include admission and life membership fees.

**Personal Accident Insurance:**

To the appointee, of an amount, the premium of which, does not exceed ₹10,000/- per annum.

**Explanation:**

1. For the purpose of CATEGORY ‘A’, Family means, the spouse and the dependent children of the appointee.
2. The expenditure incurred by the Company on Gas, Electricity, Water and Furnishings shall be valued as per the Income Tax Rules, 1962.

**CATEGORY –B**

- i) Contribution to Provident Fund will not be included in the computation of the ceiling on perquisites to the extent not taxable under the Income Tax Act, 1961.
- ii) Gratuity payable should not exceed half a month’s salary for each completed years of service.
- iii) Encashment of Leave at the end of the tenure will be permitted and will not be included in the computation of the ceiling on perquisites.

**CATEGORY –C**

Provision of Car for use on Company’s business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of Car for private purpose shall be billed by the Company to him. He shall also be provided with a mobile, laptop and internet connection for the purpose the Company’s business, which will also not form part of perquisites.

**Overall Remuneration:**

Subject to an overall limit of 5% of the net profit individually and 10% of the net profit collectively payable to him by the Company, as calculated in accordance with Section 197 and other applicable provisions read with Schedule V to the said Act, as may be for the time being in force.

**Minimum Remuneration:**

In the event of loss or inadequacy of profits in any financial year during the currency of tenure of his office, the Company may pay him remuneration by way of consolidated salary and perquisites in accordance with the limits laid down under Section II of Part II of Schedule V to the said Act, as may be applicable at the relevant time, subject to necessary approval(s) as may be required. The perquisites specified in Section II of Part II of Schedule V to the Act, however shall not be included in the computation of the ceiling

on remuneration specified under Section II of Part II of Schedule V to the Act. The value of the perquisites for the purpose of calculating the above annual ceiling shall be evaluated as per Income Tax Rules wherever applicable otherwise at actual.

#### Sitting Fee:

He shall not so long as he acts as Managing Director & Chief Executive Officer of the Company, be paid any sitting fees for attending any meeting of the Board or Committee thereof.

#### Termination:

Notwithstanding anything contained in this Agreement, either party shall be entitled to determine this Agreement by giving three calendar months' notice in writing in that behalf to the other party and on the expiry of the period of such notice, this Agreement shall stand terminated. The Company shall also be entitled without assigning any reason whatsoever to terminate the Agreement on giving to the appointee three months' salary as specified hereinabove under the head Remuneration, in lieu of three calendar months' notice required to be given under this clause.

#### Service of Notice:

Any notice to be given hereunder shall be sufficiently given or served in case of the appointee by being delivered either personally to him or left for him at his addresses last known to the Company or sent by registered post or e-mail addressed to him and in the case of Company by being delivered at or sent by registered post addressed to its Registered Office or by e-mail at corporateaffairs@somanyceramics.com any such notice if

so posted shall be deemed served on the day following that on which it was posted except in case of e-mail.

In terms of requirements under Schedule V to the Companies Act 2013, in case of no profit or inadequate profits, the Company requires to seek members' approval by a special resolution for minimum remuneration payable to him in the scale laid down in Section II of Part II of Schedule V to the Act.

#### Memorandum of Interest:

None of the Directors, relatives or Key Managerial Personnel other than Mr. Shreekanth Somany (DIN: 00021423) and Mr. Abhishek Somany (DIN: 00021448) who are relatives of each other may be deemed to be interested and/or concerned in the resolution set out under Item No. 5 of the said Notice.

#### Inspection of documents:

The draft of the proposed Agreements to be entered into between the Company and the appointee shall be available for inspection.

#### Abstract of Terms and Conditions:

This should be treated as an abstract of the terms of appointment and memorandum of interest of the appointee as required under Section 190 of the Act.

In terms of the Schedule V of the Companies Act, 2013 the following information is given to the shareholders:

## I. General Information:

1. Nature of Industry: Manufacturing and trading of Ceramic Tiles and Allied Products
2. Date of commencement of Commercial production: March, 1972
3. Financial Performance:

| Year ended March 31 | Sales       | Operating Profit | Profit Before Tax | Profit After Tax |
|---------------------|-------------|------------------|-------------------|------------------|
| 2018                | 1,66,980.39 | 13,117.52        | 10,112.13         | 6,509.98         |
| 2019                | 1,68,513.11 | 11,468.54        | 7,185.51          | 4,629.67         |
| 2020                | 1,58,244.93 | 7,450.20         | 117.02            | 1,326.22         |
| 2021                | 1,61,981.68 | 13,292.21        | 7,068.49          | 5,520.90         |
| 2022                | 2,06,050.14 | 15,024.68        | 11,695.55         | 8,778.77         |

(₹ In Lakhs)

4. Export Performance: FOB Value of Export for the year 2021-22 was ₹9,886.14 lakhs
5. Foreign investors or Collaborators:

There is no foreign collaboration, however Two Overseas Corporate Bodies (Foreign Company) is holding 18 shares representing 0.000%, Foreign Portfolio Investors holding 1064731 shares representing 2.5068% and 471 NRI's are holding 175047 shares representing 0.4121% in the share capital of the Company as on 31st March, 2022

## II. Information about the appointee

|  |  |         |        |         |        |         |        |         |        |         |        |  |
|--|--|---------|--------|---------|--------|---------|--------|---------|--------|---------|--------|--|
| <b>Name of the Appointee</b>   | <b>Mr. Abhishek Somany (DIN: 00021448)</b>   |         |        |         |        |         |        |         |        |         |        |  |
| Background details   | <p>He is a third generation entrepreneur, currently spearheading Somany Ceramics Ltd. He has been the long-standing Managing Director and growth driver of Somany Ceramics Ltd. for more than two decades now. He kicked-off his journey in the Ceramic industry with initial training at Kanoria Chemicals, Uttar Pradesh. He then continued his training at M/s. Pilkington Tiles U.K.</p> <p>He joined the Company in 1995, having moved up the ranks from Management Trainee to President Domestic Marketing and then to Executive Director. Mr. Somany as Managing Director &amp; CEO is now in charge of the operational responsibility and day-to-day functioning of the Company. Additionally, he is personally involved in the Product Designing and Sales &amp; Marketing Departments of the Company. His active role in the Company's CSR activities are noteworthy.</p> <p>Under his leadership, Somany Ceramics has swiftly grown to become one of the leading Company in Ceramic Industry, bagging many prestigious awards and global recognition. He has also been recognized in the Power Brand Hall of Fame as a Corporate Leader of the Ceramics Industry for 2011-2012.</p> <p>He is holding a position as Chairman on the Board of Indian Council of Ceramic Tiles and Sanitaryware (ICCTAS). He has also served on the board of YPO, Delhi chapter.</p> |         |        |         |        |         |        |         |        |         |        |  |
| Past Remuneration (including contribution to Provident Fund) (₹ in Lakhs)  | <table border="1"> <tr> <td>2017-18</td> <td>487.11</td> </tr> <tr> <td>2018-19</td> <td>346.97</td> </tr> <tr> <td>2019-20</td> <td>332.70</td> </tr> <tr> <td>2020-21</td> <td>377.56</td> </tr> <tr> <td>2021-22</td> <td>552.77</td> </tr> </table>  | 2017-18 | 487.11 | 2018-19 | 346.97 | 2019-20 | 332.70 | 2020-21 | 377.56 | 2021-22 | 552.77 |  |
| 2017-18  | 487.11   |         |        |         |        |         |        |         |        |         |        |  |
| 2018-19  | 346.97   |         |        |         |        |         |        |         |        |         |        |  |
| 2019-20  | 332.70   |         |        |         |        |         |        |         |        |         |        |  |
| 2020-21  | 377.56   |         |        |         |        |         |        |         |        |         |        |  |
| 2021-22  | 552.77   |         |        |         |        |         |        |         |        |         |        |  |
|  | The Remuneration received includes commission also.  |         |        |         |        |         |        |         |        |         |        |  |
| Recognition and Awards   | The appointee takes interest in the social and cultural activities.  |         |        |         |        |         |        |         |        |         |        |  |
| Job profile and his suitability  | He is overall in-charge of the operations of the Company and looks after day to day management and administration of the Company, subject to superintendence, control & direction of the Board. His job profile mainly includes implementation of investment plans and strategic planning for consistence improved operations and performance for long term growth of the Company. Under his stewardship the Company has significantly grown and has emerged as one of the major player of the Indian Ceramic Tile Industry.   |         |        |         |        |         |        |         |        |         |        |  |
| Remuneration proposed  | Salary ₹35,00,000/- per month and HRA ₹2,00,000/- along with other perquisites as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors of the Company, in the manner laid down in Section 197 of the Companies Act, 2013.   |         |        |         |        |         |        |         |        |         |        |  |
| Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person                     | The proposed remuneration is in consonance with their respective similar position in the industry.   |         |        |         |        |         |        |         |        |         |        |  |
| Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel or other director, if any | Except salary and perquisites to be received from the Company by the appointee including his relatives and to receive dividend declared by the Company, if any, including amounts disclosed in the Annual Report under the related party transactions, he does not have any other pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel of the Company other than his father Mr. Shreekanth Somany (DIN: 00021423), the Chairman and Managing Director of the Company.  |         |        |         |        |         |        |         |        |         |        |  |

### III. Other information

|   |   |
|---|---|
| Reasons of loss or inadequate profits                             | There is profit, but as an abundant caution for payment of minimum remuneration to the Managing Director & CEO of the Company, in case of no profit or inadequate profits in any particular year the information is provided to the Shareholders. |
| Steps taken or proposed to be taken for improvement               | All around reduction in cost and better product mix to achieve higher realizations.   |
| Expected increase in productivity and profits in measurable terms | Initiatives involving product development, introduction of value added products and such other steps are being taken to improve the overall productivity and to achieve profitability of the Company.   |

IV. Disclosure relating to Directors pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings are given under Annexure A of the Notice.

The Board recommends the resolution set forth under Item No. 5 for the approval of members as a Special resolution.

#### Item No. 6

The Non-Executive Directors and the Independent Directors of your Company bring with them significant professional expertise and rich experience across a wide spectrum of functional areas such as marketing, technology, corporate strategy, information systems, and finance.

The Board is of the view that it is necessary that adequate compensation be given to the Non-Executive Directors and the Independent Directors to compensate them for their time and efforts.

The shareholders of the Company vide a Special Resolution passed by them at 50<sup>th</sup> Annual General Meeting of the Company held on 30<sup>th</sup> August, 2018, authorised the Board to make payments of Commission to its Directors (other than the Managing and Whole-time Directors of the Company) not exceeding in the aggregate 1% (one percent) per annum of the net profit of the Company, calculated in accordance with the provisions of Section 198 of the Act, in addition to the sitting fees being paid/payable for attending the meetings of the Board of Directors of the Company and its Committees thereof, for each of the Financial Year commencing from the 1st day of April, 2018 and ending on the 31st day of March, 2023.

The previous resolution as such stated to have passed hereinabove will remain valid upto the end of Company's Financial year ended on 31<sup>st</sup> March, 2023.

Accordingly, it is proposed to pass a Special Resolution authorizing the Board of Directors for payment of Commission to its Non-Executive Directors (other than the Managing and Whole-time Directors) within the overall limit of 1% of the net profit of the Company to be computed in the manner prescribed in Section 198 of the Companies Act, 2013 in any financial year in pursuance of Section 197 of the Companies Act, 2013 commencing from 1st day of April, 2023 upto 31st day of March, 2028.

The Resolution set out under Item No. 6 of the accompanying Notice is intended for seeking Member's approval.

All the Directors except Mr. Shreekanth Somany and Mr. Abhishek Somany (DIN: 00021448) may deem to be interested or concerned in the said Resolution.

The Board recommends the resolution set forth under Item No. 6 for the approval of members as Special resolution.

#### Item No. 7

Mr. Rameshwar Singh Thakur (DIN: 00020126) was appointed as Independent Director on the Board of your Company pursuant to the provisions of Section 149 of the Companies Act, 2013 ("Act") read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and relevant regulations of SEBI (LODR) Regulations, 2015 with the stock exchanges, by the Shareholders at the 50<sup>th</sup> Annual General Meeting ("AGM") of the Company held on 30<sup>th</sup> August, 2018, according to which he holds office as Independent Directors of the Company for a term of five (5) consecutive years on the Board of the Company commencing from 24<sup>th</sup> May, 2018 to 23<sup>rd</sup> May, 2023 ("first term" in accordance with the explanation to section 149(10) and 149(11) of the Act).

Brief details are mentioned below:

Mr. Rameshwar Singh Thakur (DIN: 00020126) aged about 74 years is holder of BE (Mechanical Engineering) degree, MBA from XLRI and also Graduate Chartered Institute of Management Accountants (London). He has experience of about 50 years in Business Planning, Product Pricing, Plant Accounts Functions, Treasury and Taxation & International Business Development. He has successfully turned around Companies as CEO.

The Nomination and Remuneration Committee at its meeting held on 10<sup>th</sup> August, 2022 on the basis of performance evaluation of Independent Directors and taking into account the external business environment, the business knowledge, acumen, experience and the substantial contribution made by Mr. Rameshwar Singh Thakur (DIN: 00020126) during his tenure, has recommended to the Board that continued association of Mr. Rameshwar Singh Thakur (DIN: 00020126) as Independent Directors



of the Company would be beneficial to the Company. Based on the above and the performance evaluation of Independent Directors, the Board recommended the reappointment of Mr. Rameshwar Singh Thakur (DIN: 00020126), as Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of five consecutive years on the Board of the Company commencing from 24<sup>th</sup> May, 2023 to 23<sup>rd</sup> May, 2028.

Copy of the draft letter of appointment of Mr. Rameshwar Singh Thakur (DIN: 00020126) setting out terms and conditions of appointment is available for inspection by the Members at the Registered office of the Company between 3:00 p.m. to 5:00 p.m., on all working days (except Saturdays, Sundays and Public Holidays), up to the date of this Annual General Meeting (AGM).

Mr. Rameshwar Singh Thakur (DIN: 00020126) is not disqualified from being appointed as Directors in terms of Section 164 of the Companies Act, 2013 and has given his consent to act as an Independent Director. The Company has received declaration from Mr. Rameshwar Singh Thakur (DIN: 00020126) stating that he meets the criteria of independence as prescribed under Sub-section (6) of Section 149 of the Companies Act, 2013 and under Rule 6 of the Companies (Appointment and Qualifications of Directors) Rules, 2014 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

In the opinion of the Board, Mr. Rameshwar Singh Thakur (DIN: 00020126), fulfil the conditions for appointment as Independent Directors as specified in the Companies Act, 2013 and the Listing Regulations and he is independent of the management.

As per Regulation 17(1A) of the Listing Regulations with effect from 1<sup>st</sup> April, 2019, no listed Company shall appoint or continue the directorship of a non-executive director who has attained the age of 75 years, unless a Special Resolution is passed to that effect and satisfaction thereof is indicated in the statement annexed to the notice for such appointment.

Since Mr. Rameshwar Singh Thakur (DIN: 00020126) would be attaining his age of 75 years during his second tenure, if appointed and considering his experience as explained herein above, the Special Resolution is proposed to be passed under Item No. 7 of the accompanying notice of the AGM of the Company.

Save and except Mr. Rameshwar Singh Thakur (DIN: 00020126) and his relatives to the extent of their shareholding interest, if any, in the Company, none of the other Directors, Key Managerial Personnel (KMP) of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolutions set out at Item No. 7 of the accompanying Notice.

The Board recommends the Special Resolutions set out at Item No. 7 of the accompanying Notice for approval of the Members.

Disclosure relating to Directors pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings are given under Annexure A to the Notice.

#### **Item No. 8**

Mrs. Rumjhum Chatterjee (DIN: 00283824) was appointed as Independent Directors on the Board of your Company pursuant to the provisions of Section 149 of the Companies Act, 2013 ("Act") read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and relevant regulations of SEBI (LODR) Regulations, 2015 with the stock exchanges, by the Shareholders at the 51<sup>st</sup> Annual General Meeting ("AGM") of the Company held on 19<sup>th</sup> August, 2019, according to which she holds office as Independent Director of the Company for a term of five (5) consecutive years on the Board of the Company commencing from 1<sup>st</sup> September, 2018 to 31<sup>st</sup> August, 2023 ("first term" in accordance with the explanation to Section 149(10) and 149(11) of the Act).

Brief details of Mrs. Rumjhum Chatterjee (DIN: 00283824) are mentioned below:

Mrs. Rumjhum Chatterjee (DIN: 00283824) is aged about 62 years and is a graduate in Psychology from Calcutta University. She is one of the co-founders of Feedback Infra Group and serves as the Chairperson of the Feedback Foundation Trust which is deeply involved in rural and urban sanitation issues, including solid waste management where she has successfully implemented several projects across the country through community engagement.

A leading practitioner of the management of human capital in the infrastructure sector, she was recognized as one of the 20 Most Talented HR Leaders in India by the World HRD Congress in 2013. Mrs. Rumjhum Chatterjee (DIN: 00283824) served as the first woman Chairperson for CII Northern Regional Council (2016-17) - the largest of the 4 Regions of CII, comprising 9 States.

She has a deep interest in women's empowerment. She served as Chairperson of CII Women Exemplar Program for 2015-17 and has been part of the Jury of the Selection Committee of the same program since its inception. She has represented industry's views on the subject before Parliamentarians in India. She also participated in a closed-door interaction to discuss women's empowerment with Prime Minister of Japan, Late Mr. Shinzo Abe, during his visit to India in January 2014. Currently, she is the Co-Chair for CII's National Committee on CSR.

The Nomination and Remuneration Committee at its meeting held on 10<sup>th</sup> August, 2022 on the basis of performance evaluation of Independent Directors and taking into account the external business environment, the business knowledge, acumen, experience and the substantial contribution made by Mrs. Rumjhum Chatterjee (DIN: 00283824) during her tenure, has recommended to the Board that continued association of

Mrs. Rumjhum Chatterjee (DIN: 00283824) as Independent Directors of the Company would be beneficial to the Company. Based on the above and the performance evaluation of Independent Directors, the Board recommended the reappointment of Mrs. Rumjhum Chatterjee, as Independent Directors of the Company, not liable to retire by rotation, to hold office for a second term of five consecutive years on the Board of the Company commencing from 1<sup>st</sup> September, 2023 to 31<sup>st</sup> August, 2028.

Copy of the draft letter of appointment of Mrs. Rumjhum Chatterjee (DIN: 00283824) setting out terms and conditions of appointment is available for inspection by the Members at the Registered office of the Company between 3:00 p.m. to 5:00 p.m., on all working days (except Saturdays, Sundays and Public Holidays), up to the date of this Annual General Meeting (AGM).

Mrs. Rumjhum Chatterjee (DIN: 00283824) is not disqualified from being appointed as Director in terms of Section 164 of the Companies Act, 2013 and has given her consent to act as Independent Director. The Company has received declarations, from Mrs. Rumjhum Chatterjee (DIN: 00283824) stating that she meets the criteria of independence as prescribed under Sub-section (6) of Section 149 of the Companies Act, 2013 and under Rule 6 of The Companies (Appointment and Qualifications of Directors) Rules, 2014 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

In the opinion of the Board, Mrs. Rumjhum Chatterjee (DIN: 00283824), fulfils the conditions for appointment as Independent Directors as specified in the Companies Act, 2013 and the Listing Regulations and she is independent of the management.

Save and except Mrs. Rumjhum Chatterjee (DIN: 00283824) and her relatives to the extent of their shareholding interest, if any, in the Company, none of the other Directors, Key Managerial Personnel (KMP) of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution set out at Item No. 8 of the accompanying Notice.

The Board recommends the Special Resolutions set out at Item No. 8 of the accompanying Notice for approval of the Members.

Disclosure relating to Directors pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and Secretarial Standards on General Meetings are given under Annexure A to the Notice.

#### **Item No. 9**

Sudha Somany Ceramics Private Limited ("SSCPL") a Subsidiary Company of Somany Ceramics Limited ("The Company" or "SCL") is a Related Party as defined under Section 2 (76) of the Act read with Regulation 2(1) (zb) of the SEBI (LODR) Regulations, 2015 ("Listing Regulations") as amended as on date.

The Company is engaged in the business of manufacturing and sales of ceramic tiles. The Company in its ordinary course of business and on

arms' length basis, enters into contracts/ agreements/ arrangements for purchase of ceramic tiles from the Joint ventures/Subsidiaries. These activities have been essential for the Company to carry out its business operations and maximize its growth and performance.

The Company estimates that transactions of above nature will be recurrent in each year in the future course of Company's business and are estimated to exceed the materiality threshold of 10% of annual consolidated turnover in the future, pursuant to Regulation 23(1) of the Listing Regulations.

Considering the historical levels of such transactions, anticipated business transactions and business environment and as per the SEBI Listing Regulations, prior approval of the Members is being sought for all such arrangements / transactions to be undertaken by the Company for an aggregate value of an amount not exceeding ₹32,200 Lakhs (Rupees Thirty Two Thousand Two Hundred Lakhs) for sale/purchase of goods, transfer/receipt of products, Inter Corporate Deposits ("ICDs"), interest paid/receipt, availing and rendering of services, rent paid/rent receipt, corporate guarantee, reimbursements, sale/purchase of fixed assets or other obligations for the Financial Year 2022-23.

**Details of the proposed RPTs including the Summary of information provided by the Management to the Audit Committee for approval of the proposed RPTs, information required to be disclosed in the Explanatory Statement pursuant to the SEBI Circular No. SEBI/HO/CFD/CMDI/CIR/P/2021/662 dated 22<sup>nd</sup> November, 2021, are as follows:**

Sudha Somany Ceramics Private Limited ("SSCPL") is a Subsidiary of the Company in which Somany Ceramics Limited holds 60% and M/s. ER Ceramics Private Limited holds 40% of total paid up Share Capital.

The Company and SSCPL have entered into/propose to enter into the following RPTs during FY 2022-23, for an aggregate value not exceeding ₹32,200 Lakhs (Rupees Thirty Two Thousand Two Hundred Lakhs). The transaction involves sale/purchase of goods, transfer/receipt of products, Inter Corporate Deposits ("ICDs"), interest paid/receipt, availing and rendering of services, rent paid/rent receipt, corporate guarantee, reimbursements, sale/purchase of fixed assets or other obligations and transactions for business purpose from/to SSCPL during FY 2022-23. Percentage of the Company's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed RPTs is approximately 15.50.

The proposed transactions are at arms' length basis and are being done in the ordinary course of business. The Company is engaged in the business of manufacturing and sales of ceramic tiles. The Company in its ordinary course of business and on arms' length basis, enters into contracts/ agreements/ arrangements for purchase of ceramic tiles from the Joint ventures/Subsidiaries. These activities have been essential for the Company to carry out its business operations and maximize its growth and performance.

The valuation and pricing of the proposed RPTs have been carried out by the Internal Management of the Company which was noted by the Audit Committee of the Company. For the proposed transactions no valuation or external reports were required. All relevant information is mentioned in the Explanatory Statement setting out material facts, pursuant to Section 102(1) of the Act, forming part of this Notice.

| Details of proposed RPTs relating to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary.                                       |  |
|---|--|
| Details of the source of funds in connection with the proposed transaction.   | Own share capital / Internal accruals and liquidity of the Company.  |
| Where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments:<br>- Nature of indebtedness,<br>- Cost of funds and<br>- Tenure. | Not applicable.  |
| Applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security.                                  | Inter-corporate Deposits given / to be given / recoverable / recovered / to be recovered aggregating to ₹3830 Lakhs:<br><ul style="list-style-type: none"> <li>• Tenure: upto 10 Years.</li> <li>• Interest rate: 9% - 12%; linked to the Company's short-term borrowing cost.</li> <li>• Repayment Schedule: Not Applicable.</li> <li>• The above inter-corporate deposits are under unsecured category.</li> </ul> |
| The purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.   | To meet working capital requirements and other business needs from time to time.   |

None of the Directors, Key Managerial Personnels ("KMPs") and/ or their respective relatives is in any way, concerned or interested, financially or otherwise, in the Resolution mentioned at Item No. 9 of the Notice except to the extent of his/her holding directorship / KMP position and shareholding in the Company and SSCPL.

Based on the recommendation of the Audit Committee, the Board recommends the Ordinary Resolution set forth at Item No. 9 of the Notice for approval by the Members.

The Members may note that in terms of the provisions of the SEBI Listing Regulations, no Related Party shall vote to approve the Ordinary Resolution set forth at Item No. 9 of the Notice, whether the entity is a Related Party to the particular transaction or not.

#### Item No. 10

Section 42 of the Companies Act, 2013 ("Act") read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, allows a company to pass a special resolution once in a year for all the offers or invitations for Non-Convertible Debentures/Bonds/ Other Similar Instruments to be made during the year through a private placement basis in one or more tranches.

Section 71 of the Act read with Rule 18 of the Companies (Share Capital and Debentures) Rules, 2014 deals with issue of debentures. Keeping in

view the above provisions of the Act, the Board of Directors at its meeting held on 18<sup>th</sup> May, 2022 considered and recommend the issuance of Non-Convertible Debentures/Bonds/Other Similar Instruments on Private Placement basis for an amount of ₹50 crore under Section 42 and 71 of the Companies Act, 2013, in one or more tranches. Accordingly, consent of the Members is sought for passing the Special Resolution as set out at Item No. 10 of the Notice. This resolution is an enabling resolution and authorizes the Board of Directors (including Committee of Directors) of the Company to offer or invite subscription for nonconvertible debentures/bonds/ other similar instruments, as may be required by the Company, from time to time for a year from the date of passing this Resolution. Previous resolution passed at the AGM held on 15<sup>th</sup> September, 2021 was valid for one year, hence fresh resolution is being proposed to be passed.

The Board accordingly recommends the Resolution set out in Item No. 10 of the accompanying Notice for members' approval by way of Special Resolution.

None of the Directors and Key Managerial Personnel of the Company and their relatives are in any way, concerned or interested, financially or otherwise, in this resolution except to the extent of their shareholding in the Company, if any.

## Annexure-A

Disclosure relating to Directors pursuant to Regulation 26(4), 36(3) of the SEBI Listing Regulations and Secretarial Standards on General Meetings;

| Name of the Director                                    | Mr. Ghanshyam Girdharbhai Trivedi   | Mr. Abhishek Somany   | Mr. Rameshwar Singh Thakur  | Mrs. Rumjhum Chatterjee  |
|---|---|---|---|--|
|   | DIN: 00021470   | DIN: 00021448   | DIN: 00020126   | DIN: 00283824  |
| Age   | 75(+ ) years  | 50(+ ) years  | 74 years  | 62 years   |
| Qualification   | ICMA, M.Sc., LLB  | Bachelor of Business Administration from Richmond University, U.K. with specialization in Finance & Marketing                           | BE (Mechanical Engineering), MBA from XLRI and also Graduate Chartered Institute of Management Accountants (London) | Graduate in Psychology.  |
| Experience  | About 52 years  | About 27 years  | About 50 years  | About 38 years   |
| Terms and Conditions                                    | Not Applicable  | As per explanatory statement  | As per explanatory statement  | As per explanatory statement   |
| Remuneration sought to be paid                          | Commission as approved by the shareholders and considered by the Board.   | As per explanatory statement  | As per explanatory statement  | As per explanatory statement   |
| Remuneration last drawn for the FY 2021-22 (₹ in Lakhs) | 3.20  | 552.77  | 3.25  | 2.40   |
| Date of first appointment on the Board                  | 01/09/2017  | 03/09/2001  | 24/05/2018  | 1/09/2018  |
| Shareholding in the Company                             | 2000 Shares   | 1933631*  | -   | -  |
| Relationship with other Director, Manager and other KMP | None  | Son of Mr. Shreekant Somany   | None  | None   |
| Number of Board Meetings attended during the Year       | 7   | 7   | 7   | 6  |
| Other Directorship Details                              | <ul style="list-style-type: none"> <li>• Somany Bathware Limited</li> <li>• Trans India Ceramics Private Limited</li> <li>• Yogi Cerachem Private Limited</li> <li>• Xphere India Foundation</li> <li>• Vidres India Ceramics Private Limited</li> <li>• Eurofrits India Private Limited</li> </ul> | <ul style="list-style-type: none"> <li>• Somany Bathware Limited</li> <li>• Indian Council of Ceramic Tiles and Sanitaryware</li> </ul> | <ul style="list-style-type: none"> <li>• Neutral Publishing House LTD</li> </ul>                                    | <ul style="list-style-type: none"> <li>• C&amp;S Electric Limited</li> </ul> |
| Membership/ Chairmanship of Committees of other Boards  | -   | -   | -   | -  |

\* Out of 1933631 equity shares 1914093 equity shares are held as Karta of Abhishek Somany (HUF)







# Corporate Information

## BOARD OF DIRECTORS

Mr. Shreekant Somany  
Mr. Abhishek Somany  
Mr. Salil Singhal  
Mr. Ravinder Nath  
Mr. Ghanshyam Girdharbhai Trivedi  
Mr. Rameshwar Singh Thakur  
Mrs. Rumjhum Chatterjee  
Mr. Vineet Agarwal  
Mr. Siddharath Bindra

## CHIEF FINANCIAL OFFICER

Mr. Saikat Mukhopadhyay  
(Ceased to be CFO w.e.f. 31st May, 2022)

## GM (LEGAL) & COMPANY SECRETARY

Mr. Ambrish Julka

## BANKERS

Punjab National Bank  
Kotak Mahindra Bank  
HDFC Bank  
ICICI Bank

## AUDITORS

Singhi & Co.  
Chartered Accountants

## REGISTERED OFFICE

2, Red Cross Place  
Kolkata - 700001

## CORPORATE OFFICE

F-36, Sector 6, Noida (U.P)- 201301  
Phone: 0120 - 4627900  
CIN: L40200WB1968PLC224116

## WEBSITE

[www.somanyceramics.com](http://www.somanyceramics.com)

## PLANTS

**Haryana**  
Kassar Works  
P.O- Kassar-124507, Bahadurgarh  
Distt. Jhajjar, Haryana

## Gujarat

Kadi Works  
14, G.I.D.C, Industrial Estate,  
Kadi - 382715  
Distt. Mehsana, Gujarat

## SUBSIDIARY COMPANIES

SR Continental Ltd.  
Somany Bathware Ltd.  
Somany Piastrelle Pvt. Ltd.  
Somany Max Pvt. Ltd.  
Somany Sanitary Ware Pvt. Ltd.  
Somany Fine Vitrified Pvt. Ltd.  
Somany Excel Vitrified Pvt. Ltd.  
Somany Bath Fittings Pvt. Ltd.  
Sudha Somany Ceramics Pvt. Ltd.  
Amora Tiles Pvt. Ltd.  
Amora Ceramics Pvt. Ltd.

## ASSOCIATE COMPANIES

Vintage Tiles Pvt. Ltd.  
Acer Granito Pvt. Ltd.  
Vicon Ceramic Pvt. Ltd.





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