



EURO CERAMICS LTD.

**Annual Report
2009-2010**



Corporate Information

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BOARD OF DIRECTORS

Mr. Nenshi L. Shah
Chairman & Managing Director

Mr. Talakshi L. Nandu
Whole-time Director

Mr. Kumar P. Shah
Whole-time Director

Mr. Paresh K. Shah
Whole-time Director

Mr. Shantilal L. Shah
Non Executive Director

Mr. Pravin D. Gala
Non Executive Director

Mr. Shivji K. Vikamsey
Independent Director

Mr. Raichand K. Shah
Independent Director

Mr. Anil M. Mandavia
Independent Director

Mr. Amit G. Shah
Independent Director

Mr. Jatin R. Chhadva
Independent Director

Mr. Deepak G. Savla
Independent director

Ms. Jayshree D. Soni
Company Secretary

Mr. Chandresh Rambhia
General Manager- Accounts and Finance

Mr. Rajesh Kakkad
General Manager- Sales

Mr. Parag Shah
Vice President-Exports

Mr. Viral Nandu
Vice President-Sanitary Ware

Mr. Pratik Shah
Vice President-Tile-o-Bond

Mr. Anish K. Shah
Vice President Resin Plant

Auditors

M/s. Deepak Maru & Co.
Chartered Accountants

Bankers

State Bank of India
The Cosmos Co-op. Bank Ltd.
ICICI Bank Limited.
Bank of India
Indusind Bank
HDFC Bank Limited

Registered Office

Euro House,
CTS No. 1406 A25/6A,
Chincholi Bunder Road,
Behind Inorbit Mall, Malad (West),
Mumbai – 400 064

Factory

Survey No. 510,511,
512,517/1,
Bhachau Dudhai Road,
Bhachau (Kutch)
Gujarat – 370 140

Registrar & Share Transfer Agent

M/s. Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound,
L.B.S Marg, Bhandup (West),
Mumbai – 400 078

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NOTICE

NOTICE is hereby given that the Eighth Annual General Meeting of the Members of Euro Ceramics Limited will be held on Wednesday, 22nd day of December 2010 at 10.00 a.m. at Sir Pochkanwala Bankers Training (SPBT) College, J.V.P.D. Scheme, Vile Parle (West), Mumbai – 400056 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet for the year ended March 31, 2010 and the Profit & Loss Account as on that date together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Jatin R. Chhadva, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Deepak G. Savla, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. Deepak Maru & Co., Chartered Accountants as Statutory Auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS:

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

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, and Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modifications or re-enactment thereof, for the time being in force) and the Articles of Association of the Company and subject to such approvals or sanctions as may be necessary, the Company hereby accords its consent and approval for the re-appointment of Mr. Nenshi L. Shah, as Managing Director of the Company for a further period of five years with effect from December 1, 2010 at a remuneration of Rs. 2,00,000/- (Rupees Two Lacs only) per month inclusive of salary, perquisites and allowances on the terms and conditions as set out in the Explanatory Statement attached to notice of this Annual General Meeting, with the liberty to the Board of Directors to alter and vary the terms and conditions of the said re-appointment and/or remuneration in such manner as may be agreed to between the Company and Mr. Nenshi L. Shah.

RESOLVED FURTHER THAT in the event of inadequacy or absence of profit in any financial year of the Company during the term of office of Mr. Nenshi L. Shah as Managing Director, the remuneration as approved hereinabove be paid to him as minimum remuneration as per Clause 1(A) of Section II to Part II of the Schedule XIII to the Companies Act, 1956, as amended from time to time.

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

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

“RESOLVED THAT pursuant to the provisions of Section 314(1) (b) and other applicable provisions, if any, of the Companies Act, 1956 consent of the Company be and is hereby accorded to the appointment of Mr. Anish K. Shah, relative of Mr. Kumar P. Shah, Whole-time Director of the Company, to hold an office or place of profit, as a Vice President (Resin Plant) of the Company for a period of five years with effect from November 1, 2010 on the terms and conditions as embodied in the appointment letter, a copy of which was placed before the meeting, at a remuneration of Rs. 50,000/- (Rupees Fifty Thousand only) per month or Rs. 6,00,000/- (Rupees Six Lacs only) per annum inclusive of all amenities and perquisites payable to him.

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

By Order of the Board of Directors

Jayshree D. Soni
Company Secretary

Place: Mumbai
Date: October 29, 2010

Registered Office:

Euro House, CTS No. 1406, A25/6,
Chincholi Bunder Road,
Behind Inorbit Mall,
Malad (West),
Mumbai – 400 064

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL ONLY TO VOTE INSTEAD OF HIMSELF / HERSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM DULY COMPLETED AND SIGNED SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of Special Business is annexed here with and forms part of this notice.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, the December 16, 2010 to Wednesday, the December 22, 2010 (both days inclusive).
4. Corporate members are requested to send a duly certified copy of the Board Resolution authorising their representatives to attend and vote on their behalf at the Annual General Meeting.
5. Members are requested to bring their Attendance Slip duly filled in for attending the meeting, along with their copy of Annual Report.
6. Members are requested to notify immediately any change in their address / bank mandate to their respective depositories participants (DPs) in respect of their electronic account and to the Registrar and Share Transfer Agents of the Company, Link Intime India Private Limited at C - 13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai – 400 078 in respect of their physical share folios, if any.
7. Member desirous of getting any information relating to the accounts and operations of the Company are requested to address their queries at least 7 days in advance of the meeting so that the information required may be made available at the meeting.
8. Brief resume of the Directors retiring by rotation and seeking appointment & re-appointment and other details as stipulated under clause 49 (IV) (G) of the Listing Agreement are provided as an annexure to the Notice.

Details of the Directors seeking appointment/re-appointment in the forthcoming Annual General Meeting:

(In pursuance of Clause 49 [IV][G] of the Listing Agreement)

Name of Director	Mr. Nenshi L. Shah	Mr. Deepak G. Savla	Mr. Jatin R. Chhadva
Date of Birth	26 th September 1969	1 st September 1966	11 th December, 1972
Expertise in specific functional areas	Business Administration	Chartered Accountant	Business Administration
No. of shares held of the Company on March 31, 2010	1490125	Nil	Nil
List of other Directorships held as on March 31, 2010 (excluding private & foreign Companies)	<ul style="list-style-type: none"> • Euro Multivision Limited • Euro Glass Limited • Euro India Cylinders limited • Euro Merchandise (India) Limited 	Euro Multivision Ltd.	Euro Multivision Ltd.
Member of the Committees of other Companies on which he is a Director as on March 31, 2010	Euro Multivision Limited (Chairman of Shareholder/Investor Grievance Committee)	-	Euro Multivision Limited (Member of Audit Committee)

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 5

The tenure of Mr. Nenshi L. Shah as Managing Director of the Company expires on November 30, 2010. The Board of Directors at its meeting held on October 29, 2010, after receiving recommendation from the Remuneration Committee of the Company, re-appointed him as Managing Director of the Company for a further period of 5 (five) years with effect from December 1, 2010, subject to approval of the members of the Company in their general meeting.

Mr. Nenshi L. Shah, aged 51 years, is the Chairman of your Company. He started his career in the year 1987 and commenced the business of trading in plywood and other allied items. After gaining experience in marketing, he then shifted to manufacturing. He is the founder of Euro Group and our Company. He has more than 23 years of experience in trading and manufacturing. Mr. Shah has also been the recipient of the prestigious Customer Appreciation Award from the then, Union Cabinet Minister, Hon'ble Shri Sharad Pawar, which was organised by The Cosmos Co-operative Bank Limited in the year 2000-2001. He has also been awarded the Industry Award for his exceptional achievement in the field of Tiles Industry from Bruhad Mumbai Gujarati Samaj on December 30, 2006.

The principal terms and conditions of his re-appointment are as follows:

I. Period of re-appointment: 5 years with effect from December 1, 2010.

II. Remuneration:

1. Salary: Salary of Rs. 2,00,000/- (Rupees Two Lakhs only) per month (including dearness allowance, house-rent and all other allowances)
2. Commission: Commission computed in the manner laid down in Section 309 (5) of the Companies Act, 1956 and subject to a maximum as may be fixed by the Board from time to time on the basis of the performance of the Company but within the limit prescribed by the Companies Act, 1956.
3. Perquisites: Perquisites shall be payable within the overall limit of Salary.
4. The salary and perquisites as mentioned at 1, 2 and 3 above shall be exclusive of:
 - a. Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent they are not taxable under the Income tax Act, 1961.
 - b. Gratuity as per the rules of the Company.
 - c. Leave as per the rules of the Company including encashment of leave at the end of the tenure.
5. Apart from above mentioned remuneration, he shall be entitled to:
 - d. Medical Expenses actually and properly incurred for him and his family.
 - e. Entertainment expenses actually and properly incurred by him in the

course of legitimate business of the Company.

- f. Club Membership fees subject to a maximum of two clubs. No admission and life membership fees shall be paid.
- g. Personal Accident Insurance Policy.
- h. Provision for use of car and telephone for both official and personal use.
- i. Group Insurance Policy as per the rules of the company.

The above may also be treated as an abstract in terms of Section 302 of the Companies Act, 1956.

None of the Directors other than Mr. Nenshi L. Shah and Mr. Shantilal L. Shah of the Company is interested or concerned in the said resolution.

Your Directors recommend the Ordinary Resolution as set out at Item No. 5 of the notice for your approval.

ITEM NO. 6

The Board of Directors at its meeting held on October 29, 2010 has appointed Mr. Anish K. Shah as Vice President (Resin Plant) w.e.f. November 1, 2010 at a remuneration of Rs. 50,000/- per month or Rs. 6,00,000/- per annum inclusive of all amenities and perquisites payable to him. Mr. Anish K. Shah is a relative of Mr. Kumar Shah, Whole-time Director of the Company. As per the provision of Section 314 (1) (b) of the Companies Act, 1956, no relative of a Director should hold or continue to hold any office or place of profit in company which carries a remuneration exceeding Rupees 10,000/- per month, except with the consent of the Company accorded by passing a Special Resolution.

Mr. Anish K. Shah holds a degree of B. E. in Electronics. Presently he is responsible for all the manufacturing activities of Resin Plant. The Board has appointed him in the interest of the Company.

Except Mr. Kumar P. Shah none of the Directors of the Company are interested in the said resolution.

Your Directors recommend the Special Resolution set out at Item No. 6 of the notice for your approval.

By Order of the Board of Directors

Jayshree D. Soni
Company Secretary

Place: Mumbai
Date: October 29, 2010

Registered Office:
Euro House, CTS No. 1406, A25/6,
Chincholi Bunder Road,
Behind Inorbit Mall,
Malad (West),
Mumbai – 400 064

Management Discussion and Analysis

Industry Overview

Global Overview for Tiles Industry:

The world economic situation has been improving since the second quarter of 2009. International trade and global industrial production have also been recovering noticeably with an increasing number of countries registering positive quarterly growth of gross domestic product (GDP).

The global ceramic tile industry (worth US\$ 36 billion) is growing at 6% annually. Production is dominated by Brazil, Italy, Spain and China (production 40% and consumption 34% of the global ceramic tiles output). (Source: theceramic.com, March 2010)

Asia, Latin America and European Union (EU) are the three major regions in the world that produce and export ceramic tiles in bulk. China accounts for 40% of the global ceramic production making it the largest ceramic tile producer. Spain and Italy occupies the second and third largest producer position, while India ranks fifth position with production of more than 390 million sq. mtr., and accounts for 4.6% of world's production.

The ratio between consumption and production has been stable at around 94% which shows robust future growth rate.

Indian Overview for Tiles Industry:

India ranks among the world's top five ceramic tiles producing countries with a total annual production of around 450 million sq.mtr. as on March 2010.

Indian ceramic tiles industry is large, rapid growing and populated by organized and unorganized manufacturers. The subdued performance specially in real estate and infrastructure industry was the result of global recession and economic meltdown. However the environment turned favorable due to a combination of various factors like economic upturn, growing demand from the construction and real estate sectors as well as a decline in dumping from other countries due to anti dumping duty on imports of vitrified tiles.

The industry can be classified into two segments, viz., Wall tiles and Floor tiles, contributing to the market sharing ratio of 30:70.

Global Overview for Sanitaryware:

The Global Sanitaryware Industry is estimated to be 187 million pieces and growing at about 7% Y-O-Y. The main sanitaryware producing countries in the world are China, Italy, Mexico, Brazil and Spain, which together account for about 35% of global production. Italy is the largest market in the EU for sanitaryware and ceramic tiles which amounted to 3.6 billion Euro after achieving a growth of 4.6% p.a. since 2004.

Indian Overview for Sanitaryware:

India, with a size of 6.75 million pieces, accounts for about 3.3% of the total global production. Penetration of Sanitaryware in India is about 30% which is much lower than neighboring Asian countries, indicating significant growth potential for this sector in Indian market. The Indian sanitary ware market has been growing at about 10% a year, as compared to the global average growth of about 7%.

The market size for sanitaryware and bathroom solutions within India is estimated to be US\$ 500 million. The branded segment accounts for a larger share of 55% and is growing at the rate of 20% p. a.

Global Overview for Marble Industry:

Globally, Italy is the major player in the production of marble and granite. World's production and consumption of marble stone have increased due to technical advancement which has also given rise to the agglomerated stone. Italy exported 38% of the dimensional stone's export, while its imports were 18% of the international imports. Other major exporters include Spain, Turkey and Portugal. Other major importers were USA, China, Germany, Hong Kong and India.

The market for agglomerated marble is increasing due to the advantages over the natural marble. China is one of the largest manufacturer of agglomerated marble.

Indian Overview for Agglomerated Marble:

The marble industry in India has been flourishing ever since ages, which has made India as one of the largest producer of marbles in the world after Italy, Belgium, France and Greece. The Indian marble industry is not only confined to production or supply of marbles but also export of highly acclaimed stones such as blocks, flooring, calibrated (ready to fix tiles), monuments, slabs, structural slabs, tomb stones, cobbles, cubes, sculptures, artifacts, pebbles, kerbs and landscape garden stones.

Government of India has introduced many laws in order to promote and expand Indian marble industry, especially the agglomerated marble as it has banned the import of block. Further marble import also requires special licenses. The Government of India has set a target of raising Indian stone industry by more than 50% in the next five years from the current level.

Global Overview for Aluminium Industry:

In FY 2009-10, globally the aluminium business was lower due to global meltdown and price fluctuation at LME. LME was lower by around 16% compared to previous financial year.

However aluminium extrusion industry, globally has average growth rate of

Management Discussion and Analysis

around 5% p.a. China has shown robust growth in extrusion Industry in the last 15 years whereas the scenario is not the same for the extrusion industry in UK. USA has also shown a growth in aluminium and allied industry due to sharp change in automotive industry. In USA nearly 36% of the total aluminium dealing firms are engaged in extrusion industry.

Indian Aluminium Industry:

The Indian economy has shown a sharp recovery in FY 2009-10, backed by the stimulus packages by the Government of India. The Indian aluminium industry and its allied industries like extrusion, witnessed a recovery, especially from the second half of FY 2009-10, due to turnaround in the end user industry such as power, automobile, construction and infrastructure.

Growth Drivers of our Industry

Tiles, Sanitaryware, Aluminium Extruded Sections are integral part of the real estate and infrastructure industry. The growth of the said industries depends on various factors including few of the following:

1. Real Estate Market in India:

The national players and FDI in real estate segment of India made a huge investment thus creating a positive outlook towards the supply chain industry like tiles, cement, aluminium, etc. The Indian real estate segment is expected to grow at CAGR of 25 % in next five years. Both residential and commercial spaces are in demand and are expected to increase at a rapid pace.

Investments and Demand in the End- User Segments	
Particulars	
Housing	
Urban Housing Shortages by FY14 (Mn units)	21.7
Rural Housing Shortages by FY14 (Mn units)	53.8
Hospitals	
Additional beds needed by FY13	3,49,321
Investments by FY13 (Rs. Bn)	873
Hotels	
Expected room additions by FY12	7,045
Investments by FY12 (Rs. Bn)	42.3
Airport Modernization	
Expansion & Upgradation in Metros (Rs. Bn)	147
Greenfield & Upgradation in Non- Metros (Rs. Bn)	98

Source: Crisil Research

2. Retail Sector:

India's retail sector is wearing new clothes and with a three year compounded annual growth rate of 46.64%, retail is the fastest growing sector in the Indian economy. The organized retail is at a very nascent stage and expects to increase its proportion by 9-10% by the year 2010 bringing a huge opportunity. Indian retail market is estimated at US\$ 350 billion and organized retail at US\$ 8 billion. (Source: ASSOCHAM). India is currently the ninth largest retail market in the world. Organized retail in India has the potential to add over Rs. 2000 billion (US\$ 45 billion) business by the year 2010. It is estimated that it will cross the US\$ 650 billion mark by 2011, with an already estimated investment of around US\$ 421 billion slated for the next four years. (Source: www.cci.in)

3. Hospitality Sector:

The Indian Hospitality Industry is one of the fastest growing sectors of the Indian economy. The current market size is US\$ 23 billion, accounting for 2.2% of India's GDP. The growth in this sector is the result of heightened awareness of consumers towards introduction of 'medical tourism' 'eco-tourism' and 'agri-tourism'. Currently 'medical-tourism' is US\$ 533 million and is expected to grow to US\$ 3.29 billion by 2018. (Source: technopak perspective)

As per an analysis by the Economy Survey of India and Technopak (2008), the Indian Hotel industry is estimated at US\$ 17 billion, despite a dip in the year 2009, an upward trend in growth of the overall hotel sector is expected whereby the industry is expected to grow to US\$ 36 billion by 2018. (source: technopak perspective)

The global economic slowdown severely impacted the hospitality industry in FY 2008-09. During FY 2009-10 the foreign tourist arrivals increased by 0.10 million, aggregating to 5.2 million. The demand and capital investment in the travel and tourism sector is likely to grow at around 8% in another nine years.

City	Existing Supply	Proposed Supply	Increased over 5 years	% of Proposed supply being developed
Bangalore	3889	10784	277%	58%
Chennai	3307	4945	150%	67%
Delhi(NCR)	8625	16560	192%	53%
Mumbai	7948	13386	168%	73%
All INDIA	48475	94115	194%	60%

Source: HVS Hospitality Services, businesstoday.intoday.in/

Management Discussion and Analysis

4. Healthcare sector:

The market size of healthcare industry is more than US\$ 34 billion. India's healthcare sector has been growing rapidly and estimated to grow to nearly US\$ 40 billion. (Source:www.indialawoffices.com). Revenues from the healthcare sector accounts for 5.2% of the GDP, making it the third largest growth segment in India.

The Indian healthcare market is currently estimated at US\$ 34.2 billion. The market has grown from US\$ 22.8 billion in the year 2005, at a CAGR of 16% and is expected to grow to US\$ 50.2 billion and US\$ 78.60 billion by 2011 and 2016 respectively. (Source:IBEF.org)

India has only 0.7 beds per 1000 people, far below the global average of 2.6 beds. India needs to add 2 million beds to the existing 1.1 million by 2027, and requires immediate investment of US\$ 82 billion to make up for its infrastructure deficit.

5. India's affluent space:

India's rapid economic growth has set the stage for fundamental change among the country's consumers. The same energy which has lifted hundreds of millions of Indians out of desperate poverty is now creating a massive middle class centered in the cities. A new study by the McKinsey Global Institute (MGI) suggests that if India continues its recent growth, average household incomes will triple over the next two decades and it will become the world's fifth largest consumer economy by 2025, up from twelfth now. (Source: www.mckinseyquarterly.com)

As the economy treads the development path, households' discretionary spend rises. An individual who accounted for an estimated cumulative liquid wealth of US\$ 203 billion in 2005 is expected to go up to US\$ 322 billion by 2009, growing annually at 12.2%. (Source: www.thehindubusinessline.com) Based on this study, Nielsen estimated a total of 2.5 million affluent households in India, of which 2.2 million belong to the "upper middle" segment; 200,000 in the "upper upper middle" segment and about 100,000 in the "rich" segment. Delhi ranked as the most affluent city in the country, followed by Bangalore and Greater Mumbai. (Source:www.nielsen.com) Discretionary spending in lifestyle and premium products is expected to increase to around 70% of most of the household expense pie by 2025.

Human Capital

Our Company has best manpower in all segments and divisions. The Company continued to maintain its low labour turnover ratio in the current financial year and maintained the relationship with its human assets of more than 1200 people.

Internal Control

A strong internal control system is culture of the Company. Internal Audits in all segments are undertaken regularly with proper standards and procedures. Audits are done by internal team of senior management as well as independent professionals and the audit observations are reported and discussed by the management for necessary actions required if any. The aim of the internal control system is to manage the business risks, maximize the value of stakeholders and safeguard the revenue and assets of the Company.

The Audit Committee of the Board meets regularly and reviews the audit findings, compliance of accounting standards and adequacy of internal controls and system of the Company.

Operational Review

In FY 2009-10, the Company was able to maintain its market share in the Vitrified Tiles Division and was able to successfully ramp up the capacity utilization in the Calcareous Tiles (Agglomerated Marble) Division. The Company has expanded the production capacity in the Calcareous Tiles Division at the end of the year and sales from the said plant are expected in the next financial year. Tiles Division (Vitrified Tiles and Calcareous Tiles) continued to contribute more than 80% of the total revenue.

Sanitaryware products under the Brand name of Euro have started picking up the market, showing a remarkable growth in the turnover over previous year. Net sales from Sanitaryware Division grew by around 175% over the previous year which contributed around 7% in the total revenues of the current year.

Aluminium Division performed satisfactorily with the capacity utilized of more than 100 % in the current financial year.

SWOT Analysis

SWOT analysis identifies and analyses the factors which affect the performance of the Company's business and strategic position.

Strengths

- High-tech production plants with imported technologies in all segments.
- Wide range of products to cater all the categories of customers.
- Multi-layered distribution channel with Pan India presence.
- Accreditation with the ISO 9001:2008, an endorsement of quality commitment.

Management Discussion and Analysis

- Empowered management marked by innovation, branding and growth.
- Exceptional infrastructure with utilities like power, fuel, water, manpower which are essential thereby reducing the external dependency.

Weakness

- Highly capital intensive Industry.
- High degree of industrial fragmentation.

Opportunities

- Booming real estate sector and infrastructure development in India.
- Scope for tie-ups with global players with high-tech quality products.
- Supportive Government measures for the growth of ceramic industry in India.
- Discretionary spending in lifestyle and diversion towards niche & branded quality products.
- Positive sign of recovery of economy at Global level.
- Sharp recovery of IT industry in India will drive infrastructure and allied industry increasing per capita income.

Threats

- Influx of low cost tiles from Chinese manufacturers.
- Threats from unorganized sector.

Conclusion and Future Outlook

With the sound business policy of delivering the best, the Company was able to maintain its turnover of more than Rs. 200 Crores in the volatile FY 2009-10. To increase the market share in agglomerated marble and to create the market for Sanitaryware in highly competitive established market, were the two challenges for the Company at the beginning of the FY 2009-10. But with the dedicated continuous efforts, focus on quality and brand, Company was able to achieve the target to a certain extent. Further the Company has implemented the manufacturing plant of polyester resin, which is the essential ingredient raw material for manufacturing of agglomerated marble. The quality of the agglomerated marble depends on the quality of the resin.

The Company is implementing the wall tiles manufacturing plant at Bhachau Kutch, Gujarat, which will not only add the revenues in the Company in FY 2010 -11, but also add the advantage over its competitors.

However with the Global economy recovery and booming real estate and infrastructure segment, the Company is expecting to increase the market share of Agglomerated Marble with the expanded capacity and will establish Sanitaryware market as core competitor.

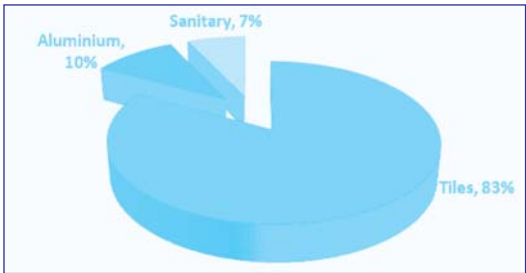
Financial Analysis: 2009-10 vs. 2008-09

Key Financial Information

- Net sales declined by 6.46% from Rs. 21717.98 Lacs in FY 2008-09 to Rs. 20313.42 Lacs in FY 2009-10.
- EBDITA margin for the year was 13.04%, declined from Rs. 4029.13 Lacs in FY 2008-09 to Rs. 2662.83 Lacs in FY 2009-10.
- The Company has reported the financial Loss of Rs. 4144.84 Lacs at PAT level, during the year, as compared to loss of Rs. 2281.55 Lacs during the previous financial year.

Revenue (Net Sales)

- Total Revenue declined by 6.26% in FY 2009-10 over FY 2008-09, mainly dip in sales which was affected due to economic slowdown and global recession.
- By vertical: Sales break up for the FY 2009 -10, for each segment is continued to be more or less in the same pattern as it was in the previous year. Major sales is form Tiles Division (Vitrified Tiles and Calcareous Tiles), which contributes 83% of the total sales. Sanitaryware Sales grew by almost three times of the total sales of previous year and contributed around 7% in total sales against 2% in previous year.



- By geography: Domestic Sales is almost 90% of the total sales in FY 2009-10, against 92% in FY 2008-09. Domestic sales declined by 9.06% from Rs. 20003.39 Lacs in FY 2008-09 to Rs. 18189.74 Lacs in FY 2009-10, due to drop in aluminium sales and tiles sales, as a result of pricing pressure, recession and slowdown in real estate and infrastructure segment. However Export Sales increased by 23.84% from Rs. 1714. 58 Lacs in FY 2008-09 to Rs. 2123.68 Lacs in FY 2009-10 due to positive development in Global economy in the second half of the year, which created demand for vitrified tiles.

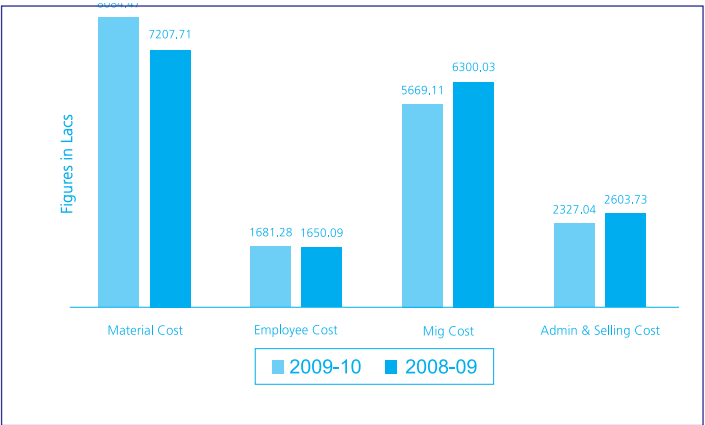
Other Income

Other income includes the rental income and foreign exchange rate

difference. Other income is higher by 53.06% from Rs. 72.73 Lacs in FY 2008-09 to Rs.111.31 Lacs in FY 2009-10 mainly because of gain in exchange rate difference in foreign currency transactions.

Cost Analysis

Total operating cost (excluding Depreciation and Interest) was almost same with no difference from Rs. 17761.57 Lacs in FY 2008-09 to Rs. 17761.91 Lacs in FY 2009-10 in absolute terms. Detailed breakup of the total cost in comparison with previous year is as under :



Material Cost: Material Cost was high on account of usage of high quality raw materials in the production of Vitrified tiles and Sanitaryware products to maintain its quality.

Employee Cost: The Company has very good manpower team of more than 1200 people, both skilled and unskilled, in the areas of manufacturing, administrative and marketing. The staff strength was same as of previous year and hence the personnel cost was in line with previous year, except some marginal increase.

Manufacturing Cost: Manufacturing cost for FY 2009-10 was Rs. 5669.11 Lacs against Rs. 6300.03 Lacs of previous year, which is lower by Rs. 630.92 Lacs, due to saving in power and fuel expenses during the year.

Administrative, Selling & Distribution Cost: Administrative, Selling & Distribution expenses declined by Rs. 276.69 Lacs from Rs. 2603.73 Lacs to Rs. 2327.04 Lacs, due to decline in sales.

Interest: The Company's interest cost increased by Rs. 324.76 Lacs from Rs. 4194.89 Lacs in FY 2008-09 to Rs. 4519.65 Lacs in FY 2009-10. This was mainly due to increase in the borrowings during the year.

Depreciation: The Company is providing depreciation on straight line method. The Depreciation is increased by Rs. 304.39 Lacs from Rs. 1983.69

Financial Analysis: 2009-10 vs. 2008-09

Lacs in FY 2008-09 to Rs. 2288.02 Lacs in FY 2009-10 due to capitalization of all the assets including the second line of Calcareous tiles during the year.

Tax: No tax was provided for the current year due to loss.

Capital Employed

The Company's total capital employed was deteriorated by Rs. 2905.04 Lacs from Rs. 70210.84 Lacs in FY 2008-09 to Rs. 67305.80 Lacs in FY 2009-10 due to loss in current financial year.

Share capital: The Company's share capital was unchanged at Rs. 1710 Lacs in FY 2009-10. As on March 31, 2010 the promoters holding stood at 57.19%, as compared to 57.15% as on March 31, 2009, representing no marginal change in promoters holding.

Reserves and surplus: The reserves and surplus decreased by Rs. 4144.83 Lacs from Rs. 15682.06 Lacs in FY 2008-09 to Rs. 11537.23 Lacs in FY 2009-10 owing to loss in current year.

Loan Funds: Total loan funds increased by Rs. 1239.80 Lacs in current year from Rs. 51370.89 Lacs in previous financial year to Rs. 52610.69 Lacs in current year. Around 77 % of the total loan funds are secured. The increase in total debt was to meet increased working capital requirements due to a

stretched working capital cycle and to meet ongoing capital expenditure of wall tiles project.

Application of Funds

Fixed assets: In FY 2009-10 total Gross Block was increased from Rs. 39797.80 Lacs to Rs. 53460.02 Lacs in FY 2009-10, due to capacity expansion in the Calcareous Tiles plant. The Company has also incurred capital expenditure for implementing the wall tiles manufacturing plant at Kutch, Gujarat, included in capital work in progress. Net Block increased by Rs. 74.50 Lacs at the end of current year from Rs. 49939.47 Lacs in FY 2008-09 to Rs. 50013.97 Lacs in FY 2009-10.

Investments: The investment portfolio increased from Rs. 296.10 Lacs as on March 31, 2009 to Rs. 296.60 Lacs as on March 31, 2010. The increase was due to additional investments of Rs. 0.50 Lacs made during the year in a Partnership Firm, M/s. Euro Realtors, as a capital contribution.

Working capital management: Ceramic industry is high Working capital intensive. The Company has maintained the smooth working cycle during the year, by reducing the net current assets by Rs. 2980.03 Lacs from Rs. 19975.26 Lacs in FY 2008-09 to Rs. 16995.23 Lacs in FY 2009-10. The reduction in net current asset is on account of reduction in Inventory levels, recovery of Book Debts and Loans and Advances.

Risk Mangement:

Risk evaluation and management is an ongoing process within the organization and as a part of this process our Company engages itself in carrying out a detailed exercise on the subject, covering the entire gamut of the Company's operations. Euro Ceramics, has formulated a well defined and structured risk management process to insulate against business adversity on the one hand and maximize opportunities on the other. Risk Management is centrally initiated and prudently decentralized across the organization so as to minimize risks and maximize returns.

1. INDUSTRY RISK:

The ceramic industry's growth depends on infrastructure and real estate sector, which in turn faces the risk of economic downturn, and this can affect the Company's business and growth.

Mitigation

- The real estate sector in India is on a rapid growth trajectory. The Indian real estate industry is expected to reach a size of US\$ 180 billion by 2020. (Source: IBEF)
- Domestic housing demand is expected to grow at a CAGR of around 10% during 2009-2013. (Source: Indian housing sector analysis report)
- The total estimated supply of hotel rooms is expected to reach 2.9 million and 6.6 million in 2010 and 2020, respectively. Allocation for housing and urban poverty alleviation has been raised from US\$ 177 million (INR 8.5 billion) to US\$ 208 million (INR 10 billion) for 2010–11. (Source: IBEF)
- Our Company has created an empowered organization marked by innovation, branding and growth.

2. COMPETITION RISK:

The Company faces stiff competition from the organized and un-organized players in Indian Ceramic Industry.

Mitigation

- The Company is providing complete bathroom solution, providing Vitrified Tiles, Wall Tiles, Sanitaryware, Calcareous Tiles, Aluminium Extruded Sections.
- The Company invested in Brand, promoted

through advertisement campaigns, exhibitions and display centers.

- The Company has pan-India presence, strong distribution network of Distributors, Dealers and Sub-dealers and exclusive showrooms, under the name and style of "Euro Stiles Station".
- The Company has achieved Star Export House status recognized by Government of India.

3. COST RISK:

An increase in manufacturing costs could dent competitiveness.

Mitigation

- The Company got the Natural Gas Connection from Gujarat State Petroleum Corporation Ltd., from March 2010, which will reduce the fuel cost substantially in the coming years.
- The Company has 10 MW power plant, which gives cost advantage and uninterrupted power supply.
- The Company has in house well equipped R & D lab and team, which takes initiatives to reduce the cost by applying different input mix in the products without affecting the quality of final products.
- The Company has started the production of Resin, which is essential raw material for the production of Calcareous Tiles

4. BRAND RISK:

The loss of brand recall can reduce the revenues.

Mitigation

- The Company believes in providing the Quality Products to its Customer, which in turn maintains the brand image of the Company.
- The Company regularly participates in international and domestic fairs and exhibitions.
- The Company does the branding through effective advertisements in all types media including TV, Printing, Hoarding and Display Centers.
- The Company has invested substantial resources in its brand.

5. TECHNOLOGY OBSOLESCENCE RISK:

Technology obsolescence might require huge reinvestment, draining free cash flow and increases competition through new technology products.

Mitigation

- The Company invested in contemporary world class imported technologies for the manufacture of vitrified tiles and sanitaryware products from SACMI of Italy.
- The Company continuously upgrades the technology with the demand of time.
- The Company has Shuttle and Tunnel Kilns which produces high quality sanitaryware products.
- The Company has Robot Glazing in sanitaryware Division.

6. QUALITY RISK:

Substandard quality may affect the reputation resulting in loss of customers.

Mitigation

- The Company was accredited with the ISO 9001:2008, an endorsement of its quality commitment
- The first quality proportion is as high as 90 % in tiles division.
- The Company's products are of international standards.

7. REGULATORY RISK:

An unfavourable government regulation could hamper the Company's strategic decisions.

Mitigation

- The Government announced favourable regulatory policies which are expected to enhance the demand for dwelling units, correspondingly fuelling the demand for tiles.
- The Finance Ministry imposed an anti-dumping duty of Rs. 137 per sqm on ceramic glazed tiles imported from China, providing growth opportunities for domestic manufacturers.

Directors' Report

Dear Members,

Your Directors are pleased to present the Eighth Annual Report of the Company for the year ended March 31, 2010.

FINANCIAL RESULTS:

The highlights of the financial results for the year ended March 31, 2010 are as follows:

FINANCIAL PERFORMANCE:

The financial year under review was not as it was expected for the Company. The total turnover of

performance. Turnover decline was mainly in Tiles Division and Aluminium Division. However the Marble and Sanitaryware, newly launched products have really started picking the market and turnover was almost doubled in the year under review compared to the previous year, which is the outcome of the efforts taken by the Company and its team for marketing these new

declined sales and increased cost has diluted the margins. The Company has incurred a Net Loss of Rs. 4144.84 Lacs in FY 2009-10, against Net Loss of Rs.2149.46 Lacs in FY 2008-09, due to increase in interest and depreciation, along with other costs.

OPERATIONAL PERFORMANCE:

a) Tile Division:

Tiles Division includes Vitrified tiles and Calcareous tiles. The Company continues to be leader in Vitrified tiles segment, but turnover was marginally down in the year under review. However the off take of Calcareous tiles was picked up in the market and the Company was able to capture the market share in Marble Segment, with its quality and brand successfully. The Company has increased the additional capacity in Calcareous Tiles Division and commissioned 2nd line of Calcareous Tiles manufacturing plant with a capacity of 28000 MTPA. With the focused marketing efforts and strategy, the Company hopes to achieve higher sales of Calcareous Tiles in the coming years.

b) Aluminium Division:

The sale of Aluminium Extruded Sections was down due to decline in the prices of Aluminium at global level. The production and sale in quantitative terms have increased in FY 2009-10, but realization per unit was down, compared to previous financial year. The capacity utilization was at almost 100%. Margins were also increased despite decline in prices of Aluminium. Overall performance was satisfactory in this division, in the current fiscal year.

c) Sanitaryware Division:

Sanitaryware Division has shown growth of more than 100% in turnover during the year,

the Company was Rs. 20313.42 Lacs, declined by 6%, compared to previous year's turnover of Rs. 21717.98 Lacs. The economic slowdown and global recession has affected the Company's

products and penetration done in the market.

EBDITA was declined from Rs. 4029.13 Lacs in FY 2008-09 to Rs. 2662.83 Lacs in FY 2009-10. The

(Rupees in Lacs)		
Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Income:		
Net Sales	20313.42	21717.98
Other Income	111.31	72.73
Total Income	20424.74	21790.70
Less: Total Expenditure	17761.91	17761.57
Earning Before Interest, Depreciation & Tax	2662.83	4029.13
Less: Interest & other finance expenses	4519.65	4194.89
Profit Before Depreciation & Tax	(1856.82)	(165.76)
Less: Depreciation	2288.02	1983.70
Profit Before Tax	(4144.84)	(2149.46)
Less: Provision for Tax	Nil	132.09
Net Profit After Tax	(4144.84)	(2281.55)
Add : Balance Brought forward from the previous year	5669.51	7951.06
Surplus carried to Balance Sheet	1524.67	5669.51

Directors' Report

compared to previous year. The Company was able to establish dealers' network in this segment. With effective branding and display campaign, Company became the strong competitor among the existing established market players. Company has developed a wide range of sanitaryware products of international standards with superior look and style, with the use of state of art technology and skilled manpower.

DIVIDEND:

In view of loss incurred by your Company, your Directors do not recommend any dividend for the financial year under review.

DIRECTORS:

In terms of Section 256 of the Companies Act, 1956, read with Article No. 196 of the Articles of Association of the Company, Mr. Jatin R. Chhadva and Mr. Deepak G. Savla, Directors of the Company retires by rotation at the forthcoming Annual General Meeting and being eligible, have offered themselves for re-appointment. Your Directors recommend their re-appointment as Directors of the Company.

The Board of Directors at its meeting held on October 29, 2010 re-appointed Mr. Nenshi L. Shah as Managing Director of the Company for a period of 5 (five) years with effect from December 1, 2010. Your Directors recommends his appointment for your approval.

AUDITORS:

M/s. Deepak Maru & Co., Chartered Accountants, Statutory Auditors of the Company, holds office until the conclusion of the ensuing Annual General Meeting and is eligible for re-appointment. The Company has received letter from them to the effect that their re-appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such re-appointment within the meaning of Section 226 of the said Act.

AUDITORS REPORT:

The observations made in the Auditors' Report, read together with the relevant notes thereon are self-explanatory and hence, do not call for any comments under Section 217 of the Companies Act, 1956.

SUBSIDIARY:

Euro Merchandise (India) Limited (EMIL) is a wholly owned subsidiary of the Company and information pursuant to Section 212 (1) (e) of the Companies Act, 1956 with regard to EMIL is furnished in this report.

As required under Section 212 of the Companies Act, 1956, the financial statements of EMIL are also attached to the Balance Sheet of the Company.

CONSOLIDATED ACCOUNTS:

In accordance with the requirements of Accounting Standard AS 21 issued by the Institute of Chartered Accountants of India, The Consolidated Financial Statements of the Company and Auditors' Report thereon are published in this report. .

DIRECTORS' RESPONSIBILITY STATEMENT:

The Directors of the Company confirm pursuant to Section 217 (2AA) of the Companies Act, 1956, that:

1. In the preparation of the annual accounts, the applicable accounting standards have been followed along with the proper explanations relating to material departures;
2. They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;

3. They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

4. They have prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE:

A separate section on Corporate Governance Report and a certificate from the statutory auditors of the Company regarding compliance of the conditions of Corporate Governance, as stipulated under Clause 49 of the Listing Agreement with stock exchanges forms a part of the Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS:

Management Discussion and Analysis on matters related to the business performance, as stipulated under Clause 49 of the Listing Agreement with stock exchanges, is given as a separate section in the Annual Report.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE:

The particulars required under Section 217(1) (e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in Annexure – A attached to this Report.

PUBLIC DEPOSITS:

Your Company has taken unsecured loan amounting to Rs. 18,69,00,000/- within the meaning of Sections 58A and 58 AA of the Companies Act, 1956, during the year under review. The Company has filed "Statement in lieu of Advertisement" alongwith necessary particulars as required with the Registrar of Companies, Mumbai.

Directors' Report

PERSONNEL:

Your Company maintained cordial industrial relations in the year under review. The Company continued its endeavour to train the employees to attain higher productivity and better quality.

There are no employees drawing remuneration more than the limit prescribed under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars in the Report of Board of Directors) Rules, 1988. Therefore no information is provided in this report.

APPRECIATION:

Your Directors acknowledges with gratitude and wish to place on record, their deep appreciation of continued support and co-operation received by the Company from the various Government authorities, Shareholders, Bankers, Business Associates, Dealers, Customers, Financial Institutions and Investors during the year.

Your Directors place on record their deep appreciation of the dedication and commitment of your Company's employees at all levels and look forward to their continued support in the future as well.

For and on behalf of the Board of Directors

Nenshi L. Shah

Chairman & Managing Director

Place: Mumbai

Date: October 29, 2010

Annexure – 'A' to Directors' Report

The particulars required under Section - 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are as under:

Conservation of Energy: -

The Company regularly reviews power consumption pattern across all the segments and division and implements requisite improvements or changes in the process or uses of power to optimize the power consumption and thereby reducing the cost.

1. During the year under report, various energy conservation measures implemented by the Company include :
 - a. Optimum use of natural sun light and heat for drying process in the sanitaryware for greenware and moulds, wherever season permits.
 - b. Use of natural gas, helped in environment conservation and cost saving
 - c. Periodic Energy Audit by an external agency and implementations of audit recommendations
 - d. Customize use of machineries and provision of Electrical timers in many of the equipments to control idle running time.

- e. Reduction in SFC is achieved by increasing loading density, and capacity of kiln car loading by making of multi deck kiln car.

- f. All lights except for emergency lights are turned off during lunch time and after working hours, at plant as well as at registered office of the Company.

2. Impact of the measures taken above for reduction of energy consumption and consequent impact on the cost of production of goods:

The above measures have reduced the power and fuel cost and helped the Company to reduce its carbon footprint.

3. Total energy consumption and energy consumption per unit of production is given in Form A annexed herewith.

b. Technology Absorption:

Information is given in the prescribed Form B annexed herewith

c. Foreign Exchange Earnings and Outgo

The information on foreign exchange earnings and outgo is contained in Annexure - I of Schedule 'X'

Form A

(See Rule 2)

Form for disclosure of particulars with respect to Conservation of Energy

a. Power & Fuel Consumption :

1. Electricity

	Current Year	Previous Year
i) Purchased		
Units (KWH)	26,37,816	11,35,680
Total Amount (Rs.) *	1,89,18,968	76,18,777
Cost / Unit (Rs.)	7.17	6.71
ii) Own Generation		
(a) Through Liquid Fuel Generator		
Units (KWH)	24,59,163	5,06,517
Units (KWH)/ Ltr. Of LDO/HSD/ Furnace Oil	3.59	1.88
Cost / Unit (Rs.)	10.00	20.53
(b) Through Steam Turbine/ Generator		
Units (KWH)	3,38,20,205	3,76,74,190
Units (KWH)/ Tonne of Fuel (Lignite)	735	888
Cost / Unit (Rs.)	2.46	4.38

2. Propane / LPG Gas :

	Current Year	Previous Year
Quantity (MT)	6,309.58	6,948
Total Amount (Rs.)	21,37,81,614	27,83,03,564
Average Rate (Rs./MT)	33,882.05	40,055.23

3. Furnace Oil :

	Current Year	Previous Year
Quantity (Ltrs)	2,61,772	2,13,955
Total Amount (Rs.)	69,07,310	61,22,154
Average Rate (Rs./Ltr.)	26.39	28.61

4. Coal / Lignite:

	Current Year	Previous Year
Quantity (MT)	14,261.44	11,556.86
Total Amount (Rs.)	6,22,07,819	8,14,79,912
Average Rate (Rs./ MT)	4361.96	7050.35

b. Consumption per unit of Production :

	Current Year	Previous Year
i) Electricity (KWH/MT of Tiles)	439.37	434.21
ii) Electricity (KWH/MT of Aluminium Sections)	373.95	388.31
iii) Electricity (KWH/MT of Sanitaryware)	847.86	1049.71
iv) Furnace Oil (Ltr/MT of Aluminium Sections)	143.99	131.34
v) Propane/LPG Gas (MT/MT of Vitrified Tiles)	0.07	0.08
vi) Propane/LPG Gas (MT/MT of Sanitaryware)	0.37	0.67
vii) Coal (MT/ MT of Vitrified Tiles)	0.19	0.15

* Minimum demand charges paid to Paschim Gujarat Vij Company Limited have been included in the above cost.

Form B (See Rule 2)

Form for disclosure of particulars with respect to Technology Absorption

Research & Development and Technology Absorption

During the year under review, our Company continued to invest in technology and in Research and Development activity, resulting in enhanced product quality and design.

In FY 2010, the Company introduced the new product design, specifically in Sanitaryware and Agglomerated Marble. The Company has taken steps for process improvements in Sanitaryware Division and delivered the best quality world class, complete range of sanitaryware items.

In Calcareous Tiles (Agglomerated Marble), Company started own production of polyester resins of required quality and grade, which in turn helped the Company to reduce the dependency on external suppliers and enable to improve quality of Agglomerated Marble.

The Company focused on conservation of natural resources including water, and thereby stated use of recycled water for cleaning purpose, and RO water in some of the process.

Benefits of Research and Development and Technology up-gradation are reflected in quality of the products produce by the Company. The Company has reduced the rejection rate of final products in process and achieved the highest production of first grade quality.

Total Expenditure on Research and Development during the FY 2009-10 and FY 2008-09 is as under :

(Rs. in Lacs)

		Current Year	Previous Year
I	Capital Expenditure	-	-
II	Recurring Expenditure	9.67	12.96
III	Total	9.67	12.96
IV	Total R & D Expenditure as percentage to total turnover	0.05%	0.60%

Future plan of action are as under:

- To introduce the heat recovery system in sanitaryware division, to be used in drying process.
- Continuous efforts to produce innovative and value added products to cater the changing needs of the customer.
- To implement the wall tiles manufacturing plant, for producing the high end ceramics wall tiles.

Information regarding technology imported during last five years

Technology	Year of Import	Has technology been fully absorbed	If no, areas where this has not taken place, reasons & future plans of action
Complete machinery for manufacturing of the vitrified tiles with state-of-art plant. (Second Phase-2nd line)	2005	Yes	N A
Gasifier Gas station	2005	Yes	N A
Depremometer	2005	Yes	N A
Complete machinery for manufacturing of the vitrified tiles with state-of-art plant. (For Producing 900x900 and 600x1200 size tiles)	2006	Yes	N A
Complete machinery for manufacturing of the Agglomerated Marble with state-of-art plant.	2006	Yes	N A
Complete machinery for the manufacturing of the Sanitary ware products with the state-of-art plant.	2007	Yes	N A
Machinery called water jet machines for producing the different sizes of vitrified tiles and with different designs	2007	Yes	N A
Complete machinery for manufacturing of the Agglomerated Marble with state-of-art plant.	2008	Yes	N A
Nano Polishing Machine and Rotary Printing Machine.	2008	Yes	N A

A Statement pursuant to Section 212 (1) (e) of the Companies Act, 1956 relating to Subsidiary Company is as under:

1.	Name of the Subsidiary Company	Euro Merchandise (India) Limited
2.	Financial Year ended on	March 31, 2010
3.	Date on which it became the subsidiary of the Company	December 31, 2005
4.	Shares of the Subsidiary held by the Company on the above dated a) Number and face value b) Extent of holding	1,90,000 Equity Shares of Rs. 10/- each aggregating to Rs. 19,00,000/- 100%
5.	Net aggregate amount of Profit/(Loss) of the Subsidiary so far as it concerns the members of the holding company and is dealt with in account of holding company i) For financial year ended on March 31, 2010 ii) For previous financial year of the subsidiary since it became a subsidiary company	NIL NIL
6.	Net aggregate amount of Profit/(Loss) of the subsidiary so far as it concerns the members of the holding company and is not dealt with in account of holding Company i) For financial year ended March 31, 2010 ii) For previous financial years of the subsidiary since it became a subsidiary Company	Profit Rs. 2,10,887/- Loss Rs. 27,50,519/-
7.	Changes in the holding Company's interest in the subsidiary between the end of the financial year of the subsidiary and the end of the holding Company's financial year.	Not Applicable
8.	Material Changes which have occurred between the end of the aforesaid financial year of the subsidiary and the end of the holding Company's financial year in respect of: i) the subsidiaries fixed assets ii) its investments iii) moneys lent by the Subsidiary Company iv) the money borrowed by it for any purpose other than that of meeting current liabilities.	} Not Applicable

**By order of the Board of Directors
For Euro Ceramics Limited**

Nenshi L. Shah
Chairman & Managing Director

Paresh K. Shah
Director

Jayshree D. Soni
Company Secretary

Place: Mumbai

Date: October 29, 2010

Report On Corporate Governance

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate Governance is both the structure and relationships which determine Corporate direction and performance. It comprises of processes and structures by which the business and affairs of the Company are directed and managed, in order to enhance long term shareholder value, through enhancing corporate performance and accountability, whilst taking into account the interests of all stakeholders. It is based on the principles of integrity, fairness, equity, transparency, accountability and commitment to values.

Good governance practices stem from the quality and mindset of the organisation. Euro Ceramics visualises "Corporate Governance" as a process which provides transparency of corporate policies, strategies and the decision-making process and also strengthen internal control systems and helps in building relationship with stakeholders. Our Company, through Corporate Governance, strives for an exemplary shift in its work culture and provides a congenial environment to harmonise the goals of maximizing the stakeholders' value and maintaining a customer-centric focus in all its dealings.

2. BOARD OF DIRECTORS

a) Composition

The Board of Directors of the Company has an optimum combination of executive and non executive Directors. As on March 31, 2010, the Board comprised of total 12 Directors out of which, 1 is Executive Chairman and 3 are Executive Directors, two are Non-Executive Directors and six are Independent Directors.

The composition of the Board of Directors is in conformity with clause 49 of the listing agreement entered into with the Stock Exchanges.

b) Board Procedure

The agenda for the Board Meetings and Committee Meetings containing relevant information/supporting data, as required, are distributed well in advance to all the Board members from time to time in a structured manner to enable the Board to take informed decisions. When deemed expedient, the Board also approves through Circular Resolution, important items of business, which are permitted under the Companies Act, 1956, and which can not be deferred till the next Board Meeting.

Matter discussed at Board Meeting generally relate to Company's performance, quarterly results of the Company, approval of related party transactions, general notice of interest of Directors, review of the reports of the internal Auditors, Audit Committee and compliance with their recommendation, suggestion, compliance of any regulatory, statutory or listing requirements etc.

c) Attendance at Board meetings and last Annual General Meeting:

During the year under review, the Board of Directors met 9 times viz. June 26, 2009, July 31, 2009, August 26, 2009, October 15, 2009, October 29, 2009, January 15, 2010, January 29, 2010, February 11, 2010 and March 18, 2010 and as required, the gap between two Board meetings did not exceeded four calendar months.

None of the Directors of the Board serves as member of more than ten committees nor are Chairman of more than five committees across all

The attendance record of the Directors at Board Meetings held during the financial year 2009-2010, number of Directorship held and position of Membership / Chairmanship of Committees in Indian Public Limited Companies are given below:

Name	Nature of Directorship	No. of Board meetings held	No. of Board meetings attended	No. of other Directorship in other Public Companies	Membership / Chairmanship of Committees in other Companies		Whether attended the last AGM
					Member	Chairman	
Mr. Nenshi L. Shah	Chairman & Managing Director	9	8	5	1	1	YES
Mr. Shantilal L. Shah	Non Executive Director	9	7	-	-	-	YES
Mr. Talakshi L. Nandu	Whole-time Director	9	7	3	-	-	YES
Mr. Kumar P. Shah	Whole-time Director	9	4	2	-	-	YES
Mr. Paresh K. Shah	Whole-time Director	9	9	3	-	-	YES
*Mr. Lalji K. Shah	Non Executive Director	2	2	-	-	-	N.A.
**Mr. Pravin D. Gala	Non Executive Director	8	5	-	-	-	YES
Mr. Shivji K. Vikamsey	Independent Director	9	7	1	1	-	YES
Mr. Raichand K. Shah	Independent Director	9	3	1	-	-	YES
Mr. Anil M. Mandevia	Independent Director	9	7	1	-	-	YES
Mr. Amit G. Shah	Independent Director	9	6	1	-	-	YES
Mr. Jatin R. Chhadva	Independent Director	9	3	1	1	-	YES
Mr. Deepak G. Savla	Independent Director	9	5	1	-	-	YES

*Mr. Lalji K. Shah, Non-Executive Director of the Company resigned from the Board w.e.f. July 31, 2009

**Mr. Pravin D. Gala, Non-Executive Director was appointed w.e.f. July 31, 2009.

companies, in which he is a Director. "Committees" considered for this purpose are those specified in clause 49 of the Listing Agreement i.e. Audit Committee and Shareholders/Investor Grievance Committee.

3. COMMITTEES OF THE BOARD

The Board has constituted three committees consisting of members of the Board. Details of the Committee and other related information are provided hereunder.

a) Audit Committee

The Company has an Audit Committee in accordance with the requirement of Section 292A of The Companies Act, 1956 and the terms of reference are in conformity with Clause 49 of the Listing Agreement entered into with the Stock Exchanges. The Committee comprises three independent Directors and Managing Director of the Company. The Statutory Auditors are also invited to the meetings. Ms. Jayshree D. Soni, Company Secretary acts as Secretary to the Audit Committee. The Committee oversees the work carried out by the management, internal auditors on the financial reporting process, the

safeguards employed by them and such relevant matters as it finds necessary to entrust.

The Audit Committee met four times on June 26, 2009, July 31, 2009, October 29, 2009 and January 29, 2010 during the year under review and the number of meetings attended by each member during the year ended March 31, 2010 is as under:

Name of the member	Designation	No. of Committee Meetings	
		Held	Attended
Mr. Shivji Vikamsey	Chairman	4	4
Mr. Anil M. Mandevia	Member	4	3
Mr. Amit G. Shah	Member	4	3
Mr. Nenshi L. Shah	Member	4	4

All the members of the Audit Committee are financially literate and Mr. Shivji K. Vikamsey, Chairman is a qualified Chartered Accountant has

the relevant accounting and related financial management expertise.

The Committee has recommended the appointment of M/s. Deepak Maru & Co., Chartered Accountants, as the Statutory Auditors of the Company.

The terms of reference of this Committee are wide. Besides having access to all the required information from the Company; the Committee acts as a link between the Statutory Auditors and the Board of Directors of the Company.

The brief description of terms of references are as follows:

It shall have authority to investigate into any matter in relation to the items specified in Section 292A of the Companies Act, 1956 or referred to it by the Board and for this purpose, shall have full access to information contained in the records of our Company and external professional advice, if necessary.

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.
- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- Reviewing with management the annual financial statements before submission to the Board, focusing primarily on:
 - a. Any changes in accounting policies and practices.
 - b. Major accounting entries based on exercise of judgment by management.
 - c. Qualifications in draft audit report.
 - d. Significant adjustments arising out of audit.
 - e. The going concern assumption.
 - f. Compliance with accounting standards.

- g. Compliance with stock exchange and legal requirements concerning financial statements.
- h. Any related party transactions, i.e. transaction of the company of material nature, with promoters or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interest of company at large.
- Reviewing with the management, external and internal auditors, and the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors and significant findings and follow up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with external auditors before the audit commences nature and scope of audit as well as post audit discussion to ascertain any area of concern.
- Reviewing the company's financial and risk management policies.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture-holders, shareholders (in case of non-payment of declared dividends) and creditors.
- It shall have discussions with the auditors periodically about internal control systems, the scope of audit including the observations of the auditors and review the quarterly, half yearly, and annual financial statements before submission to the Board.
- It shall ensure compliance of internal control systems.

b) Remuneration Committee:

Composition, name of members, terms of reference, meetings and attendance:

The Remuneration Committee comprises of three Independent Directors and one Non-Executive Director. The Committee has been constituted to review remuneration payable to Executive Directors, based on their performance vis a vis the performance of the Company on defined assessment parameters.

Terms of reference:

- The Remuneration Committee shall meet as and when required.
- The Remuneration Committee shall determine remuneration packages for executive Directors including pension rights and any compensation payment.

During the year under review, no meeting was held.

The composition of the Remuneration Committee as on March 31, 2010 are as follows:

Name of the member	Designation
Mr. Anil M. Mandevia	Chairman
Mr. Raichand K. Shah	Member
Mr. Pravin D. Gala	Member
Mr. Amit G. Shah	Member

Remuneration Policy:

The remuneration policy of the Company is directed towards rewarding performance, based on review of achievements on a periodic basis. The remuneration policy is in consonance with the industry standards.

Details of remuneration paid to the directors during the year 2009-2010 are as follows:

(a) Executive Directors:

The aggregate value of salary and perquisites paid for the year ended March 31, 2010 to the Managing Director and Whole-time Directors is as follows:

(Amount In Rs.)				
Name	Designation	Salary	Perquisites or Allowances	Total
Mr. Nenshi L. Shah	Managing Director	1148400	51600	1200000
Mr. Talakshi L. Nandu	Whole Time Director	1148400	51600	1200000
Mr. Kumar P. Shah	Whole Time Director	1148400	51600	1200000
Mr. Paresh K. Shah	Whole Time Director	1148400	51600	1200000

(b) Non-executive Directors:

No remuneration is paid to non executive directors. Non Executive

Directors are paid by way of sitting fees at the rate of Rs. 2500/- for each meeting attended by them. The sitting fees paid during the financial year 2009-10 is as under:

Name of the Director	Sitting fees paid (Rupees)	No. of Shares held	No. of Stock Options granted
Mr. Shantilal L. Shah	17500	Nil	Nil
Mr. Lalji K. Shah	5000	151600	Nil
Mr. Pravin D. Gala	12500	236400	Nil
Mr. Shivji K. Vikamsey	17500	Nil	Nil
Mr. Raichand K. Shah	7500	Nil	Nil
Mr. Anil M. Mandevia	17500	Nil	Nil
Mr. Amit G. Shah	15000	Nil	Nil
Mr. Jatin R. Chhadva	7500	Nil	Nil
Mr. Deepak G. Savla	12500	Nil	Nil
TOTAL	112500		

c) Shareholders / Investor Grievance Committee:

Composition and Attendance:

The Committee comprises two Non-Executive Directors and two Executive Directors. The Shareholders / Investors Grievance Committee met five times on April 27, 2009, June 26, 2009, July 31, 2009, October 29, 2009 and January 29, 2010 during the year under review and the number of meetings attended by each member during the year ended March 31, 2010 is as under:

Name of the member	Designation	No. of Committee Meetings	
		Held	Attended
Mr. Shantilal L. Shah	Chairman	5	5
Mr. Kumar P. Shah	Member	5	5
Mr. Pravin D. Gala	Member	5	5
Mr. Paresh K. Shah	Member	5	5

Ms. Jayshree D. Soni, Company Secretary, has been appointed as the Compliance Officer of the Company.

Broad terms of reference:

To examine and redress the complaints and grievances of the shareholders/investors of the Company such as transfer / transmission / demat / remat of shares, issue of duplicate, split-up, consolidation, renewal of share certificate, non-receipt of Annual Report, non receipt of dividend, non-receipt of application money and other issues concerning the shareholders / investors.

The Committee also looks into matters which can facilitate/smoothen investor's services and relations. Wherever deemed expedient, it also directs the RTA to ensure prompt redressal of genuine complaints of investors. The Committee also examines and recommends to the Board about appointment/removal of RTA and /or fees payable to them etc.

Details of Shareholders' Complaints:

The Company Secretary has been regularly interacting with Registrar and Share Transfer Agents (RTA) to ensure that the complaints/grievances of the shareholders / investors are attended without delay and where deemed expedient, the complaints are referred to the Chairman of the Committee or discussed at its meetings.

A total of 10 complaints / correspondence were received and replied to the satisfaction of the shareholder during the year ended March 31, 2010. There were no complaints outstanding as on March 31, 2010. No investor grievances remained unattended / pending for more than 30 days.

4. GENERAL BODY MEETINGS AND POSTAL BALLOT

Location, time and date where last three Annual General Meetings were held are given below:

Financial Year	Date	Time	Venue	Special Resolution passed
2006-07	September 28, 2007	10.30 a.m.	S.P.B.T. College, JVPD Scheme, Vile Parle (West), Mumbai – 400056	i) A Special Resolution was passed under Section 163 of the Companies Act, 1956 for maintenance of records viz. i) Register of members and ii) Copies of Annual Returns, prepared under Section 159 of the Companies Act, 1956 of the Company at the office of Company's Registrar M/s. Intime Spectrum Registry Limited.
2007-08	September 30, 2008	10.00 a.m.	S.P.B.T. College, JVPD Scheme, Vile Parle (West), Mumbai – 400056	i) A Special Resolution was passed U/s 314 (1) of the Companies Act, 1956 for re-appointment of Mr. Parag Shah as a Vice president (Exports) of the Company; ii) A Special Resolution was passed U/s 314 (1) of the Companies Act, 1956 for appointment of Mr. Viral Nandu as a Vice president (Sanitaryware) of the Company;
2008-09	September 30, 2009	10.00 a.m.	S.P.B.T. College, JVPD Scheme, Vile Parle (West), Mumbai – 400056	i) A Special Resolution was passed U/s 314 (1) of the Companies Act, 1956 for appointment of Mr. Pratik K. Shah as a Vice President (Tile-o-Bond) of the Company; ii) A Special Resolution was passed U/s 314 (1) of the Companies Act, 1956 for appointment of Mr. Mahek H. Shah as a Vice president (Marble Division) of the Company;

Postal Ballot

During the financial year 2009-10, consent of members of the Company was sought through postal ballot for the subject matters mentioned herein below.

The postal ballot process was undertaken in accordance with the provisions of Section 192A of the Companies Act, 1956, read with the Companies (passing of the resolution by postal ballot) Rules, 2001.

Mr. Manish L. Ghia, Practicing Company Secretary, was appointed as Scrutinizer for conducting the postal ballot process. The results of the postal ballot were announced on March 25, 2010.

The details of resolutions passed through postal ballot and the voting pattern for the same are as follows:

Business	Postal Ballot Forms received		Valid Votes Casted		
	Total	Valid	Total	In favour	Against
A Special Resolution U/S 149(2A) of the Companies Act, 1956 for commencement of new business activities.	235	221	13328794	13326174 (99.98%)	2620 (0.02%)

Result : Resolution passed with requisite majority.

5. DISCLOSURES

a) Related-party transactions

Related party transactions are defined as transactions of the Company of material nature, with promoters, Directors or with their relatives; its subsidiaries etc. that may have potential conflict with the interest of the Company at large. None of the transactions with any of the related parties were in conflict with the interest of the Company.

Details on material significant related party transactions are given in the appended financial statement under notes to the accounts annexed to the financial statements.

b) Compliances by the Company

The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital market during the last three years. No penalties or strictures have been imposed on the Company by the Stock Exchanges, SEBI or other statutory Authorities.

c) Whistle-blower Policy

Though there is no formal Whistle-blower policy, the Company takes cognizance of complaints made and suggestions given by the employees

and others. Even anonymous complaints are looked into and whenever necessary, suitable corrective measures are implemented. No person has been denied access to the Audit Committee.

d) Subsidiary Companies:

The Company has one material unlisted subsidiary company, namely Euro Merchandise (India) Limited (EMIL) and has appointed Mr. Amit G. Shah as an Independent Director of the Company on the Board of the said subsidiary.

e) Details of compliance with mandatory requirements and adoption of non-mandatory requirements:

The Company has complied with all the mandatory requirements.

The Company has complied with the following non-mandatory requirements:

The Company has a Remuneration Committee.

The Company's statements are unqualified.

f) Code of Conduct

The Company has laid down a code of conduct for the Directors, Senior Management and Employees of the Company. The code has been posted on the website of the Company. A declaration to the effect that the Directors and Senior Managerial personnel have adhered to the same, signed by the Managing Director of the Company, forms part of this report.

g) Disclosure of Accounting Treatment

In the preparation of the financial statement, the Company has followed accounting standards issued by the Institute of the Chartered Accountants of India, to the extent applicable.

h) Disclosure of Risk management

The Company has initiated the risk assessment and minimization procedure.

i) CEO / CFO Certification

In terms of clause 49 (V) of the listing agreement, Mr. Nenshi L. Shah, Chairman and Managing Director, has submitted a certificate to the Board of Directors in the prescribed format for the year under review.

j) Review of Directors' Responsibility statement

The Board, in its report, has confirmed that the annual accounts for

the year ended March 31, 2010 have been prepared as per applicable accounting standards and policies, and that sufficient care has been taken for maintaining adequate accounting records.

6. MEANS OF COMMUNICATION

Quarterly Results: Quarterly Results are published in accordance with the provisions of the listing agreement. The results are published in English Newspapers viz. Business Standard and in Marathi newspapers viz. Mahanayak.

Website: The Company's website www.eurovitrfied.com contains a separate dedicated section- "Investor Relationship"- where shareholders information is available. Un-audited quarterly results, annual results and Shareholding Pattern, Code of Conduct for the Board of directors and Senior Management Personnel, are also available on the website in a user-friendly and downloadable form.

The presentations, as and when made to the Institutional Investors and analysts, are also simultaneously displayed on the website of the Company.

Management Discussion and Analysis forms part of the Annual Report.

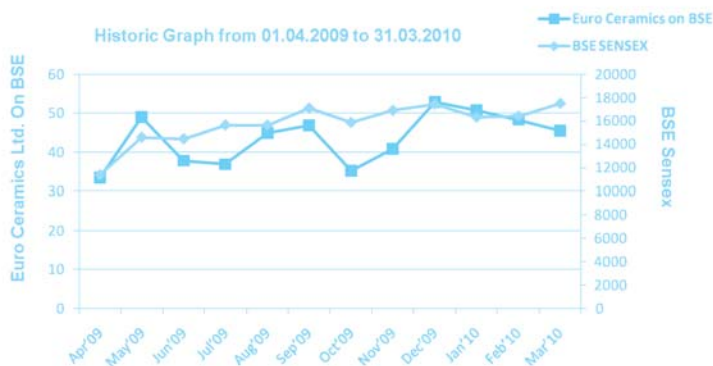
7. GENERAL INFORMATION FOR SHAREHOLDERS

a)	Date Time and Venue of Annual General Meeting	Date : December 22, 2010 Time : 10.00 a.m. Venue : S.P.B.T. College, JVPD Scheme, Vile Parle (West), Mumbai – 400056
b)	Financial Calendar (2010- 2011)	First quarterly Results - On August 13, 2010 Second Quarterly Results - On October 29, 2010 Third Quarterly Results - On or before February 14, 2011 Fourth quarterly Results - On or before May 15, 2011
c)	Date of Book Closure	Thursday, the December 16, 2010 to Wednesday, the December 22, 2010 (both days inclusive)
d)	Dividend payment date	Not applicable
e)	Listing on Stock Exchanges	Bombay Stock Exchange Limited (BSE) & National Stock Exchange of India Limited (NSE)
f)	Stock Code / Symbol ISIN for CDSL and NSDL	BSE - 532823 NSE – EUROCERA INE649H01011

g) Market Price Data:

The monthly high and low quotations of shares traded on the Bombay Stock Exchange Limited (BSE), and National Stock Exchange of India Limited (NSE) during each month in 2009 – 2010 are as follows:

Month	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
Apr'09	41.80	25.25	41.00	22.00
May'09	60.00	31.20	59.90	30.00
Jun'09	52.25	37.05	53.35	38.00
Jul'09	38.90	31.80	39.80	31.10
Aug'09	48.05	36.00	48.75	36.60
Sep'09	52.95	42.50	53.70	41.45
Oct'09	47.50	34.80	47.75	34.05
Nov'09	40.90	34.00	41.40	32.00
Dec'09	54.95	36.75	55.60	33.50
Jan'10	65.15	49.50	66.80	50.15
Feb'10	55.55	44.85	54.20	43.00
Mar'10	52.35	41.00	51.95	42.15



h) Shareholding Pattern as on March 31, 2010:

Sr. No.	Category	Number of shares held	Percentage of Shareholding (%)
1	Promoters	97,79,492	57.19
2	Foreign Institutional Investors	50,000	0.29
3	Bodies Corporate	15,55,302	9.10
4	Trust	242	0.00
5	Clearing Member	1,55,531	0.91
6	Non Resident Indians	15,74,936	9.21
7	Resident Individuals (Public)	39,84,497	23.30
	Total	17,100,000	100

i) Distribution of shareholding as on March 31, 2010:

Sharehold- ing (Nominal Value) Rs.	Number of share- holders	% of total number of share- holders	Total Number of Shares	% of Total Number of Shares
1 to 500	6944	91.01	792474	4.63
500 to 1000	295	3.87	243588	1.42
1001 to 2000	162	2.12	242339	1.42
2001 to 3000	63	0.83	162877	0.95
3001 to 4000	27	0.35	93838	0.55
4001 to 5000	28	0.37	132817	0.78
5001 to 10000	40	0.52	264110	1.55
10001 and above	71	0.93	15167957	88.70
Total	7630	100	17,100,000	100

j) Share Transfer System:

All shares sent or transferred in physical form are registered by the Registrar and Share Transfer Agents within 30 days of the lodgement, if documents are found in order. Shares under objection are returned within two weeks. All requests for dematerialization of shares processed and the confirmation is given to the respective depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) within 15 days. The Company obtains, from a Practicing Company Secretary, a half-yearly certificate of compliance with the share transfer formalities as required under Clause 47 (c) of Listing Agreement entered into with Stock Exchanges and files a copy of the certificate with the concerned Stock Exchanges.

k) Dematerialization of shares and liquidity:

As on March 31, 2010 the total number of Equity Shares of the Company in dematerialization form, stood at 1,70,99,977 Shares (representing 99.99 % of the Company's Paid-up Equity Share Capital)

l) Outstanding ADRS, GDRS, Warrants or any convertible instruments, conversion date and impact on Equity.

Your company has not issued any ADRs, GDRs, warrants or any convertible instruments.

m) Plant Location:

Survey No. 510, 511, 512, 517/1,
Bhachau Dudhai Road, Bhachau (Kutch),
Gujarat – 370140

n) Registrar and Share Transfer Agents:

M/s. Link Intime India Private Limited has been appointed as one point agency, for dealing with shareholders. Shareholders correspondence should be addressed to the Company's Registrar & Share Transfer Agent at the address mentioned below:

M/s. Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound,
L. B. S. Marg, Bhandup (West),
Mumbai – 400 078

Tel: 91 22 2594 6970
Fax: 91 22 2594 6969
E-mail: helpline@linkintime.co.in

o) Address for Investor Correspondence:

Shareholders can contact the Company Secretary for Share / Secretarial related matters of the Company at the below mentioned address:

Ms. Jayshree D. Soni
Company Secretary
Euro Ceramics Limited
Euro House, CTS No. 1406, A25/6,
Chincholi Bunder Road,
Behind Inorbit Mall,
Malad (West), Mumbai – 400 064
E-mail: jdsonics@eurovitirified.com
Tel No.: 91 22 4019 4019
Fax No.: 91 22 4019 4020

For Euro Ceramics Limited

Place: Mumbai
Date: October 29, 2010

Nenshi L. Shah
Chairman and Managing Director

Declaration on compliance with code of conduct

It is hereby confirmed that the Company has adopted Code of Conduct for the Board of Directors and Senior Management Personnel of the Company and all have affirmed their adherence to the code during the year. The code has been posted on the Company's website (www.eurovitirified.com)

For Euro Ceramics Limited

Place: Mumbai
Date: October 29, 2010

Nenshi L. Shah
Chairman & Managing Director

Auditors Certificate on Compliance of the Corporate Governance

To the members of Euro Ceramics Ltd.

We have examined the Compliance of the conditions of Corporate Governance by EURO CERAMICS LIMITED for the year ended March 31, 2010, as stipulated in clause 49 of the Listing Agreement of the company with the Stock Exchanges.

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

In our opinion and based on the information and explanations given to us and the representations made by management and to the best of our knowledge and belief, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned listing agreement.

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

For Deepak Maru & Co.

Chartered Accountants
Firm Registration no. 115678W
Jaymin P. Shah
Partner
Membership No: 118113

Place: Mumbai
Date: October 29, 2010

Auditors' Report

To,
The Members Of
Euro Ceramics Limited

- 1) We have audited the attached Balance Sheet of Euro Ceramics Limited as at March 31, 2010 and also the Profit and Loss Account for the year ended on that date and the Cash Flow Statement for the year ended on that date annexed thereto (all together referred to as the 'financial statements'). These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We have conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statement. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of Sub-Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 4) Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:

- a. We have 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 appears from our examination of such books;
- c. The Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d. In our opinion, the Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956;
- e. On the basis of written representations received from the directors, and taken on record by the Board of Directors, as on 31st March, 2010, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with Significant accounting policies, notes to accounts give the information required by the Companies Act, 1956, in the manner so required and present a true and fair view in conformity with the accounting principles generally accepted in India:
- i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
- ii) in the case of the Profit and Loss Account, of the loss of the company for the year ended on that date; and
- iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For DEEPAK MARU & CO.
CHARTERED ACCOUNTANTS
Firm Regn. No.115678W

JAYMIN P. SHAH
(Partner)
M.NO. 118113

Place: MUMBAI
Date: October 29, 2010.

Annexure To The Auditor's Report

(Referred to in paragraph 3 of our report of even date)

- 1) In respect of Fixed Assets:
 - a The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
 - b As explained to us, the management during the year at reasonable interval has physically verified the assets and no material discrepancies were noticed on such verification.
 - c The Company has not disposed off any substantial part of the fixed assets during the year.
- 2) In respect of its Inventories:
 - a The inventory has been physically verified during the year by the management. In our opinion, the frequency of such verification is reasonable.
 - b In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- 3) In respect of Loans Taken / Granted:
 - a According to the information and explanation given to us, the Company has taken unsecured loans from eleven parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.49,81,96,976/- and the year-end balance of loans taken from such parties was Rs.9,82,33,102/-.
 - b According to the information and explanation given to us, the Company has granted loans to four parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.30,02,74,609/- and the year-end balance of loans given to such parties was Rs.14,18,19,409/-.
 - c In our opinion, the rate of interest and other terms and conditions on which loans mentioned above have been taken / granted are not, prima facie, prejudicial to the interest of the Company.
 - d In the absence of stipulations in respect of the terms of payment of principal amount and interest for the loans taken/granted, it is not possible to comment whether the principal and interest payments are regular.
- 4) In respect of register maintained u/s. 301 of the Companies Act, 1956:
 - a In our opinion, and according to information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been so entered in the register required to be maintained under that section.
 - b In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 5,00,000/- or more in respect of each party, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- 5) In our opinion the company has complied with the provisions of section 58A and section 58AA read with Companies (Acceptance of Deposits) Rules, 1975 in respect of deposits accepted in the nature of unsecured loans taken, amounting to Rs.18,69,00,000/- raised by the company during the year and the Company has filed the copy of Statement in lieu of Advertisement and necessary particulars as required with the Registrar of Companies Mumbai.
- 6) In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business with regards to purchases of inventory, fixed assets and with regards to the sale of goods. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- 7) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business
- 8) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for its Aluminium Division and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- 9) In respect of Statutory Dues:
 - a The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Income tax, Sales tax, VAT, Wealth tax, Custom duty, Excise Duty, Tax deducted/collected at source, Provident Fund, Employees' State Insurance, Cess and other material statutory dues applicable to it and there are no arrears

- outstanding as at the year end for a period of more than six months from the date they became payable, except for some few instances of delays in depositing them with the appropriate authorities during the year which were not material.
- b According to the information and explanation given to us, there are no dues of Income tax, Sales Tax, VAT, Wealth tax, Customs duty, Excise duty and cess, which have not been deposited on account of any dispute.
- 10) The Company neither has any accumulated losses at the end of financial year nor did it have the same at the end of the immediately preceding financial year but has incurred cash losses during the financial year covered by our audit to the tune of Rs.18,56,82,497/- and to the tune of Rs.1,65,75,992/- in the immediately preceding financial year.
- 11) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any of the banks or financial institutions during the year.
- 12) According to the information and explanations given to us, the Company has not granted loans and advances on the basis or security by way of pledge of shares, debentures and other securities.
- 13) The company is not a chit fund or a nidhi/ mutual benefit fund/society. Hence the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- 14) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- 15) According to the information and explanations given to us, the Company has given following guarantees for loans taken by its subsidiary Euro Merchandise (I) Ltd. from banks, however the terms of issue of said guarantee are not prejudicial to the interest of the Company:
- | Sr. No. | Date of Guarantee | Guarantee Favouring | Amount (Rs.) | Guarantee on account of |
|---------|-------------------|-----------------------------|--------------------|--|
| 1 | 13-09-2007 | The Cosmos Co-op. Bank Ltd. | 32.2 crores | Working Capital, Term Loan and Letter of Credit limit. |
| 2 | 30-01-2010 | ABN Amro Bank N.V. | 0.3 crores | Business Term Loan |
| | | TOTAL | 32.5 crores | |
- 16) In our opinion, the term loans are being applied for the purpose for which they were obtained.
- 17) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company and after placing reliance on the reasonable assumptions made by the company for classification of long term and short term usages of funds, we are of the opinion that, prima facie no funds raised on short-term basis have been utilized for long-term investment.
- 18) According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- 19) According to the information and explanations given to us, during the year covered by our audit report, the Company has not issued any Debentures.
- 20) The Company has not raised any money by way of public issues during the year.
- 21) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For DEEPAK MARU & CO.
CHARTERED ACCOUNTANTS
Firm Regn. No.115678W

JAYMIN P. SHAH
(Partner)
M.NO. 118113

Place: MUMBAI
Date: October 29, 2010.

Balance Sheet

Euro Ceramics Ltd.

(Amount In Rs.)

PARTICULARS	Schedule	As At 31-Mar-10	As At 31-Mar-09
SOURCES OF FUNDS			
Shareholder's Funds:			
Share Capital	A	171,000,000	171,000,000
Reserves & Surplus	B	1,153,722,522	1,568,206,638
		1,324,722,522	1,739,206,638
Loan Funds :			
Secured Loans	C	4,080,362,000	3,941,780,430
Unsecured Loans	D	1,180,707,475	1,195,308,947
		5,261,069,475	5,137,089,377
Deferred Tax Liabilities		144,788,406	144,788,406
Total Funds Employed		6,730,580,403	7,021,084,421
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	E	5,346,002,109	3,979,780,223
Less : Accumulated Depreciation		773,847,368	545,766,492
Net Block		4,572,154,741	3,434,013,731
Capital Work In Progress		429,241,925	1,559,933,570
		5,001,396,666	4,993,947,301
Investments	F	29,660,750	29,610,750
Current Assets, Loans & Advances :			
Inventories	G	888,067,875	909,165,066
Sundry Debtors	H	718,044,063	773,242,820
Cash & Bank Balances	I	53,661,712	101,414,812
Loans & Advances	J	474,214,104	643,483,847
		2,133,987,754	2,427,306,545
Less : Current Liabilities & Provisions :	K		
Current Liabilities		431,254,581	426,775,471
Provisions		3,210,185	3,004,704
		434,464,766	429,780,175
Net Current Assets		1,699,522,988	1,997,526,370
Total Funds Utilized		6,730,580,403	7,021,084,421

Significant Accounting Policies & Notes on Accounts

X

Schedules referred to above form an integral part of the Accounts

AS PER OUR ATTACHED REPORT OF EVEN DATE

For DEEPAK MARU & CO.

CHARTERED ACCOUNTANTS

Firm Regn. No.115678W

BY ORDER OF THE BORD OF DIRECTOR

For EURO CERAMICS LTD.

JAYMIN P. SHAH

(Partner)

M. No. 118113

MUMBAI

Date: October 29,2010

NENSHI L. SHAH

(Chairman & Managing Director)

PARESH K. SHAH

(Director)

JAYSHREE D. SONI

(Company Secretary)

MUMBAI

Date: October 29,2010

Profit & Loss Account

Euro Ceramics Ltd.

(Amount In Rs.)

PARTICULARS	Schedule	For the Y.E. 31-Mar-10	For the Y.E. 31-Mar-09
INCOME :			
Sales & Income from Operations	L	2,172,276,589	2,231,580,950
Less: Excise Duty		140,934,335	59,783,431
		2,031,342,254	2,171,797,519
Other Income	M	11,131,774	7,272,925
		2,042,474,028	2,179,070,444
EXPENDITURE :			
(Increase) / Decrease In Stock	N	(37,004,634)	(85,637,330)
Cost of Materials	O	845,452,524	806,408,031
Salaries, Wages and Employee Benefits	P	168,127,936	165,009,733
Manufacturing, Selling & Other Expenses	Q	799,615,307	890,376,627
		1,776,191,133	1,776,157,061
EARNINGS BEFORE INTEREST, DEPRECIATION & TAX		266,282,894	402,913,383
Interest & Other Finance Expenses (Net)	R	451,965,392	419,489,375
PROFIT / (LOSS) BEFORE DEPRECIATION		(185,682,497)	(16,575,992)
Depreciation		228,801,619	198,369,762
PROFIT / (LOSS) BEFORE TAX		(414,484,116)	(214,945,754)
Provision for Taxation			
- Current Tax		-	-
- MAT Credit		-	-
- Tax Credits Pertaining to Earlier Years		-	(7,410,359)
- Deferred Tax		-	18,319,639
- Fringe Benefit Tax		-	2,300,000
NET PROFIT / (LOSS)		(414,484,116)	(228,155,034)
Balance Brought Forward		566,951,104	795,106,138
Profit Available for Appropriation		152,466,988	566,951,104
APPROPRIATIONS			
Interim Dividend		-	-
Corporate Tax on Dividend		-	-
General Reserves		-	-
Capital Redemption Reserves		-	-
Surplus Carried to Balance Sheet		152,466,988	566,951,104
		152,466,988	566,951,104
Basic & Diluted Earnings Per Share - Rs.		(24.24)	(13.34)
(Face Value of Rs. 10/- Each)			

Significant Accounting Policies & Notes on Accounts
Schedules referred to above form an integral part of the Accounts
AS PER OUR ATTACHED REPORT OF EVEN DATE
For DEEPAK MARU & CO.
CHARTERED ACCOUNTANTS
Firm Regn. No.115678W

X

BY ORDER OF THE BORD OF DIRECTOR
For EURO CERAMICS LTD.

JAYMIN P. SHAH
(Partner)
M. No. 118113
MUMBAI
Date: October 29,2010

NENSHI L. SHAH
(Chairman & Managing Director)

PARESH K. SHAH
(Director)

JAYSHREE D. SONI
(Company Secretary)

MUMBAI
Date: October 29,2010

Schedules To Balance Sheet

Euro Ceramics Ltd.

(Amount in Rs.)

A Share Capital			As At 31-Mar-10	As At 31-Mar-09
Authorised:				
3,50,00,000 Equity Shares of Rs. 10/- each			350,000,000	350,000,000
TOTAL			350,000,000	350,000,000
Issued, Subscribed & Paid Up				
Equity Share Capital				
1,71,00,000 Equity Shares of Rs.10 each fully Paid up			171,000,000	171,000,000
TOTAL			171,000,000	171,000,000
B Reserves & Surplus				
	Balance As At 01-Apr-09	Additional during the period	Deductions/ Adjustments during the period	As At 31-Mar-10
Share Premium	991,255,534	-	-	991,255,534
General Reserves	10,000,000	-	-	10,000,000
Surplus as per P & L A/c	566,951,104	(414,484,116)	-	152,466,988
TOTAL	1,568,206,638	(414,484,116)	-	1,153,722,522
Previous Year	1,796,361,672	(228,155,034)	-	1,568,206,638
C Secured Loans				
From Banks				
a) Vehicle Loans			6,310,635	9,339,588
b) Term Loans			2,932,912,542	2,507,489,781
c) Buyers Credit			-	64,526,137
d) Cash Credit and Other Credit Facilities			991,138,823	960,424,924
e) Non Convertible Debentures			150,000,000	400,000,000
Refer Note No.3 of Schedule "X"				
TOTAL			4,080,362,000	3,941,780,430
D Unsecured Loans				
a) From Directors			38,413,734	79,581,444
b) From Shareholders & Others			45,145,451	45,222,943
c) Inter Corporate Deposits			244,389,126	380,984,646
d) From Banks & Financial Institutions			820,947,045	660,813,253
e) From Dealers - Security Deposits			31,812,119	28,706,661
Refer Note No.4 of Schedule "X"				
TOTAL			1,180,707,475	1,195,308,947

Schedules To Balance Sheet

Euro Ceramics Ltd.

(Amount in Rs.)

E Fixed Assets											
Particulars		Gross Block				Depreciation				Net Block	
		Cost as on 31-3-09	Additions	Deletions/ Ajustment	Cost as on 31-3-10	Upto 31-03-09	For the P.E 31-3-10	On deletions	As on 31-3-10	As on 31-3-10	As on 31-3-09
Tangible Assets											
I	Land - Freehold	41,976,741	6,979,943	301,712	48,654,972	-	-	-	-	48,654,972	41,976,741
II	Building	615,363,370	177,576,880	-	792,940,250	52,315,056	19,333,846	-	71,648,902	721,291,349	563,048,314
III	Plant & Machinery	2,978,362,902	1,175,568,011	286,000	4,153,644,913	387,311,628	175,224,093	173,431	562,362,292	3,591,282,621	2,591,051,274
IV	Furniture & Fixtures	31,986,497	21,209	-	32,007,706	6,486,462	2,019,994	-	8,506,456	23,501,250	25,500,035
V	Office Equipments	11,161,706	18,500	-	11,180,206	1,642,164	530,650	-	2,172,814	9,007,392	9,519,542
VI	Vehicles	29,629,815	3,448,229	1,541,281	31,536,763	7,509,924	2,934,885	540,985	9,903,824	21,632,938	22,119,891
VII	Computers	7,601,872	693,968	31,250	8,264,590	3,357,146	1,269,148	6,329	4,619,965	3,644,625	4,244,726
VIII	Power Project	263,687,320	4,075,389	-	267,762,709	87,134,112	27,489,004	-	114,623,116	153,139,594	176,553,208
IX	Trade Mark Rights	10,000	-	-	10,000	10,000	-	-	10,000	-	-
Grand Total		3,979,780,223	1,368,382,129	2,160,243	5,346,002,109	545,766,492	228,801,619	720,745	773,847,368	4,572,154,741	3,434,013,732
Previous Year		2,981,712,958	1,002,429,300	4,362,035	3,979,780,223	349,721,753	198,369,762	2,325,023	545,766,492	3,434,013,731	2,631,991,205

F Investment		As At 31-Mar-10	As At 31-Mar-09
NON-TRADE INVESTMENTS			
I Unquoted			
35,075 Shares of The Cosmos Co-Op. Bank Ltd.		350,750	350,750
(Pledged with Bank)			
II National Saving Certificate		10,000	10,000
TRADE INVESTMENTS			
III Shares of Subsidiary		14,250,000	14,250,000
Euro Merchandise (India) Ltd.			
(1,90,000 Equity Shares of Rs.10/- each fully paid up at a premium of Rs.65/- per share)			
Euro Glass Ltd.		15,000,000	15,000,000
(15,00,000 Equity Shares of Rs.10/- each fully paid up)			
IV Investments in Capital Of Partnership Firms			
M/s.Euro Realtors		50,000	-
TOTAL		29,660,750	29,610,750

SCHEDULES TO BALANCE SHEET

Euro Ceramics Ltd.

(Amount in Rs.)

G Inventories	As At 31-Mar-10	As At 31-Mar-09
a) Finished Goods	382,550,268	355,340,221
b) Stores & Spares	79,351,294	77,705,329
c) Raw Materials & Consumables	268,084,956	326,694,791
d) Packing Materials	10,003,976	7,673,731
e) Work In Process	104,524,281	94,729,693
f) Trading Items	38,284,173	38,543,786
g) Stock-in-Transit	5,268,926	8,477,515
(As Valued & Certified by the Management)		
TOTAL	888,067,875	909,165,066
H Sundry Debtors		
(Unsecured, Considered Good)		
Due for Period exceeding Six Months	185,459,814	343,491,610
Due for Period less than Six Months	532,584,249	429,751,210
Refer Note No.5 of Schedule "X"		
TOTAL	718,044,063	773,242,820
I Cash & Bank Balances		
Cash & Cheques in Hand	2,499,549	2,437,872
(As Certified by the Management)		
Balance With Scheduled Banks		
Current Accounts	10,366,514	2,305,601
Recurring Deposits	1,242,888	1,242,888
Fixed Deposits	39,552,761	95,428,451
Refer Note No.6 of Schedule "X"		
TOTAL	53,661,712	101,414,812
J Loans & Advances		
(Unsecured Considered Good)		
Loans & Advances	141,819,409	158,613,609
Advance Recoverable in cash or in kind or for value to be received	124,648,558	183,413,618
MAT Credit to be Availed	32,263,683	32,263,683
Deposits	16,768,553	16,073,903
Balance With Central Excise, Sales Tax etc.	140,744,834	237,643,031
Taxation (Net of Provision)	17,969,066	15,476,003
TOTAL	474,214,104	643,483,847

SCHEDULES TO BALANCE SHEET

Euro Ceramics Ltd.

(Amount in Rs.)

K Current Liabilities	As At 31-Mar-10	As At 31-Mar-09
Sundry Creditors		
-Due to Micro, Small and Medium Enterprises	2,393,894	3,424,514
-Others	359,164,862	379,278,648
Refer Note No.7 of Schedule “X”		
Advances From Customers	18,420,139	8,973,110
Unclaimed Dividend	167,232	168,594
Other Liabilites	50,599,448	30,323,126
Interest Accrued But not due	509,007	4,607,479
	431,254,581	426,775,471
Provisions		
Leave Encashment	3,210,185	3,004,704
	3,210,185	3,004,704
TOTAL	434,464,766	429,780,175

SCHEDULES TO PROFIT & LOSS A/C Euro Ceramics Ltd.

(Amount in Rs.)

L Sales & Income From Operations	For the Y.E. 31-Mar-10	For the Y.E. 31- Mar-09	
Sales Domestic	1,929,391,099	2,049,498,652	
Sales Export	212,367,889	171,458,466	
Sales Scrap	3,975,848	5,318,694	
Export Incentive on Advance Licenses & Export Rebates	26,541,753	5,305,138	
TOTAL	2,172,276,589	2,231,580,950	
M Other Income			
Dividend Income	15,000	15,000	
Exchange Rate Differences	8,028,774	-	
Rental Income	3,088,000	3,896,000	
Vat Refund	-	3,361,925	
TOTAL	11,131,774	7,272,925	
N (Increase) /Decrease In Stock			
OPENING STOCK			
Finished Goods	355,340,221	285,296,013	
Work In Process	94,729,693	79,136,571	
	450,069,914	364,432,584	
CLOSING STOCK			
Finished Goods	382,550,268	355,340,221	
Work In Process	104,524,281	94,729,693	
	487,074,548	450,069,914	
(INCREASE) /DECREASE	TOTAL	(37,004,634)	(85,637,330)
O Cost Of Materials			
Raw Material Consumption	756,477,849	747,548,780	
Cost of Goods traded	33,822,973	7,395,871	
Packing Material Consumption	55,151,702	51,463,380	
TOTAL	845,452,524	806,408,031	
P Salaries, Wages & Employee Benefits			
Salaries, Wages, and Bonus	142,527,535	136,907,335	
Contributions to Providend & Other Funds	5,638,119	4,833,798	
Welfare Expenses	19,962,282	23,268,600	
TOTAL	168,127,936	165,009,733	

SCHEDULES TO PROFIT & LOSS A/C Euro Ceramics Ltd.

(Amount in Rs.)

Q Manufacturing, Selling & Other Expenses	For the Y.E. 31-Mar-10	For the Y.E. 31- Mar-09
Consumptions of Stores & Spares	66,461,747	28,667,832
Power & Fuel	452,053,468	532,104,907
Excise Duty Paid	16,153,388	38,905,108
Processing Charges	20,383,391	16,021,887
Brokerage & Commission	27,011,687	14,063,108
Advertisement	16,884,135	19,365,951
Auditors Remuneration	350,000	250,000
Repairs & Maintenance		
- Building	1,268,220	702,414
- Plant & Machinery	10,590,811	13,601,077
- Others	3,651,024	2,414,644
Director Remuneration	4,800,000	8,800,000
Director Sitting Fees	112,500	82,500
Donation	396,091	2,113,500
Insurance	30,161,933	28,824,513
Loss / (Profit) on Sale Of Fixed Assets	267,782	412,012
Rent, Rates & Taxes	10,873,285	11,891,034
Freight Outwards	36,732,775	47,075,584
Other Selling Expenses	48,997,586	46,859,724
Miscellaneous Expenses	52,465,486	46,584,045
Exchange Rate Differences	-	31,636,787
TOTAL	799,615,307	890,376,627
R Interest & Other Finance Expenses		
Interest on Fixed Loans	209,172,482	206,755,113
Interest on Debentures	33,836,815	38,525,755
(Profit)/Loss from Derivatives / SWAP	787,485	3,788,029
Other Interests and Financial Charges	217,146,831	182,527,067
	460,943,613	431,595,964
Less : Interest Income		
Interest on Fixed Deposits With Banks	1,458,164	9,839,495
Interest on FD - IPO	-	233,436
Other Interest	7,520,057	2,033,658
TOTAL	451,965,392	419,489,375

Notes Forming Part Of Financial Statements For The Year Ended March 31, 2010.

SCHEDULE 'X'

A) Significant Accounting Policies:

I BASIS OF PREPARATION OF FINANCIAL STATEMENTS:

The Financial statements are prepared under the historical cost convention, on an accrual basis, and in accordance with the relevant provisions of the Companies Act, 1956 and the applicable mandatory Accounting Standards issued by the Institute Of Chartered Accountants Of India.

II FIXED ASSETS:

Fixed Assets are stated at historical cost (net of CENVAT credit availed) less accumulated Depreciation/ amortization thereon and/or recoverable value in case of Impairment, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use and also comprises of borrowing costs attributable to acquisition and construction of assets up to the date when such asset is ready for its intended use.

III DEPRECIATION

- a. Depreciation is provided on Straight Line Method at the rates and in the manner specified in the Schedule XIV of the Companies Act, 1956.
- b. The Ceramic Plant and the allied Machineries have been classified as a continuous process plant on technical assessment & depreciation has been provided accordingly.
- c. Depreciation on the Fixed Assets added/ disposed off /discarded during the period has been provided on pro-rata basis with reference to the month of addition/disposal/ discarding.
- d. Depreciation on the amounts capitalized on account of foreign exchange fluctuation is

provided prospectively over residual life of the assets.

IV BORROWING COST

- a. Borrowing Costs attributable to acquisition and construction of qualifying asset are capitalized as a part of the cost of such asset up to the date when such asset is ready for its intended use. A qualifying asset is the one that necessarily takes a substantial period to get ready for intended use.
- b. Other borrowing costs are recognized as an expense in the period in which they are incurred.

V FOREIGN CURRENCY TRANSACTIONS

- a. Transactions in foreign currency are accounted at the exchange rate prevailing on the date of transaction. Exchange Rate fluctuation between the transaction date and the settlement date in respect of revenue transactions are recognized in Profit & Loss account and in respect of acquisition of the fixed assets are adjusted to the cost of the respective assets.
- b. All export proceeds / import payables not realized at the year end are restated at the rate prevailing at the year end. The exchange difference arising there on has been recognized as income / expenses in the current year's Profit & Loss account.
- c. Monetary Assets & Liabilities denominated in Foreign Currency are translated at year end exchange rates and the Profit/Loss so determined is recognized in the Profit & Loss account.
- d. As per the Provisions of the AS 11 of the ICAI, the profit/loss on cancellation or renewal of derivative instruments such as forward contract and option contract undertaken to hedge exchange fluctuation/price risks are recognized as income/expenses in the Profit

& Loss account for the year.

VI INVESTMENTS

Long Term Investments are stated at cost less provision, if any, for permanent diminution in their value.

VII INVENTORIES

- a. Raw Materials, components, stores and spares are valued at lower of cost and net realizable value.
- b. Work in Progress and finished goods are valued at lower of cost and net realizable value. Cost comprises of direct materials, direct labour, other costs of conversion and other costs incurred in bringing the inventories to their present location and condition.
- c. Cost of inventories is computed on Weighted Average / FIFO basis.

VIII REVENUE RECOGNITION

- a. Sales are recorded net of returns.
- b. Export Incentives on Advance License are recognized on accrual basis.
- c. Interest Income is recognized on accrual basis and dividend income is accounted for when the right to receive the same is established.

IX RETIREMENT BENEFITS

- a. The Company's contributions in respect of Provident Fund are charged to the profit & loss account each year.
- b. The Company's contribution to Life Insurance Corporation of India (LIC) and SBI Life Insurance Co. Ltd. for group gratuity policy is charged off to Profit and Loss account each year. The contribution to group gratuity policy is based on values as actuarially determined and demanded by respective gratuity funds.

- c. Liability for accumulated earned leave of employees is ascertained and provided for as per Company Rules.

X TAXES ON INCOME

- a. Provision for taxation comprises of Current tax, Deferred Tax and Fringe Benefit Tax. Current tax Provision has been made in accordance with the Income Tax Act, 1961.
- b. Deferred tax for timing differences between the book and tax profits for the period is accounted for, using the tax rates and laws that have been substantively enacted as of the balance sheet date.
- c. Deferred tax assets arising from timing differences are recognized to the extent there is reasonable certainty that these would be realized in future.
- d. Deferred tax assets are recognized on unabsorbed losses only if there is virtual certainty that such deferred tax asset can be realized against future taxable profit.

XI IMPAIRMENT OF ASSETS

Factors giving rise to any indication of impairment of the carrying amounts of the Company's Assets are appraised at each Balance Sheet date to determine and provide / reverse an impairment loss. There is no such impairment in the carrying amount of the Company's Assets.

XII PROVISIONS AND CONTINGENT LIABILITIES

- a. Provisions are recognized when the Company has a legal and constructive obligation as a result of a past event, for which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of the obligation.
- b. Contingent Liabilities are disclosed when the Company has a possible obligation or a present obligation and it is uncertain as to whether a cash outflow will be required to settle the obligation.

Notes Forming Part Of Financial Statements For The Year Ended March 31, 2010.

B) Notes to Accounts:

(Amount in Rs.)

		Current Year	Previous Year
1.	Estimated amount of contracts remaining to be executed on capital account and not provided for.	1,94,60,290	NIL
2.	Contingent Liabilities not provided for in the books of accounts:		
		Current Year	Previous Year
a.	Bills Discounted with Banks	1,94,45,133	NIL
b.	Letter of Credit	12,49,37,135	10,68,39,764
c.	Bank Guarantees	4,94,000	2,02,10,000
d.	Guarantees given to the Banks for the loans taken by the Euro Merchandise (India) Ltd., (100 % Subsidiary)	32,50,00,000	37,50,00,000
e.	The Company has imported various Capital Goods under the Export Promotion Capital Goods Scheme (EPCG), of the Government of India, through various licenses, at concessional rates of Custom Duty on an undertaking to fulfill quantified exports within a period of eight years from the date of the respective licenses. The Custom Duty so saved amounts to Rs.33,87,48,010/- and the corresponding Export Obligation to be fulfilled is Rs.2,04,49,34,503/- as on the Balance Sheet date. If the said export is not made within the stipulated time period, the company is required to pay the said saved Custom Duty together with interest @15% p.a. Formal discharge from the obligation by the appropriate authorities is in progress in respect of some of the Licenses of which Export Obligation is entirely fulfilled by the close of the year.		
		(Amount in Rs.)	
3.	Secured Loans:-	Current Year	Previous Year
a.	Vehicle Loans Are secured against vehicles specified in the respective agreements & Personal Guarantee of the Directors of the Company.	63,10,635	93,39,588
b.	Term Loans Are secured against the First Charge created by mortgage on all the existing and future fixed assets situated at Bhachau (Kutch) and second charge created by hypothecation of current assets of the Company and against the collateral securities & Personal Guarantee given by the Directors and their Relatives.	2,93,29,12,542	2,50,74,89,781

c.	Buyers Credit Are secured against the Fixed Deposits given as margin money and are payable within a period of one year.	NIL	6,45,26,137
d.	Cash Credit & Other Facilities Are secured against the First Charge created by Hypothecation of Stock & Book Debts & other current assets and second charge created on existing as well as future fixed assets of the Company situated at Bhachau (Kutch) and Against the personal Guarantee given by the Directors and their Relatives.	99,11,38,823	96,04,24,924
e.	Non – Convertible Debentures 1,50,000 debentures of Rs.1000/- each are issued to LIC – Mutual Fund and are payable within a period of one year.(Previous Year 4,00,000 debentures of Rs.1000/- each)	15,00,00,000	40,00,00,000

- Unsecured Loans from Banks and Financial Institutions of Rs.31,32,93,086/- (Previous Year Rs. 66,08,13,253/-) are payable within a period of one year.
- Sundry Debtors include amount in respect of which the Company holds Letter of Credit / Guarantees from Banks of Rs. 3,23,60,118/- (Previous Year Rs. 2,39,79,995/-).
- Fixed Deposits of Rs.3,95,52,761/- (Previous Year Rs. 9,54,28,451/-) are pledged with banks as Margin Money against Guarantees / Letter of Credit issued and Credit facilities sanctioned by the Bank.
- The Company has received intimations from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and accordingly the amounts outstanding to such suppliers has been disclosed. There is neither any liability towards interest on delayed payments under the said Act during the year nor there is any amount of outstanding interest in this regards brought forward from previous year.

Notes Forming Part Of Financial Statements For The Year Ended March 31, 2010.

8. Remuneration to Directors during the year of Rs.48,00,000/- (Previous Year Rs.88,00,000/-) has been paid in accordance with and within the limits prescribed in Part II of Schedule XIII of the Companies Act 1956.

9. Auditors Remuneration (excluding service tax): (Amount in Rs.)

	Current Year	Previous Year
For Audit	3,50,000	2,50,000
For Taxation, Consultancy and Certification Fees	1,75,000	1,50,000

10. Deferred Tax Liability / (Asset) at the year end comprise timing differences on account of: (Amount in Rs.)

	Current Year	Previous Year
I Depreciation	14,47,88,406	14,47,88,406
II Expenditure/Provisions Disallowable	NIL	NIL

11. Earnings per Share (EPS) is calculated as under: (Amount in Rs.)

	Current Year	Previous Year
I Profits used as Numerator for calculating EPS		
Net Profit after Tax	(41,44,84,116)	(22,81,55,034)
II Denominator		
Weighted average number of Equity Shares outstanding		
-Basic	1,71,00,000	1,71,00,000
-Diluted	1,71,00,000	1,71,00,000
III Nominal Value of Share in (Rs.)	10/-	10/-
IV Earnings Per Share (Basic as well as Diluted)	(24.24)	(13.34)

12. The Accounting Standard – AS 15 (revised 2005) on Employee Benefits issued by the Institute of Chartered Accountants of India has been adopted by the Company.

a) Defined Contribution Plan: The Company has recognized the following amounts in Profit & Loss account as contributions to funds.

(Amount in Rs.)

Particulars	Current Year	Previous Year
Employer's Contribution to Provident Fund	53,95,844	47,80,189
Employer's Contribution to Employees' State Insurance	1,41,213	1,20,353

b) Defined Benefit Plan: Gratuity

The Company has Group Gratuity Policy managed by LIC and SBI Life Insurance Co. Ltd., the below mentioned disclosure have been obtained from them:

(Amount in Rs.)

	Current Year	Previous Year
I Changes in the present value of obligations		
Present value of obligations as at Beginning of the year	3,057,636	2,427,851
Interest cost	241,505	194,228
Current Service Cost	1,878,489	848,088
Benefits Paid	(77,654)	(109,529)
Actuarial (Gain)/Loss on obligations	3,515,364	(303,002)
Present value of obligations as at End of the year	8,615,340	3,057,636
II Changes in the fair value of plan assets		
Fair value of plan assets at Beginning of the year	3,190,021	2,774,998
Expected return on plan assets	311,115	254,585
Employer's Contributions	2,164,864	269,967
Benefits paid	(77,654)	(109,529)
Actuarial Gain / (Loss) on Plan assets	(18,679)	NIL
Fair value of plan assets at End of the year	5,569,667	3,190,021
III Table showing fair value of plan assets		
Fair value of plan assets at Beginning of the year	3,190,021	2,774,998
Actual return on plan assets	292,436	254,585
Contributions	2,164,864	269,967
Benefits Paid	(77,654)	(109,529)
Fair value of plan assets at End of the year	5,569,667	3,190,021
Funded status	(3,045,673)	132,385
Excess of Actual over estimated return on plan assets	NIL	NIL
(Actual rate of return = Estimated rate of return as ARD falls on March 31)		
IV Actuarial Gain/Loss recognized		
Actuarial Gain/(Loss) for the year – Obligation	(3,515,364)	303,002
Actuarial Gain/(Loss) for the year - plan assets	(18,679)	NIL

Notes Forming Part Of Financial Statements For The Year Ended March 31, 2010.

		Current Year	Previous Year
	Total Gain/(Loss) for the year	(3,534,043)	303,002
	Actuarial Gain/(Loss) recognized in the year	(3,534,043)	303,002
V	The amounts to be recognized in the balance sheet and statements of profit and loss		
	Present value of obligations as at the end of the year	8,615,340	3,057,636
	Fair value of plan assets as at the end of the year	5,569,667	3,190,021
	Funded status	3,045,673	132,385
	Net Asset/(Liability) recognized in balance sheet	(3,045,673)	132,385
VI	Expenses Recognized in statement of Profit & Loss	2,379,000	408,743
VII	Principal Actuarial Assumptions used at the Balance Sheet Date		
	Discount Rate	8%	8%
	Salary Escalation	5%	5%

- The estimated future salary increases take account of inflation, seniority, promotion and other retirement factors such as supply and demand in the employment market.

13. Amount of exchange difference (net) included / (excluded) in additions to the Fixed Assets (Rs.1,00,54,841/-) (Previous Year Rs.1,96,38,369/-)

14. Derivative Instruments and Unhedged Foreign Currency Exposure

Sr. No.	Particulars	Current Year	Previous Year
(a)	Foreign Currency Derivatives:		
I	Forward Contract for hedging foreign currency exposure in relations to receivables	USD 37,50,000.00	USD 14,46,339.88
(b)	Unhedged Foreign Currency Exposure :		
I	ECB Loan	-----	USD 12,66,460.00
II	Outstanding Creditors for Purchase of Raw Material, Consumables & Spares	USD 3,78,040.01	USD 8,60,781.53
III	Outstanding Creditors for Purchase of Raw Material, Consumables & Spares	EURO 2,42,243.80	EURO 427.00

Sr. No.	Particulars	Current Year	Previous Year
IV	Outstanding Creditors for Capital Goods	-----	USD 22,22,938.60
V	Outstanding Creditors for Capital Goods	-----	EURO 85,000.00
VI	Outstanding Debtors	USD 12,37,590.37	USD 8,60,276.68
VII	Advance to Creditors for Purchase of Raw Material, Consumables & Spares	USD 12,924.28	USD 9,942.00
VIII	Advance to Creditors for Purchase of Raw Material, Consumables & Spares	EURO 1,800.00	EURO 607.50
IX	Advance to Creditors for Capital Goods	USD 5,500.00	-----
X	Advance to Creditors for Capital Goods	EURO 29,850.00	EURO 5,400.00
XI	Advance from Debtors	USD 37,303.66	USD 26,448.80

Notes Forming Part Of Financial Statements For The Year Ended March 31, 2010.

15. Disclosure in respect of Related Parties pursuant to Accounting Standard 18:

(a) Subsidiary : Euro Merchandise (India) Limited

(b) Name of the enterprises having same Key Management Personnel and/or their relatives as the Reporting enterprises:

Eurobond Industries Private Limited	Euro Flooring Pvt. Ltd.	Euro Décor Pvt Ltd
Euro Multivision Ltd	Euro Developers Pvt. Ltd.	Subhnen Ply Pvt Ltd.
Euro Pratik Ispat Pvt Ltd.	Euro Solo Energy Systems Pvt. Ltd.	Euro Agro
Subhnen Finance & Investments Pvt Ltd.	Kevin Impex Pvt Ltd.	Kanch Ghar
Neelam Metal	Laxmi Ply Agency	Metro Stationery Mart
Neelam Ply & Laminates	NLS Enterprise Pvt Ltd.	Gurukul Enterprises Pvt Ltd
Tangent Furniture Pvt Ltd	Lyons Technologies Ltd	Ladhabhai Sanganbhai Gala Charitable Trust
Monex Stationers	Disti Multimedia & Communications Pvt Ltd	Vaman International (P) Ltd.
National Ply & Laminates	Zenith Corporation	Nova Enterprises
National Laminate Corporation	Gala Enterprises	Euro Foundation
Euro Aluminium Industries Ltd.	Euro Mineral Corporation	Euro Solar Power Pvt. Ltd.
Euro India Cylinders Ltd.	Euro Realtors	Euro Glass Ltd.

(c) Relatives of Key Management Personnel:

Nenshi L. Shah H.U.F.	Shantilal L. Shah H.U.F.	Laljibhai K. Shah H.U.F.
Pinank N. Shah H.U.F.	Gunvantiben N. Shah	Laljibhai K. Shah
Manjari H. Shah	Hitesh S. Shah	Sushila H. Gala
Nitesh P. Shah	Jayantilal Nishar	Rekhaben Nishar
Dhaval L. Shah	Forum D. Shah	Kasturben T. Nandu
Shantaben L. Shah	Urmi P. Shah	Viral T. Nandu
Sonalben L. Shah	Parag K. Shah	Hitesh S. Shah H.U.F.
Pinank N. Shah	Devika P. Shah	Dhaval S. Shah H.U.F.

(d) Key Management Personnel:

Nenshi L. Shah	Kumar P. Shah	Talakshi L. Nandu	Paresh K. Shah
Amit G. Shah	Anil M. Mandevia	Shivji K. Vikamsey	Shantilal L. Shah
Raichand Shah	Jatin R. Chhadva	Deepak G. Savla	Pravin D. Gala

Notes Forming Part Of Financial Statements For The Year Ended March 31, 2010.

During the year following transactions were carried out with the related parties in the ordinary course of business:-

(Amount in Rs.)

Nature Of Transactions	Subsidiary	Enterprises having common Key Management Personnel	Relative of the Key Management Personnel	Key Management Personnel
Sales, Service and other income	4,99,73,392 (6,97,11,295)	34,93,84,946 (38,00,10,357)	----- (-----)	----- (-----)
Sale Of Fixed Assets	----- (-----)	6,82,500 (-----)	----- (-----)	----- (-----)
Purchase of goods and services	70,09,320 (1,57,855)	7,41,27,804 (70,49,398)	----- (-----)	----- (-----)
Purchase of fixed assets	10,41,542 (1,57,860)	3,28,680 (10,02,304)	----- (-----)	----- (-----)
Donation	----- (-----)	----- (12,00,000)	----- (-----)	----- (-----)
Director's Remuneration/Sitting Fees	----- (-----)	----- (-----)	5,000 (27,500)	49,07,500 (88,00,000)
Interest Received	----- (-----)	31,37,157 (80,35,038)	----- (-----)	----- (-----)
Interest Paid/Payable	----- (-----)	37,30,470 (1,26,575)	8,010 (-----)	74,37,309 (-----)
Loans/Advances Taken	----- (-----)	23,42,89,762 (1,06,83,80,000)	----- (5,35,10,000)	15,19,20,000 (25,71,20,000)
Loans/Advance Repaid	----- (-----)	46,85,14,671 (73,38,88,230)	----- (3,27,70,000)	22,31,73,804 (23,66,36,038)
Loans/Advances Given	3,55,00,000 (1,06,80,65,000)	42,74,98,306 (6,25,00,000)	----- (-----)	----- (-----)
Loans/Advance Received Back	6,97,66,592 (96,93,09,242)	40,95,44,649 (4,78,72,989)	----- (-----)	----- (-----)
Outstanding balance as at 31-03-2010				
Loans Payable	----- (-----)	12,11,04,126 (35,09,50,000)	----- (2,16,64,158)	3,84,13,734 (1,70,43,528)
Loans Receivable	60,33,409 (12,74,57,801)	14,09,99,581 (3,18,44,846)	----- (-----)	----- (-----)
Amount Receivable	3,80,79,161 (5,88,27,348)	7,35,34,145 (11,27,79,850)	----- (-----)	----- (-----)
Amount Payable	----- (-----)	10,82,753 (13,31,277)	----- (-----)	----- (-----)

-Figures of the Previous Year have been given in brackets

-No amounts in respect of the related parties have been written off / back.

-Related party relationship have been identified by the management and relied upon by the auditors.

Notes Forming Part Of Financial Statements For The Year Ended March 31, 2010.

16. Disclosure pursuant to Clause 32 of the Listing Agreement

(a) Loans & Advances in the nature of Loans given to the Subsidiary or to others for which there is no repayment schedule: (Amount in Rs.)

Particulars	Current Year		Previous Year	
	Balance as at the year end	Max. Amt. Due at any time during the year	Balance as at the year end	Max. Amt. Due at any time during the year
i) Subsidiaries – Euro Merchandise (I) Ltd.	60,33,409	4,03,00,001	4,03,00,001	9,72,66,591
ii) Staff Advances & Loans – are given in the ordinary course of the business	44,09,756	82,89,881	26,03,879	49,84,160

(b) Loans & Advances in the nature of Loans given to the firms/companies in which directors are interested: (Amount in Rs.)

Particulars	Current Year		Previous Year	
	Balance as at the year end	Max. Amt. Due at any time during the year	Balance as at the year end	Max. Amt. Due at any time during the year
i) Euro Multivision Ltd.	NIL	3,51,55,808	3,11,55,808	3,11,55,808
ii) Euro Realtors	13,57,86,000	13,57,86,000	-----	-----

(c) Investment by the above loanees in the shares of the Company and /or its Subsidiary: (Amount in Rs.)

Particulars	Current Year		Previous Year	
	Balance as at the year end	Max. Amt. Due at any time during the year	Balance as at the year end	Max. Amt. Due at any time during the year
Investment by the loanee in the shares of the Company and /or its Subsidiary.	NIL	NIL	NIL	NIL

17. a) For additional information as required under para 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956 – Refer Annexure I.

b) For Segment Information – Refer Annexure II

c) For Cash Flow Statement– Refer Annexure III

d) For information as required under part IV of schedule VI to the Companies Act, 1956 – Refer Annexure IV.

18. Previous years figures have been regrouped, rearranged and recasted wherever necessary to make them comparable with those of current year.

AS PER OUR ATTACHED REPORT OF EVEN DATE
For DEEPAK MARU & CO.
CHARTERED ACCOUNTANTS
Firm Regn. No.115678W

BY ORDER OF THE BORD OF DIRECTOR
For EURO CERAMICS LTD.

JAYMIN P. SHAH
(Partner)
M. No. 118113
MUMBAI
Date: October 29,2010

NENSHI L. SHAH
(Chairman & Managing Director)

PARESH K. SHAH
(Director)

JAYSHREE D. SONI
(Company Secretary)

MUMBAI
Date: October 29,2010

Annexure - I

Information Pursuant To The Provisions Of Paragraphs 3, 4C And 4D Of Part II Of Schedule VI Of The Companies Act, 1956

a) Particulars of capacity and production:

Products	Annual Installed Capacity		Actual Production	
	Current Year	Previous Year	Current Year	Previous Year
Tile Division (M.T.)	1,51,971	1,24,971	83,454	85,326
Aluminium Section (M.T.)	1,800	1,800	1,818	1,629
Sanitaryware (M.T.)	11,000	11,000	1,852	1,557

b) Particulars in respect of Opening Stock, Sales and Closing Stock for class of goods dealt with by the Company:

Products	Opening Stock		Sales		Closing Stock	
	Qty.	Value (Rs.)	Qty.	Value (Rs.)	Qty.	Value (Rs.)
Tiles (M.T.)	15,242	27,78,19,535	84,000	1,65,82,09,971	14,696	27,43,57,989
(Previous Year)	17,789	28,49,27,243	87,873	1,87,72,06,005	15,242	27,78,19,535
Aluminium Section (M.T.)	30	45,23,024	1,819	21,42,04,667	29	30,67,555
(Previous Year)	3	3,68,770	1,602	24,02,88,234	30	45,23,024
Sanitary ware (M.T.)	1,078	7,29,97,662	1,501	10,18,95,821	1,430	10,51,24,724
(Previous Year)	----	----	479	3,81,65,899	1,078	7,29,97,662
Trading Goods – Accessories & Fittings (Pcs.)	93,764	3,85,43,786	58,997	3,28,33,380	1,10,174	3,82,84,173
(Previous Year)	----	----	15,782	1,02,84,154	93,764	3,85,43,786
Trading Goods – Ceramic Tiles (Sq. Mtr.)	----	----	52,721	1,86,57,305	----	----
(Previous Year)	----	----	----	----	----	----
Others	----	----	----	55,41,110	----	52,04,561
(Previous Year)	----	----	----	58,53,227	----	----
Total		39,38,84,007		2,03,13,42,254		42,08,34,441
Total (Previous Year)		28,52,96,013		2,17,17,97,519		39,38,84,007

- The Installed Capacity is as Certified by the Management.
- Sales Quantity includes captive consumption, damages, sample sale and shortages

c) Raw Materials & Consumables Consumed:

(Amount in Rs.)

		Current Year		Previous Year	
		MT.	Amount	MT.	Amount
I	Clay	47,744.18	7,80,07,400	44,271.28	10,28,93,500
II	Feldspar	58,838.91	4,85,64,091	65,313.17	6,60,24,267
III	Quartz	1,937.77	32,73,625	1,613.42	21,46,462
IV	Marble & Stones	16,535.70	6,03,58,629	10,570.53	3,60,48,465
V	Resin	1,103.69	5,40,28,664	764.59	6,84,43,207
VI	Aluminium Scrap	2,064.32	15,48,45,472	1889.74	21,41,91,351
VII	Binders	532.53	94,56,691	598.32	2,03,77,823
VIII	Others	----	34,79,43,277	----	23,74,23,705
TOTAL		1,28,757.09	75,64,77,849	1,25,021.05	74,75,48,780

d) Purchase Of Trading Goods

(Amount in Rs.)

		Current Year		Previous Year	
		Units	Amount	Units	Amount
I	Accessories & Fittings (Pcs.)	75,407	1,77,92,626	1,09,546	4,59,39,657
II	Ceramic Tiles (Sq.Mtrs.)	52,721	1,57,70,734	----	----

e) Value of Imports calculated on C.I.F. Basis

(Amount in Rs.)

		Current Year	Previous Year
I	Raw Materials & Consumables	27,48,46,399	46,59,07,175
II	Stores & Spares	1,33,03,196	67,81,533
III	Capital Goods	38,87,234	71,40,54,937
IV	Trading Goods	81,43,480	3,16,58,334

f) Expenditure in Foreign Currency (on actual Payment basis) (Amount in Rs.)

		Current Year	Previous Year
I	Foreign Traveling Expenses	35,37,392	8,39,420
II	Exhibition Expenses	20,98,625	17,14,793

g) Value of Imported and Indigenous Raw Materials, Spare parts & Components consumed and percentage thereof to the total Consumption:

(Amount in Rs.)

		Current Year		Previous Year	
		%	(Rs.)	%	(Rs.)
I	Raw Materials				
	Imported	42.40	32,07,67,706	40.04	29,93,33,478
	Indigenous	57.60	43,57,10,143	59.96	44,82,15,302
	TOTAL	100.00	75,64,77,849	100.00	74,75,48,780
II	Stores & Spares				
	Imported	35.62	2,36,73,517	17.77	50,95,597
	Indigenous	64.38	4,27,88,230	82.23	2,35,72,235
	TOTAL	100.00	6,64,61,747	100.00	2,86,67,832

h) The Amount remitted during the year in Foreign Currencies on account of dividends (Amount in Rs.)

Particulars	Current Year	Previous Year
Amount Remitted (Rs.)	----	11,56,500
No. of Non-Resident shareholders	N.A	3
No. of shares held by the above	N.A	15,42,000
Year to which dividend relates	N.A	2007-08

i) Earnings in Foreign Currency (Amount in Rs.)

		Current Year	Previous Year
I	F.O.B. Value of Exports of Goods	17,57,61,048	12,52,64,425

Annexure - II

Segmentwise Financial Statement For The Year Ended March 31, 2010.

I) Primary Segments - Business

(Amount in Rs.)

	Tiles Division		Aluminium Division		Sanitaryware Division		Inter-Segmental Elimination		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
a) Segmental Revenue										
Sales to External Customers	1,797,360,040	1,928,788,642	231,873,283	249,049,549	143,043,266	53,742,759	-	-	2,172,276,589	2,231,580,950
Less : Excise Duty	114,951,654	46,263,943	17,668,616	8,761,315	8,314,065	4,758,173	-	-	140,934,335	59,783,431
	1,682,408,386	1,882,524,699	214,204,667	240,288,234	134,729,201	48,984,586	-	-	2,031,342,254	2,171,797,519
Inter-Segmental Revenue	-	-	-	-	-	-	-	-	-	-
Total Segmental Revenue	1,682,408,386	1,882,524,699	214,204,667	240,288,234	134,729,201	48,984,586	-	-	2,031,342,254	2,171,797,519
b) Segmental Results (PBIT)	178,992,805	406,582,999	40,157,411	10,716,831	(15,922,461)	(29,176,308)		-	203,227,755	388,123,522
Less: Interest & Finance Charges									451,965,392	419,489,375
									(248,737,637)	(31,365,853)
Less: Unallocable Expenses Net of Unallocable Income									165,746,479	183,579,901
Profit Before Tax & Exceptional Items									(414,484,116)	(214,945,754)
Loss / (Gain) due to Exceptional Items									-	-
Profit Before Tax									(414,484,116)	(214,945,754)
Less: Provision for Current Tax									-	-
Add: MAT Credit									-	-
Less: Earlier Years Excess Provisions									-	(7,410,359)
Less: Provision for Deferred Tax									-	18,319,639
Less: Provision for Fringe Benefit Tax									-	2,300,000
Profit After Tax									(414,484,116)	(228,155,034)
c) Carrying amount of Segmental										
Assets	5,437,760,504	5,838,297,410	77,413,847	40,810,500	1,236,976,790	1,182,420,584	-	-	6,752,151,141	7,061,528,494
Unallocated Assets									1,186,741,396	935,102,594
Total Assets									7,938,892,537	7,996,631,088
d) Carrying amount of Segmental										
Liabilities	3,199,093,989	3,255,254,912	3,720,609	6,560,314	15,928,856	27,417,251	-	-	3,218,743,454	3,289,232,477
Unallocated Liabilities									2,621,579,192	2,422,425,481
Total Liabilities									5,840,322,646	5,711,657,958
e) Cost incurred to acquire Segment										
Fixed Assets during the year	1,321,560,441	133,809,523	593,264	363,681	766,582	808,884,897	-	-	1,322,920,287	943,058,101
Unallocated Assets									45,461,842	521,808,348
f) Depreciation / Amortization	153,437,741	154,800,207	2,289,253	2,229,318	36,731,633	33,558,766	-	-	192,458,628	190,588,291
Unallocated depreciation									36,342,991	7,781,471

II) Primary Segments -Geographical

(Amount in Rs.)

	2009-10	2008-09
The Company's operating facilities are located in India		
Domestic Revenues	1,818,974,365	2,000,339,053
Export Revenues	212,367,889	171,458,466
TOTAL	2,031,342,254	2,171,797,519

Annexure - III

Cash Flow Statement

(Amount in Rs.)

PARTICULARS	2009 - 2010		2008 - 2009
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before tax		(414,484,116)	(214,945,754)
Adjustments for :			
Depreciation	228,801,619		198,369,762
Interest & Finance Charges (net)	451,965,392		419,489,375
Dividend & Rental Incomes	(3,103,000)		(7,272,925)
(Profit) / Loss On Sale Of Fixed Assets	267,782	677,931,793	412,012
Operating Profit Before Working Capital Changes		263,447,677	396,052,470
Decrease / (Increase) in sundry debtors	55,198,757		(332,450,024)
Decrease / (Increase) in other current assets	171,762,806		(242,356,982)
Decrease / (Increase) in inventories	21,097,191		(264,827,886)
Increase / (Decrease) in trade and other payables	146,426,856	394,485,610	8,979,379
Cash Generated From Operations		657,933,287	(434,603,043)
Income Tax, Wealth Tax and Dividend Tax paid (Net of Refund)		(2,493,057)	(19,043,295)
Net Cash From Operating Activities		655,440,230	(453,646,338)
B. CASH FLOW FROM INVESTING ACTIVITIES			
(Purchase)of Fixed Assets including Capital Work in Progress	(237,388,772)		(1,464,866,449)
Sale Of Fixed Assets	870,000		1,625,000
(Increase) / Decrease In Investments	(50,000)		(15,000,000)
Interest Received	8,978,221		12,106,589
Dividend & Rental Incomes	3,103,000		7,272,925
Net Cash (Used In)/From Investing Activities		(224,487,551)	(1,458,861,935)
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from Borrowings	588,662,011		2,303,285,057
Repayments of Borrowings	(464,681,912)		(237,123,926)
Increase / (Decrease) in payables for capital goods	(141,742,265)		127,101,531
Dividend paid	-		(12,825,000)
Interest and Finance Charges paid	(460,943,613)		(431,595,964)
Net Cash (Used In)/From Financing Activities		(478,705,779)	1,748,841,698
Net Increase In Cash And Equivalents		(47,753,100)	(163,666,575)
CASH AND CASH EQUIVALENTS (OPENING BALANCE)		101,414,812	265,081,387
CASH AND CASH EQUIVALENTS (CLOSING BALANCE)		53,661,712	101,414,812

AS PER OUR ATTACHED REPORT OF EVEN DATE
For DEEPAK MARU & CO.
CHARTERED ACCOUNTANTS
Firm Regn. No.115678W

BY ORDER OF THE BORD OF DIRECTOR
For EURO CERAMICS LTD.

JAYMIN P. SHAH
(Partner)
M. No. 118113
MUMBAI
Date: October 29,2010

NENSHI L. SHAH
(Chairman & Managing Director)

PARESH K. SHAH
(Director)

JAYSHREE D. SONI
(Company Secretary)

MUMBAI
Date: October 29,2010

Annexure - IV

Information pursuant to Part IV of Schedcule VI to the Companies ACT, 1956: Balance Sheet Abstract And Company’s General Business Profile

I. Registration Details

Registration No.	135548	State Code	11
Balance Sheet Date	31-Mar-10		

II. Capital Raised during the year (Amount in Rs.Thousand)

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

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

Total Liabilities	6,730,580.40	Total Assets	6,730,580.40
Source of Funds :			
Paid up Capital	171,000.00	Reserve & Surplus	1,153,722.52
Secured Loans	4,080,362.00	Unsecured Loans	1,180,707.48
Deferred Tax Liability	144,788.41		
Application of Funds			
Net Fixed Assets	5,001,396.67	Investment	29,660.75
Net Current Assets	1,699,522.99	Misc.Expenditure	-

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

Total Incomes	2,042,474.03	Total Expenditure	2,456,958.14
Profit before Tax	(414,484.12)	Profit after Tax	(414,484.12)
Earning per Share in Rs.(Annualised)	(24.24)	Dividend Rate %	NIL

V Generic names of Three Principal Products of the Company (as per monetary terms)

Item Code No.(ITC Code)	Product Description
6907	Vitrified Tiles
6810	Agglomerated Marble
7610	Aluminium Sections
6910	Sanitaryware

BY ORDER OF THE BOARD OF DIRECTORS
For EURO CERAMICS LTD.

NENSHI L. SHAH
(CHAIRMAN & MANAGING
DIRECTOR)

PARESH K. SHAH
(DIRECTOR)

JAYSHREE D. SONI
(COMPANY SECRETARY)

Directors’ Report

Dear Members,

Euro Merchandise (India) Ltd.

Your Directors have pleasure in presenting their 6th Annual Report of the Company for the year ended March 31, 2010.

Financial Results:

(Rupees in Lacs)		
Particulars	Current Year	Previous Year
Income:		
Sales	3826.11	5166.51
Other Income	41.95	0.15
Less: Total expenditure	(3552.97)	(5354.93)
Profit before Interest, Depreciation & Tax	315.09	(188.27)
Less: Interest & Other Direct Expense	311.10	414.15
Less: Depreciation	1.88	1.78
Profit before Tax	2.11	(604.20)
Less: Provision for Tax	-	11.53
Net Profit After Tax	2.11	(615.73)

Business Performance:

Even though the global economic condition has been adversely affected, your company showed unexpected profit for the financial year under review. The Company’s internal control systems were well established and cost conscious which led to the improvement in profitability.

During the year under review, your Company earned Gross total revenue of Rs. 3826.11 lacs (Previous year Rs. 5166.51 lacs) Profit before taxes for the year was Rs. 315.09 lacs (Previous year Rs. (-) 188.27 lacs) Profit after tax was Rs. 2.11 lacs (Previous year Rs. (-) 615.73 lacs)

Your Directors are hopeful to see the growth in profit for the next financial year.

Dividend:

Your Directors do not recommend any dividend for the year under review.

Directors:

In terms of Section 256 of the Companies Act, 1956 Mr. Pratik K. Shah, Director of the Company retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for reappointment. Your Directors recommend his re-appointment as Director of the Company.

In terms of Section 256 of the Companies Act, 1956 Mr. Pares K. Shah, Director of the Company retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for reappointment. Your Directors recommend his re-appointment as Director of the Company. Your Directors confirm that none of them is disqualified as on March 31, 2010 from being appointed as director of the Company within the meaning of Section 274(1) (g) of the Act, as amended to date.

Remuneration Committee:

The Remuneration Committee comprises of three Non-Executive and Independent Directors. The Committee has been constituted on April 2, 2009 to review remuneration payable to Executive Directors, based on their performances vis a vis the performance of the Company on defined assessment parameters.

Terms of reference:

- The Remuneration Committee shall meet as and when required.
- The Remuneration Committee shall determine remuneration packages for executive Directors Including Pension rights and any compensation payment.

The Composition of the Remuneration Committee is as follows:

Name of the Member	Designation
Mr. Atreya Lakhotia	Chairman
Mr. Ranchod M. Patel	Member
Mr. Amit Shah	Member

Directors’ Responsibility Statement:

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956, the Directors of the Company confirm that:

- In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with the proper explanations relating to material departures;
- They had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

Directors’ Report

- iii. They had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for the preventing and detecting fraud and other irregularities;
- iv. They had prepared the annual accounts on a going concern basis.

Energy Conservation, Technology Absorption and Foreign Exchange:

The information required under Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988, is as follows:

The particulars regarding conservation of energy	: Nil
The particulars regarding Technology Absorption	
Adoption and innovation	: Nil
The information on foreign exchange earnings and outgo is contained in Schedule X comprising of Notes to accounts.	

Public Deposits:

Your Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956.

Particulars of Employees:

There are no employees drawing remuneration more than the limit prescribed under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars in the Report of Board of Directors) Rules, 1988. Therefore no information is provided in this report.

Auditors:

M/s. Deepak Maru & Co., Chartered Accountants, Mumbai, retires at the ensuing annual general meeting and being eligible, offer themselves for re-appointment.

Secretarial Compliance Certificate

Pursuant to Section 383A of the Companies Act, 1956, a certificate from M/s. Manish Ghia & Associates, a Company Secretary in whole time practice, regarding status on compliance of the provisions of the Companies Act, 1956 by the company is annexed herewith.

Acknowledgement:

Your Directors acknowledges with gratitude and wish to place on record, their deep appreciation of the continued support and co-operation received by the Company from the various Government authorities, Shareholders, Bankers, Business Associates of the Company.

Your Directors place on record their deep appreciation of the dedication and commitment of your Company's employees at all levels and look forward to their continued support in the future as well.

For and on behalf of the Board of Directors

Mr. Nenshi L. Shah	Mr. Nitesh P. Shah
Director	Director

Place: Mumbai
Date: September 1, 2010

Compliance Certificate

Corporate Identity No. : U51420MH2004PLC145654
Authorised Share Capital : Rs. 20,00,000/-

To,
The Members,
Euro Merchandise (India) Limited
Euro House, Chincholi Bunder Road,
Behind Inorbit Mall,
Malad (West), Mumbai – 400 064

We have examined the registers, records, books and papers of **Euro Merchandise (India) Limited** (hereinafter referred to as “the Company”) as required to be maintained under the Companies Act, 1956, (hereinafter referred to as “the Act”) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **31st March 2010** (financial year). In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained Registers as stated in **Annexure ‘A’** to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in **Annexure ‘B’** to this certificate, with the Registrar of Companies, Maharashtra, Mumbai. The Company was not required to file any documents and returns with the Regional Director or Central Government or Company Law Board or any other authorities.
3. The Company, being a public limited company has minimum prescribed paid-up capital as on March 31, 2010 and the restrictive provisions of section 3(1)(iii) of the Act are not applicable.
4. The Board of Directors duly met **10 (ten)** times respectively on **2nd April 2009, 2nd June 2009, 26th June 2009, 6th July 2009, 31st July 2009, 16th October 2009, 29th October 2009, 9th November 2009, 29th January 2010, 24th March 2010** during the financial year, as per information and explanation given by the management, proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose. The Company has not passed any resolution by circulation.
5. The Company was not required to close its Register of Members during the financial year.
6. The Annual General Meeting for the financial year ended on **31st March 2009** was held on **29th September 2009** and as per information and explanations given by the management, adequate notice was given to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. One Extra-Ordinary General Meeting was held on **6th August 2009** and as per information and explanations given by the management, adequate notice was given to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
8. The Company has not advanced any loan to its Directors or persons or firms or companies referred to under Section 295 of the Act.
9. The Company has complied with the provisions of section 297 of the Act in respect of contracts specified in that section.
10. The Company has made the necessary entries in the register maintained under Section 301 of the Act.
11. As there are no such transactions falling within the purview of section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, members or the Central Government.
12. The Company has not issued any duplicate share certificates during the financial year.
13. The Company:
 - i. was not required to delivered any share certificate, as there was no allotment / transfer / transmission of securities during the financial year.
 - ii. was not required to deposit any amount in a separate Bank Account as no dividend was declared during the financial year.
 - iii. was not required to post warrants for dividend to the members of the Company as no dividend was declared during the financial year.
 - iv. does not have any amount lying on accounts of unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years and which is required to transfer to Investors Education and Protection Fund.

v. duly complied with the requirements of Section 217 of the Act.

14. The Board of directors of the Company is duly constituted. During the financial year under review, Mr. Atreya R. Lakhotiya and Mr. Ranchod M. Patel were appointed as additional directors of the Company. There was no appointment of alternate directors and directors to fill casual vacancy during the financial year.
15. The Company has not appointed any Managing Director / Manager / Whole-time Director during the financial year.
16. The Company has not appointed any sole selling agents during the financial year.
17. The Company was not required to obtain any approval of the Central Government, Company Law Board, Regional Director, or such other authorities as may be prescribed under the various provisions of the Act.
18. The directors have disclosed their interest in other firms / Companies to the Board of Directors pursuant to the provisions of the Act and the Rules made thereunder.
19. The Company has not issued any shares or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. The Company has not issued any preference shares or debentures. Hence the question of redemption of the same does not arise.
22. There was no transaction, which necessitates the Company to keep in abeyance rights to dividend, rights shares and bonus shares pending registration to transfer of shares.
23. The Company has not invited / accepted any deposits falling within the purview of section 58A of the Companies Act, 1956.
24. The amount borrowed by the Company from the banks during the financial year are within the borrowing limits of the Company and the necessary resolutions as per section 293(1)(d) of the Act.
25. The Company has not made any investments, loans and advances or given guarantees or provided securities to other bodies corporate

during the financial year.

26. The Company has not altered the provisions of the Memorandum of Association with respect to the situation of the Company's registered office from one state to another during the financial year.
27. The Company has altered the provisions of the Memorandum of Association with the respect of the objects of the Company at the Extraordinary General Meeting held on 6th August 2009 and complied with the provisions of the Act.
28. The Company has not altered the provisions of the Memorandum of Association with respect to the name of the Company during the financial year.
29. The Company has not altered the provisions of the Memorandum of Association with respect to the share capital during the financial year.
30. The Company has not altered the Articles of Association during the financial year.
31. There was no prosecution initiated against or show cause notices received by the company under the Act and no fines and penalties or any other punishment was imposed on the company during the financial year.
32. The Company has not received any security from its employees during the financial year.
33. The Company has not deducted any contribution towards Provident Fund during the financial year.

For MANISH GHIA & ASSOCIATES
Company Secretaries

Rajesh Kedia
Partner
M. No. ACS 11282
C. P. No. 8511

Place: Mumbai
Date: September 1, 2010

Annexure - “A”

Registers maintained by M/s. Euro Merchandise (India) Limited

- i. Register of Members u/s. 150 of the Act.
- ii. Minutes Book of Board Meeting u/s. 193 of the Act.
- iii. Register of Directors u/s. 303 of the Act.
- iv. Register of Directors’ Shareholding u/s. 307 of the Act.
- v. Register of particulars of contracts in which Directors are interested under Section 301 of the Act.
- vi. Minutes Book of General Meeting u/s. 193 of the Act.
- vii. Register of Proxies

- viii. Register of Share Certificates
- ix. Books of Account and other records u/s. 209 of the Act.
- x. Register of Investment

The Company has also maintained the following register during the year under review:

- i. Register of transfer / transmission of shares
- ii. Register of Charges
- iii. Register of Fixed Assets

Annexure - “B”

Forms and returns as filed by Euro Merchandise (India) Limited during the financial year ended on 31st March 2010:

A) With the Registrar of Companies, Maharashtra, Mumbai

Sr. No.	Form No.	Relevant Section	Description	Date of filing	Whether filed within prescribed time Yes/No	If delay in filing whether requisite additional fee paid Yes / N.A.
1	8	135	Particulars of modification charge created in favour of Cosmos Bank by creating additional security by way of ‘Deed of Mortgage’ (Charge ID 90145595).	16.04.2009	No	Yes
2	23	17(1) & 18(1)	Particulars of alteration of Object Clause by extend of main clause of the Company at the Extra Ordinary General Meeting held on 6th August 2009.	17.08.2009	Yes	N.A.
3	32	303(2)	Particulars of appointment of Mr. Atreya Lakhota and Mr. Ranchod Patel as Additional Directors of the Company w.e.f. 2nd April 2009.	29.08.2009	No	Yes
4	66	383A	Compliance Certificate for the year ended 31st March 2009.	21.10.2009	Yes	N.A.
5	23ACand 23ACA	220 (1)	Schedule – VI (Annual Accounts) for the year ended 31st March 2009.	22.10.2009	Yes	N.A.
6	32	303(2)	Particulars of appointment of Mr. Atreya Lakhota and Mr. Ranchod Patel as directors of the Company in AGM held on 29th September 2009.	27.10.2009	Yes	N.A.
7	20B	159 (1)	Schedule – V (Annual Return) as on the date of Annual General Meeting held on 29th September 2009.	17.11.2009	Yes	N.A.

B) With the Office of the Regional Director, Western Region Bench - Nil

C) With the Office of the Ministry of Corporate Affairs (Central Government) at Delhi – Nil

D) With any other Authorities as prescribed under the Act - Nil

Auditors' Report

To,
The Members Of
Euro Merchandise (India) Limited

- 1) We have audited the attached Balance Sheet of M/s. EURO MERCHANDISE (INDIA) LIMITED as at March 31, 2010 and also the Profit and Loss Account for the year ended on that date and the Cash Flow Statement for the year ended on that date annexed thereto (all together referred to as the 'financial statements'). These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We have conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan & perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used & significant estimates made by management, as well as evaluating the overall presentation of the financial statement. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central

- Government of India in terms of Sub-Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 4) Further to our comments in the annexure referred to above, we report that:
- a. We have 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 appears from our examination of such books;
- c. The Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d. In our opinion, the Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956;
- e. On the basis of written representations received from the directors, and taken on record by the Board of Directors, as on March 31, 2010, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274

- of the Companies Act, 1956;
- f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with Significant accounting policies, notes to accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010;
- ii) in the case of the Profit and Loss Account, of the profit of the company for the year ended on that date; and
- iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For DEEPAK MARU & CO.
CHARTERED ACCOUNTANTS
Firm Regn. No.115678W

JAYMIN P. SHAH
(Partner)
M. No. 118113

Place: MUMBAI
Date: September 1, 2010

Annexure To The Auditor's Report

(Referred to in paragraph 3 of our report of even date)

- 1) In respect of Fixed Assets:
 - a The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
 - b As explained to us, the management during the year at reasonable interval has physically verified the assets and no material discrepancies were noticed on such verification.
 - c The Company has not disposed off any substantial part of the fixed assets during the year.
- 2) In respect of its Inventories:
 - a The inventory has been physically verified during the year by the management. In our opinion, the frequency of such verification is reasonable.
 - b In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- 3) In respect of Loans Taken / Granted:
 - a According to the information and explanation given to us, the Company has taken unsecured loans from seven parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.30,19,17,614/- and the year end balance of loans taken from such parties was Rs.12,36,94,247/-.
 - b According to the information and explanation given to us, the Company has not granted loans to any party covered in the register maintained under section 301 of the Companies Act, 1956.
 - c In our opinion, the rate of interest and other terms and conditions on which loans mentioned above have been taken are not, prima facie, prejudicial to the interest of the Company.
 - d In the absence of stipulations in respect of the terms of payment of principal amount and interest for the loans taken, it is not possible to comment whether the principal and interest payments are regular.
- 4) In respect of register maintained u/s. 301 of the Companies Act, 1956:
 - a In our opinion, and according to information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been so entered in the register required to be maintained under that section.
 - b In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 5,00,000/- or more in respect of each party, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- 5) In our opinion and according to the information and explanations given to us the company has not accepted any deposits from the public within the meaning of the provisions of section 58A or section 58AA or any other relevant provisions of the Act & the rules framed there under.
- 6) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regards to purchases of inventory, fixed assets and with regards to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in such internal controls.
- 7) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- 8) In our opinion the Company is not required to maintain cost records pursuant to the Rules made by the Central Government under section 209(1)(d) of the Companies Act, 1956.
- 9) In respect of Statutory Dues:
 - a The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Income tax, Sales tax, VAT, Wealth tax, Custom duty, Service Tax, Cess and other material statutory dues applicable to it and there are no arrears outstanding as at the year end for a period of more than six months from the date they became payable except with delays in some cases which were not material.
 - b According to the information and explanation given to us, there are no dues of Income tax, Sales Tax, VAT, Wealth tax, Customs duty, Excise duty and cess, which have not been deposited on account of any dispute except the following:

Annexure To The Auditor’s Report

Name Of the Statute	Nature of the dues	Amount (Rs.)	Period for which the amount relates	Forum where dispute is pending
Customs Act, 1962	Custom Duty including Anti dumping Duty and Penalties.	Rs.2,16,64,492/-	2005 - 2006	Commissioner Of Customs (Ap-peals).

- 10) The Company has not incurred cash losses during the financial year but has accumulated losses at the end of financial year of Rs.25,39,632/- further the Company had incurred cash losses of Rs.6,02,43,035/- in the immediately preceding financial year covered by our audit and had accumulated losses to the extent of Rs.27,50,519/-.
- 11) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any of the banks during the year.
- 12) According to the information and explanations given to us, the Company has not granted loans and advances on the basis or security by way of pledge of shares, debentures and other securities.
- 13) The company is not a chit fund or a nidhi/ mutual benefit fund/society. Hence the provisions of clause 4(xiii) of the Companies (Auditor’s Report) Order, 2003 are not

applicable to the Company.

- 14) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor’s Report) Order, 2003 are not applicable to the Company.
- 15) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks or financial institutions.
- 16) In our opinion, the term loans taken during the year were utilized for the purpose for which they were taken.
- 17) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been utilized for long-term investment.

- 18) According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- 19) According to the information and explanations given to us, during the year covered by our audit report, the Company has not issued any Debenture.
- 20) The Company has not raised any money by public issues during the year.
- 21) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For DEEPAK MARU & CO.
CHARTERED ACCOUNTANTS
Firm Regn. No.115678W

JAYMIN P. SHAH
(Partner)
M. No. 118113

Place: MUMBAI
Date: September 1, 2010

Balance Sheet

Euro Merchandise (India) Ltd.

(Amount In Rs.)

PARTICULARS	Schedule	As At 31-Mar-10	As At 31-Mar-09
SOURCES OF FUNDS			
Shareholder's Funds:			
Share Capital	A	1,900,000	1,900,000
Reserves & Surplus	B	7,560,369	7,349,481
		9,460,369	9,249,481
Loan Funds			
Secured Loans	C	172,225,519	278,109,395
Unsecured Loans	D	133,925,722	124,962,959
		306,151,241	403,072,354
Total Funds Employed		315,611,610	412,321,835
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	E	2,324,244	2,247,394
Less :-Provision For Depreciation		727,991	540,241
Net Block		1,596,252	1,707,153
Investments	F	100,000	100,000
Current Assets, Loans & Advances			
Inventories	G	197,415,812	296,904,906
Sundry Debtors	H	193,011,250	158,307,353
Cash & Bank Balances	I	9,624,563	19,555,238
Loans & Advances	J	37,688,839	33,422,907
		437,740,464	508,190,404
Less :- Current Liabilities & Provision	K		
Curent Liabilities		123,786,744	97,625,673
Provisions		38,362	50,049
		123,825,106	97,675,722
Net Current Assets		313,915,357	410,514,682
Total Funds Utilized		315,611,610	412,321,835

Significant Accounting Policies & Notes on Accounts
Schedules referred to above form an integral part of the Accounts
AS PER OUR ATTACHED REPORT OF EVEN DATE
For DEEPAK MARU & CO.
CHARTERED ACCOUNTANTS
Firm Regn. No.115678W

X

BY ORDER OF THE BORD OF DIRECTOR
For EURO MERCHANDISE (INDIA) LTD.

JAYMIN P. SHAH
(Partner)
M. No. 118113
MUMBAI
Date: September 1, 2010

NENSHI L. SHAH
(Director)
NITESH P. SHAH
(Director)

MUMBAI
Date: September 1, 2010

Profit & Loss Account

Euro Merchandise (India) Ltd.

(Amount In Rs.)

PARTICULARS	Schedule	For the Y.E. 31-Mar-10	For the Y.E. 31-Mar-09
INCOME:			
Sales & Incomes From Operations		382,610,478	516,650,753
Other Income	L	4,194,883	15,000
		386,805,361	516,665,753
EXPENDITURE:			
(Increase)/Decrease in Stock	M	99,489,093	(72,780,832)
Cost of Materials	N	200,942,550	504,636,089
Salary, Wages and Other Employee Benefits	O	14,369,418	15,982,035
Adm., Selling & Other Expenses	P	40,495,899	87,656,138
		355,296,960	535,493,430
EARNINGS BEFORE INTEREST, DEPRECIATION & TAX		31,508,401	(18,827,677)
Interest & Other Finance Expenses (Net)	Q	31,109,764	41,415,358
PROFIT / (LOSS) BEFORE DEPRECIATION		398,637	(60,243,035)
Depreciation		187,750	177,674
PROFIT / (LOSS) BEFORE TAX		210,887	(60,420,709)
Provision for Taxation			
- Current Tax		6,000	-
- MAT Credit		(6,000)	-
- Deferred Tax		-	(2,267,781)
- Fringe Benefit Tax		-	250,000
- Short Provisions Of Earlier Years		-	3,170,938
NET PROFIT / (LOSS)		210,887	(61,573,866)
Balance Brought Forward		(2,750,519)	58,823,347
Profit Available for Appropriation		(2,539,632)	(2,750,519)
APPROPRIATIONS			
Surplus Carried to Balance Sheet		(2,539,632)	(2,750,519)
		(2,539,632)	(2,750,519)
Basic & Diluted Earning Per Share(EPS) Rs.		1.11	(324.07)
(Face Value of Shares Rs.10/-)			

Significant Accounting Policies & Notes on Accounts
Schedules referred to above form an integral part of the Accounts
AS PER OUR ATTACHED REPORT OF EVEN DATE
For DEEPAK MARU & CO.
CHARTERED ACCOUNTANTS
Firm Regn. No.115678W

X

BY ORDER OF THE BORD OF DIRECTOR
For EURO MERCHANDISE (INDIA) LTD.

JAYMIN P. SHAH
(Partner)
M. No. 118113
MUMBAI
Date: September 1, 2010
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NENSHI L. SHAH
(Director)

NITESH P. SHAH
(Director)

MUMBAI
Date: September 1, 2010

Schedules To Balance Sheet

Euro Merchandise (India) Ltd.

(Amount In Rs.)

A Share Capital			As At 31-Mar-10	As At 31-Mar-09
Authorised				
2,00,000 Equity Shares of Rs.10 each			2,000,000	2,000,000
TOTAL			2,000,000	2,000,000
Issued, Subscribed & Paid Up				
Equity Share Capital				
1,90,000 Equity Shares of Rs.10/-each fully Paid			1,900,000	1,900,000
TOTAL			1,900,000	1,900,000
B Reserves & Surplus				
	Balance As At 01-Apr-09	Additional during the period	Deductions/ Adjustments during the period	As At 31-Mar-10
Share Premium Account	10,100,000	-	-	10,100,000
Profit & Loss Account	(2,750,517)	210,887	-	(2,539,631)
TOTAL	7,349,483	210,887	-	7,560,369
Previous Year	68,923,347	(61,573,866)	-	7,349,481
C Secured Loan				
From Banks				
a) Term Loans			20,228,925	36,438,558
b) Buyers Credit			-	78,211,082
c) Cash Credit			151,996,594	163,459,755
Refer Note No.2 of Schedule "X"				
TOTAL			172,225,519	278,109,395
D Unsecured Loan				
a) From Directors			22,069,247	1,012,191
b) Inter Corporate Deposits			101,625,000	112,800,001
c) From Banks			2,096,769	2,936,559
d) From Dealers - Security Deposit			8,134,706	8,214,208
TOTAL			133,925,722	124,962,959

Schedules To Balance Sheet

Euro Merchandise (India) Ltd.

(Amount in Rs.)

E Fixed Assets										
Particulars	Gross Block				Depreciation				Net Block	
	Cost as on 31-3-09	Additions	Deletions	Cost as on 31-3-10	Up to 31-3-09	For The Year	On Deletions	As on 31-3-10	As on 31-3-10	As on 31-3-09
Computers	394,046	50,850	-	444,896	172,271	69,711	-	241,982	202,914	221,775
Land	272,600	-	-	272,600	-	-	-	-	272,600	272,600
Vehicles	886,314	26,000	-	912,314	283,015	85,052	-	368,067	544,247	603,299
Office Equipments	335,962	-	-	335,962	35,784	15,958	-	51,742	284,219	300,178
Plant & Machinery	198,640	-	-	198,640	36,239	9,435	-	45,674	152,966	162,401
Furniture & Fixtures	159,832	-	-	159,832	12,932	7,592	-	20,524	139,308	146,900
TOTAL	2,247,394	76,850	-	2,324,244	540,241	187,750	-	727,991	1,596,253	1,707,153
Previous Year	2,168,579	78,815	-	2,247,394	362,567	177,674	-	540,241	1,707,153	1,806,012

F Investments							As At 31-Mar-10	As At 31-Mar-09
Non Trade Investments								
I Unquoted								
Shares with The Cosmos Coop. Bank Ltd							100,000	100,000
(1,000 shares of Rs. 100/- each)								
TOTAL							100,000	100,000

G Inventories		
Stock Of Goods Traded	197,415,812	296,904,906
(As Valued & Certified by the Management)		
TOTAL	197,415,812	296,904,906

H Sundry Debtors		
(Unsecured, Considered Good)		
Due for period Exceeding Six Months	52,921,568	48,856,036
Due for period Less than Six Months	140,089,681	109,451,316
TOTAL	193,011,250	158,307,353

I Cash & Bank Balances		
Cash, Cash Equivalents & Cheques in hand	610,030	106,254
(As Certified by the Management)		
Balance with Schedule Bank :		
Current Accounts	2,667,254	1,402,484
Recurring Accounts	300,000	1,400,000
Fixed Deposits	6,047,279	16,646,500
TOTAL	9,624,563	19,555,238

Schedules To Balance Sheet

Euro Merchandise (India) Ltd.

(Amount in Rs.)

J Loans & Advances	As At 31-Mar-10	As At 31-Mar-09
(Unsecured & Considered Good)		
Advance Recoverable in cash or kind or for value to be received	23,024,770	26,053,914
Balance with Sales Tax etc.	11,406,816	4,224,450
MAT Credit Available	6,000	-
Taxation (Net of Provision)	3,251,253	3,144,543
TOTAL	37,688,839	33,422,907
K Current Liabilities & Provisions		
Sundry Creditors :		
- Due to Micro, Small and Medium Enterprises	-	-
- Others	95,525,308	64,436,188
Advances From Customers	1,007,760	563,024
Other Liabilities	27,253,676	32,017,114
Interest Accrued But not due	-	609,347
	123,786,744	97,625,673
Provisions :		
Leave Encashment	38,362	50,049
	38,362	50,049
TOTAL	123,825,106	97,675,722

Schedules To Profit & Loss A/c Euro Merchandise (India) Ltd.

(Amount in Rs.)

L Other Income	For the Y.E. 31-Mar-10	For the Y.E. 31-Mar-09
Dividend Income	15,000	15,000
Exchange Rate Differences	4,179,883	-
TOTAL	4,194,883	15,000
M (Increase)/Decrease In Stock in Trade		
Opening Stock	296,904,906	224,124,074
Less: Closing Stock	197,415,812	296,904,906
TOTAL	99,489,093	(72,780,832)
N Cost of Material		
Purchase Of Goods Traded	194,408,931	498,746,124
Packing Material Consumption	6,533,619	5,889,965
TOTAL	200,942,550	504,636,089
O Salary, Wages & Other Employee Benefits		
Salaries, Wages & Bonus	14,341,757	15,714,638
Welfare Expenses	-	267,397
TOTAL	14,341,757	15,982,035
P Administration, Selling & Other Expenses		
Advertisement Expenses	685,720	7,542,523
Auditors Remuneration	25,000	16,545
Brokerage & Commission	4,583,690	2,808,011
Donation	-	250,000
Insurance Charges	650,706	1,130,345
Miscellaneous Expenses	4,729,841	7,670,557
Freight Outwards	12,891,072	10,527,454
Other Selling Expenses	12,260,739	18,595,463
Directors Remuneration	900,000	150,000
Rent, Rates & Taxes	3,769,131	4,609,348
Exchange Rate Differences	-	34,355,891
TOTAL	40,495,899	87,656,138
Q Interest & Other Finance Expenses		
Interest on Fixed Loans	3,812,310	4,692,432
Other Interest and Financial Charges	28,216,103	39,158,039
Less:- Interest Incomes From		
Interest on Fixed Deposits with Bank	918,649	1,922,783
Other Interests	-	512,330
TOTAL	31,109,764	41,415,358

Notes Forming Part Of Financial Statements For The Year Ended March 31, 2010.

SCHEDULE 'X'

(A) Significant Accounting Policies:

I BASIS OF ACCOUNTING:

The Financial statements are prepared under the historical cost convention, on an accrual basis, and in accordance with the relevant provisions of the Companies Act, 1956 and the applicable mandatory Accounting Standards issued by the Institute Of Chartered Accountants Of India.

II ACCOUNTING POLICIES:

The same sets of accounting policies are followed in these financial statements for the current financial year as those followed in the preceding financial year except otherwise stated herein.

III FIXED ASSETS:

Fixed Assets are stated at historical cost less accumulated depreciation thereon and/or recoverable value in case of Impairment, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

IV DEPRECIATION:

- Depreciation is provided on Straight Line Method at the rates and in the manner specified in the Schedule XIV of the Companies Act, 1956.
- Depreciation on the Fixed Assets added/discharged off/discarded during the period has been provided on pro-rata basis with reference to the month of addition/discharged/discard.

V BORROWING COST:

Borrowing costs are recognized as an expense in the period in which they are incurred unless incurred for the underlying qualifying assets.

VI FOREIGN CURRENCY TRANSACTIONS:

- Transactions in foreign currency are accounted at the exchange rate prevailing on the date of transaction. Rate fluctuation between the transaction date and the settlement date in respect of revenue transactions are recognized in Profit & Loss account.
- All import payables at the year end are restated at the rate prevailing at the year end. The exchange difference arising there on has been recognized as income / expenses in the current year's Profit & Loss account.
- Monetary Assets & Liabilities denominated in Foreign Currency are translated at year end exchange rates and the Profit/Loss so determined are recognized in the Profit & Loss account.

VII INVESTMENTS:

Long Term Investments are stated at cost less provision, if any, for permanent diminution in their value.

VIII INVENTORIES:

- Inventories are valued at lower of cost or net realizable value. They include costs incurred in bringing them to their present location and condition.
- Cost of inventories is computed on Weighted Average / FIFO basis.

IX REVENUE RECOGNITION:

- Sales are recorded net of returns.
- Interest Income is recognized on accrual basis and dividend income is accounted when the right to receive the same is established.

X TAXES ON INCOME:

- Provision for taxation comprises of Current tax, Deferred Tax and Fringe

Benefit Tax. Current tax Provision has been made in accordance with the Income Tax Act, 1961.

- Deferred tax for timing differences between the book and tax profits for the period is accounted for, using the tax rates and laws that have been substantively enacted as of the balance sheet date.
- Deferred tax assets arising from timing differences are recognized to the extent there is reasonable certainty that these would be realized in future.
- Deferred tax assets are recognized on unabsorbed losses only if there is virtual certainty that such deferred tax asset can be realized against future taxable profit.

XI IMPAIRMENT OF FIXED ASSETS:

Factors giving rise to any indication of impairment of the carrying amounts of the Company's Assets are appraised at each Balance Sheet date to determine and provide / reverse an impairment loss. There is no such impairment in the carrying amount of the Company's Assets.

XII PROVISIONS AND CONTINGENT LIABILITIES:

- Provisions are recognized when the Company has a legal and constructive obligation as a result of a past event, for which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of the obligation.
- Contingent Liabilities are disclosed when the Company has a possible obligation or a present obligation and it is uncertain as to whether a cash outflow will be required to settle the obligation.

Notes Forming Part Of Financial Statements For The Year Ended March 31, 2010.

(B) Notes to Accounts:

1. Estimated amount of contracts remaining to be executed on capital account and not provided for is Rs. NIL (Previous Year Rs. NIL)

(Amount in Rs.)

2.	Secured Loans:-	Current Year	Previous Year
a.	Term Loans Are secured against the First Charge created by Hypothecation of Stock & Book Debts & other current assets and second charge created by mortgage of collaterals given by Group Companies and Guarantees given by the Holding Company, Directors and their Relatives.	2,02,28,925	3,64,38,558
b.	Buyers Credit Are secured against the Letter of Credits and are payable within a period of one year.	NIL	7,82,11,082
c.	Cash Credit & Other Facilities Are secured against the First Charge created by Hypothecation of Stock & Book Debts & other current assets and second charge created by mortgage of collaterals given by Group Companies and Guarantees given by the Holding Company, Directors and their Relatives.	15,19,96,594	16,34,59,755
3.	Contingent Liabilities not provided for in the books of accounts:		
a.	Custom Duty	3,69,88,372	3,69,88,372

4. Remuneration to Directors Rs. 9,00,000/- (Previous Year Rs.1,50,000/-) has been made in accordance with and within the limits prescribed in Part II of Schedule XIII of the Companies Act 1956.

5. Auditors Remuneration:

(Amount in Rs.)

	Current Year	Previous Year
For Auditing	Rs.35,000	Rs.16,545
For Taxation and Certification	Rs.24,266	Rs.11,030

6. Deferred Tax Liability / (Asset) at the year end comprise timing differences on account of:

(Amount in Rs.)

	Current Year	Previous Year
I Depreciation	NIL	NIL
II Expenditure/Provisions Disallowable	NIL	NIL

7. Earnings per Share (EPS) is calculated as under:

(Amount in Rs.)

	Current Year	Previous Year
I Profits used as Numerator for calculating EPS		
Net Profit After Tax	2,10,887	(6,15,73,866)
II Denominator		
Weighted average number of Equity Shares outstanding -Basic & Diluted	1,90,000	1,90,000
III Nominal Value of Share in (Rs.)	10	10
IV EPS (Rs.)	1.11	(324.07)

8. The Accounting Standard – AS 15 (revised 2005) on Employee Benefits issued the Institute of Chartered Accountants of India has been adopted by the Company.

a) Bonus and Leave Salary:

The Company has recognized the following amounts in Profit & Loss account.

(Amount in Rs.)

Particulars	Current Year	Previous Year
Leave Salary	38,362	50,049
Bonus	6,46,494	9,33,964

9. Unhedged Foreign Currency Exposure

Sr. No.	Particulars	Current Year	Previous Year
(a)	Unhedged Foreign Currency Exposure :		
1.	Buyers Credit Loan	USD NIL	USD 15,35,055.57

10. Disclosure in respect of Related Parties pursuant to Accounting Standard 18:

(a) Holding Company : Euro Ceramics Limited

(b) Name of the enterprises having same Key Management Personnel and/or their relatives as the Reporting enterprises:

Eurobond Industries Private Limited	Euro Flooring Pvt. Ltd.	Euro Décor Pvt Ltd
Euro Multivision Ltd	Euro Developers Pvt. Ltd.	Subhnen Ply Pvt Ltd.
Euro Pratik Ispat Pvt Ltd.	Euro Solo Energy Systems Pvt. Ltd.	Euro Agro
Subhnen Finance & Investments Pvt Ltd.	Kevin Impex Pvt. Ltd.	Kanch Ghar
Neelam Metal – Pune	Laxmi Ply Agency	Metro Stationery Mart
Neelam Ply & Laminates	NLS Enterprise Pvt. Ltd.	Gurukul Enterprises Pvt Ltd
Tangent Furniture Pvt Ltd	Lyons Technologies Ltd	Ladhabhai Sanganbhai Gala Charitable Trust
Monex Stationers	Disti Multimedia & Communication Pvt Ltd	Vaman International (P) Ltd.
National Ply & Laminates	Zenith Corporation	Nova Enterprises
National Laminate Corporation	Gala Enterprises	Euro Foundation
Euro Aluminium Industries Ltd.	Euro Glass Ltd.	Euro Solar Power Pvt. Ltd.
Euro India Cylinders Ltd.	Euro Mineral Corporation	

(c) Relatives of Key Management Personnel:

Nenshi L. Shah H.U.F.	Shantilal L. Shah	Pravin D. Gala
Lalajibhai K. Shah H.U.F.	Gunvantiben N. Shah	Lalajibhai K. Shah
Shantilal L. Shah H.U.F.	Hitesh S. Shah	Suhshila H. Gala

Subhash L. Shah H.U.F.	Jayantilal Nishar	Rekhaben Nishar
Dhaval L. Shah	Subhash L. Shah	Kasturben T. Nandu
Shantaben L. Shah	Urmi P. Shah	Viral T. Nandu
Sonalben L. Shah	Parag K. Shah	Kumar P. Shah
Manjari H. Shah	Hina N. Shah	

(d) Key Management Personnel:

Nenshi L. Shah	Nitesh P. Shah	Talakshi L. Nandu	Paresh K. Shah
Pratik K. Shah	Amit Shah	Atreya Lakhotia	Ranchod Patel

During the year following transactions were carried out with the related parties in the ordinary course of business:

(Amount in Rs.)

Transaction / Nature Relationship	Holding	Enterprises having common Key Management Personnel	Relative of the Key Management Personnel	Key Management Personnel
Sales, Service and other income	79,75,154 (2,98,085)	7,61,88,741 (4,59,18,730)	----- (-----)	----- (-----)
Sale Of Fixed Assets	----- (-----)	----- (-----)	----- (-----)	----- (-----)
Purchase of goods and services	50,12,30,33 (6,96,81,466)	20,04,266 (3,06,43,142)	----- (-----)	----- (-----)
Purchase of fixed assets	----- (-----)	----- (-----)	----- (-----)	----- (-----)
Donation	----- (-----)	----- (-----)	----- (-----)	----- (-----)
Director's Remuneration	----- (-----)	----- (-----)	----- (-----)	9,00,000 (1,50,000)
Interest Received	----- (-----)	----- (150,134)	----- (-----)	----- (-----)
Interest Paid/ Payable	----- (-----)	----- (17,564)	----- (-----)	20,68,951 (7,56,968)
Loans/Advances Taken	3,55,00,000 (17,98,00,000)	22,25,92,940 (7,25,00,000)	----- (-----)	4,37,00,000 (38,10,000)
Loans/Advance Repaid	6,78,00,001 (16,73,99,999)	20,60,40,793 (33,91,933)	----- (-----)	2,45,05,000 (1,43,70,103)
Loans/Advances Given	----- (-----)	----- (1,00,00,000)	----- (-----)	----- (-----)

(Amount in Rs.)

Transaction / Nature Relationship	Holding	Enterprises having common Key Management Personnel	Relative of the Key Management Personnel	Key Management Personnel
Loans/Advance Received Back	----- (-----)	7,26,241 (1,00,43,539)	----- (-----)	----- (-----)
Outstanding balance as at 31-03-2010				
Loans Payable	80,00,000 (4,03,00,001)	9,36,25,000 (7,25,00,000)	----- (-----)	2,20,69,247 (4,85,335)
Loans Receivable	----- (-----)	----- (-----)	----- (-----)	----- (-----)
Amount Receivable	----- (-----)	3,45,52,011 (-----)	----- (-----)	----- (-----)
Amount Payable	3,60,40,626 (5,84,19,503)	59,149 (3,69,82,303)	----- (-----)	----- (5,26,856)

- Figures of the Previous Year have been given in brackets.
- No amounts in respect of the related parties have been written off / back.
- Related party relationship have been identified by the management and relied upon by the auditors.

11. Value of Goods Imports

(Amount in Rs.)

		Current Year	Previous Year
I	Import Purchase	27,16,801	11,80,00,441
II	High seas Purchase	-	2,31,78,727

12. Expenditure in Foreign Currency (on actual Payment basis)

(Amount in Rs.)

		Current Year	Previous Year
I	Foreign Traveling Expenses	-	62,050

13. Earnings in Foreign Currency

(Amount in Rs.)

		Current Year	Previous Year
	Foreign Exchange Earnings	NIL	NIL

14. Disclosure pursuant to Clause 32 of the Listing Agreement

- a. Loans & Advances in the nature of Loans given to the Subsidiary:
(Amount in Rs.)

	Current Year		Previous Year	
Particulars	Balance as at the year end	Max. Amt. Due at any time during the year	Balance as at the year end	Max. Amt. Due at any time during the year
i) Subsidiary Company	N.A.	N.A.	N.A.	N.A.

- b. Loans & Advances in the nature of Loans given to the firms/companies in which directors are interested:
(Amount in Rs.)

	Current Year		Previous Year	
Particulars	Balance as at the year end	Max. Amt. Due at any time during the year	Balance as at the year end	Max. Amt. Due at any time during the year
-	NIL	NIL	NIL	NIL

- c. Investment by the loanee in the shares of the Company and /or its Subsidiary:
(Amount in Rs.)

	Current Year		Previous Year	
Particulars	Balance as at the year end	Max. Amt. Due at any time during the year	Balance as at the year end	Max. Amt. Due at any time during the year
Investment by the loanee in the shares of the Company and /or its Subsidiary	NIL	NIL	NIL	NIL

15. Quantitative Details of Goods Traded

Particulars of Goods Traded	Opening Stock	Purchases	Closing Stock
Border Tiles (in Pieces)	5,28,018	1,22,576	4,17,162
Décor Tiles (in Pieces)	1,56,480	63,478	1,25,495
Sanitary Ware (in Pieces)	5,099	-----	3,901
Bathroom Fittings (in Pieces)	4,172	-----	2,513
Floor Tiles (in Boxes)	82,658	68,894	55,536
Porcelain Tiles (in Boxes)	2,845	-----	-----
Rustic Tiles (in Boxes)	17,590	3,267	8,711
Vitrified Tiles (in Boxes)	44,167	95,487	43,991
Vitrified Tiles (in Pieces)	3	1,46,506	20,370
Others (in Pieces)	66,511	-----	-----
Others (in M.T.)	870	-----	-----
Others (in LTR.)	750	-----	-----
Wall Tiles (in Boxes)	2,87,088	3,52,794	1,97,980

AS PER OUR ATTACHED REPORT OF EVEN DATE
For DEEPAK MARU & CO.
CHARTERED ACCOUNTANTS
Firm Regn. No.115678W

JAYMIN P. SHAH
(Partner)
M. No. 118113
MUMBAI
Date: September 1, 2010

16. The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been made.
17. a) For Cash Flow Statement– Refer Annexure I
b) For information as required under part IV of schedule VI to the Companies Act, 1956 – Refer Annexure II.
18. Previous years figures have been regrouped, rearranged and recasted wherever necessary to make them comparable with those of current year.

BY ORDER OF THE BORD OF DIRECTOR
For EURO MERCHANDISE (INDIA) LTD.

NENSHI L. SHAH
(Director)

NITESH P. SHAH
(Director)

MUMBAI
Date: September 1, 2010

Annexure - I

Cash Flow Statement

(Amount in Rs.)

PARTICULARS	2009 - 2010			2008 - 2009
A CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax		210,887		(60,420,709)
Adjustments for :				
Dividend Income	(15,000)			(15,000)
Depreciation	187,750			177,674
Interest & Finance Charges (net)	31,109,764	31,282,514		41,415,358
Operating Profit Before Working Capital Changes		31,493,401		(18,842,677)
Decrease / (Increase) in sundry debtors	(34,703,897)			161,197,517
Decrease / (Increase) in other current assets	(4,153,221)			(11,045,556)
Decrease / (Increase) in inventories	99,489,093			(72,780,832)
Increase / (Decrease) in trade and other payables	26,149,385	86,781,360		(103,325,684)
Taxes Paid (Net Of Refunds)		(112,710)		(14,111,907)
Net Cash (Used In)/From Operating Activities			118,162,052	(58,909,139)
B CASH FLOW FROM INVESTING ACTIVITIES				
(Purchase) of Fixed Assets		(76,850)		(78,815)
Dividend Income		15,000		15,000
Interest Received		918,649		2,435,113
Net Cash (Used In)/From Investing Activities			856,799	2,371,298
C CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Borrowings		(96,921,113)		90,715,106
Interest and Finance Charges paid		(32,028,413)		(43,850,471)
Net Cash (Used In)/From Financing Activities			(128,949,526)	46,864,635
Net Increase In Cash And Equivalents			(9,930,675)	(9,673,206)
CASH AND CASH EQUIVALENTS (OPENING BALANCE)			19,555,238	29,228,443
CASH AND CASH EQUIVALENTS (CLOSING BALANCE)			9,624,563	19,555,238

AS PER OUR ATTACHED REPORT OF EVEN DATE
 For DEEPAK MARU & CO.
 CHARTERED ACCOUNTANTS
 Firm Regn. No.115678W

BY ORDER OF THE BORD OF DIRECTOR
 For EURO MERCHANDISE (INDIA) LTD.

JAYMIN P. SHAH
 (Partner)
 M. No. 118113
 MUMBAI
 Date: September 1, 2010

NENSHI L. SHAH
 (Director)

NITESH P. SHAH
 (Director)

MUMBAI
 Date: September 1, 2010

Annexure - IV

Information pursuant to Part IV of Schedule VI to the Companies ACT, 1956: Balance Sheet Abstract And Company's General Business Profile

I. Registration Details

Registration No.	145654	State Code	11
Balance Sheet Date	31-Mar-10		

II. Capital Raised during the year (Amount in Rs.Thousand)

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

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

Total Liabilities	315,611.61	Total Assets	315,611.61
Source of Funds :			
Paid up Capital	1,900.00	Reserve & Surplus	7,560.37
Secured Loans	172,225.52	Unsecured Loans	133,925.72
Deferred Tax Liability	-		
Application of Funds			
Net Fixed Assets	1,596.25	Investment	100.00
Net Current Assets	313,915.36	Misc.Expenditure	-

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

Total Incomes	386,805.36	Total Expenditure	386,594.47
Profit before Tax	210.89	Profit after Tax	210.89
Earning per Share in Rs.(Annualised)	1.11	Dividend Rate %	NIL

V Generic names of Three Principal Products of the Company (as per monetary terms)

Item Code No.(ITC Code)	Product Description
6901	Ceramic Tiles

BY ORDER OF THE BORD OF DIRECTOR
For EURO MERCHANDISE (INDIA) LTD.

NENSHI L. SHAH
(Director)

NITESH P. SHAH
(Director)

MUMBAI
Date: September 1, 2010

Auditors' Report On The Consolidated Financial Statements

We have examined the attached Consolidated Balance Sheet of Euro Ceramics Limited and its subsidiary viz. Euro Merchandise (India) Limited as at 31st March 2010, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year then ended.

These financial statements are the responsibility of the management of Euro Ceramics Limited. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit also includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

The financial statements of the subsidiary have also been audited by us whose reports have been furnished and considered.

We report that the consolidated Financial Statements have been

prepared by the Company in accordance with requirements of Accounting Standard AS 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of above audited financial statements of Euro Ceramics Limited and audited financial statements of its Subsidiary Company viz. Euro Merchandise (India) Limited are included in the consolidated financial statements.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports of Euro Ceramics Limited and Euro Merchandise (India) Limited, we are of the opinion that said Consolidated Financial Statements together with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India:

- a In the case of Consolidated Balance Sheet, of the state of affairs of Euro Ceramic Group as at March 31, 2010.
- b In the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of Euro Ceramic Group for the year then ended; and
- c In the case of the Consolidated Cash Flow Statement, of the consolidated Cash Flow of Euro Ceramic Group for the year then ended.

For DEEPAK MARU & CO.
CHARTERED ACCOUNTANTS
Firm Regn. No.115678W

JAYMIN P. SHAH
(Partner)
M. No. 118113

MUMBAI
Date: October 29, 2010

Consolidated Balance Sheet

(Amount in Rs.)

PARTICULARS	Schedule	As At 31-Mar-10	As At 31-Mar-09
SOURCES OF FUNDS			
Shareholders' Funds:			
Share Capital	A	171,000,000	171,000,000
Reserves & Surplus	B	1,136,591,191	1,551,288,027
		1,307,591,191	1,722,288,027
Loan Funds :			
Secured Loans	C	4,252,587,519	4,219,889,825
Unsecured Loans	D	1,306,633,197	1,279,971,905
		5,559,220,716	5,499,861,730
Deferred Tax Liabilities		144,788,406	144,788,406
Total Funds Employed		7,011,600,313	7,366,938,163
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	E	5,348,326,353	3,982,027,617
Less : Accumulated Depreciation		774,575,359	546,306,733
Net Block		4,573,750,995	3,435,720,884
Capital Work In Progress		423,323,024	1,559,933,570
		4,997,074,018	4,995,654,454
Investments	F	15,510,750	15,460,750
Current Assets, Loans & Advances			
Inventories	G	1,079,060,888	1,194,160,756
Sundry Debtors	H	867,501,143	882,275,026
Cash & Bank Balances	I	63,286,283	120,970,060
Loans & Advances	J	503,365,543	627,453,509
		2,513,213,856	2,824,859,350
Less : Current Liabilities & Provisions	K		
Current Liabilites		510,949,764	465,981,638
Provisions		3,248,547	3,054,753
		514,198,311	469,036,391
Net Current Assets		1,999,015,545	2,355,822,959
Total Funds Utilized		7,011,600,313	7,366,938,163

Significant Accounting Policies & Notes on Accounts X

Schedules referred to above form an integral part of the Accounts

AS PER OUR ATTACHED REPORT OF EVEN DATE

For DEEPAK MARU & CO.

CHARTERED ACCOUNTANTS

Firm Regn. No.115678W

BY ORDER OF THE BORD OF DIRECTOR
For EURO CERAMICS LTD.

JAYMIN P. SHAH
(Partner)

M. No. 118113

MUMBAI

Date: October 29,2010

NENSHI L. SHAH
(Chairman & Managing Director)

PARESH K. SHAH
(Director)

JAYSHREE D. SONI
(Company Secretary)

MUMBAI

Date: October 29,2010

Consolidated Profit & Loss Account

(Amount in Rs.)

PARTICULARS	Schedule	For the Y.E. 31-Mar-10	For the Y.E. 31-Mar-09
INCOME			
Sales & Income from Operations	L	2,501,346,856	2,689,278,208
Less: Excise Duty		140,934,335	59,783,431
		2,360,412,521	2,629,494,777
Other Income	M	13,046,657	4,135,036
		2,373,459,178	2,633,629,813
EXPENDITURE			
(Increase)/Decrease In Stock	N	56,998,041	(146,519,103)
Cost of Materials	O	998,845,846	1,252,261,266
Salaries, Wages and Employee Benefits	P	182,509,335	181,102,597
Manufacturing, Selling & Other Expenses	Q	837,738,266	974,607,281
		2,076,091,489	2,261,452,041
Earnings Before Interest, Depreciation & Tax		297,367,689	372,177,772
Interest & Other Finance Expenses (Net)	R	483,075,156	460,904,733
Profit / (Loss) Before Depreciation & Extra Ordinary Items		(185,707,467)	(88,726,961)
Depreciation		228,989,369	198,547,436
PROFIT / (LOSS) BEFORE TAX		(414,696,836)	(287,274,397)
Provision for Taxation			
- Current Tax		6,000	-
- MAT Credit		(6,000)	-
- Excess Provision		-	(4,239,421)
- Deferred Tax		-	16,051,859
- Fringe Benefit Tax		-	2,550,000
NET PROFIT / (LOSS)		(414,696,836)	(301,636,835)
Balance Brought Forward		547,933,667	849,570,502
Profit Available for Appropriation		133,236,831	547,933,667
APPROPRIATIONS			
Proposed Dividend		-	-
Corporate Tax on Proposed Dividend		-	-
General Reserves		-	-
Capital Redumption Reserves		-	-
Surplus Carried to Balance Sheet		133,236,831	547,933,667
		133,236,831	547,933,667
Earnings Per Share - Rs.		(24.25)	(17.64)
(Face Value of Rs. 10/- Each)			

Significant Accounting Policies & Notes on Accounts
Schedules referred to above form an integral part of the Accounts
AS PER OUR ATTACHED REPORT OF EVEN DATE
For DEEPAK MARU & CO.
CHARTERED ACCOUNTANTS
Firm Regn. No.115678W

X

BY ORDER OF THE BORD OF DIRECTOR
For EURO CERAMICS LTD.

JAYMIN P. SHAH
(Partner)
M. No. 118113
MUMBAI
Date: October 29,2010
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NENSHI L. SHAH
(Chairman & Managing Director)

PARESH K. SHAH
(Director)

JAYSHREE D. SONI
(Company Secretary)

MUMBAI
Date: October 29,2010

Schedules To Consolidated Balance Sheet

(Amount in Rs.)

A Share Capital	As At 31-Mar-10	As At 31-Mar-09
Authorised:		
3,50,00,000 Equity Shares of Rs. 10/- each	350,000,000	350,000,000
TOTAL	350,000,000	350,000,000
Issued, Subscribed & Paid Up		
Equity Share Capital		
1,71,00,000 (Previous Year 1,71,00,000 Equity Shares of Rs.10 each fully Paid)	171,000,000	171,000,000
TOTAL	171,000,000	171,000,000
B Reserves & Surplus		
Share Premium	991,255,534	991,255,534
Surplus as per P & L A/c	133,236,830	547,933,666
General Reserve	10,000,000	10,000,000
Capital Reserve On Consolidation	2,098,827	2,098,827
TOTAL	1,136,591,191	1,551,288,027
C Secured Loans		
From Banks		
a) Vehicle Loans	6,310,635	9,339,588
b) Term Loans	2,953,141,467	2,543,928,339
c) Buyers Credit	-	142,737,219
d) Cash Credit & Other Facilities	1,143,135,417	1,123,884,679
e) Non Convertible Debentures	150,000,000	400,000,000
Refer Note No.3 of Schedule "X"		
TOTAL	4,252,587,519	4,219,889,825
D Unsecured Loans		
a) From Directors	60,482,981	80,593,635
b) From Shareholders	45,145,451	45,222,943
c) Inter Corporate Deposits	338,014,126	453,484,646
d) From Banks	823,043,814	663,749,812
e) From Dealers -Security Deposits	39,946,825	36,920,869
Refer Note No.4 of Schedule "X"		
TOTAL	1,306,633,197	1,279,971,905

Schedules To Consolidated Balance Sheet

(Amount in Rs.)

E Fixed Assets									
Particulars Of Assets	Gross Block			Depreciation Block			Net Block		
	Holding	Subsidiary	Consolidated as on 31-3-10	Holding	Subsidiary	Consolidated as on 31-3-10	Holding	Subsidiary	Consolidated as on 31-3-10
TANGIBLE ASSETS :									
Land - Freehold	48,654,972	272,600	48,927,572	-	-	-	48,654,972	272,600	48,927,572
Building	792,940,250	-	792,940,250	71,648,902	-	71,648,902	721,291,349	-	721,291,349
Plant and Machinery	4,153,644,913	198,640	4,153,843,553	562,362,292	45,674	562,407,967	3,591,282,621	152,966	3,591,435,586
Furniture & Fixtures	32,007,706	159,832	32,167,538	8,506,456	20,524	8,526,980	23,501,250	139,308	23,640,558
Office Equipments	11,180,206	335,962	11,516,168	2,172,814	51,742	2,224,556	9,007,392	284,220	9,291,612
Vehicles	31,536,763	912,314	32,449,077	9,903,824	368,067	10,271,891	21,632,939	544,247	22,177,186
Computers	8,264,590	444,896	8,709,486	4,619,965	241,982	4,861,948	3,644,625	202,914	3,847,538
Power Project	267,762,709	-	267,762,709	114,623,116	-	114,623,116	153,139,593	-	153,139,593
INTANGIBLE ASSETS :									
Trade Mark Rights	10,000	-	10,000	10,000	-	10,000	-	-	-
Total	5,346,002,109	2,324,244	5,348,326,353	773,847,368	727,991	774,575,359	4,572,154,741	1,596,253	4,573,750,995
Previous Year	3,979,780,223	2,247,394	3,982,027,617	545,766,492	540,241	546,306,733	3,434,013,731	1,707,153	3,435,720,884

F Investments	As At 31-Mar-10	As At 31-Mar-09
NON - TRADE		
I Unquoted		
35,075 Shares of The Cosmos Co-Op. Bank Ltd.	350,750	350,750
10,000 Shares of The Cosmos Co-Op. Bank Ltd.(Subsidiary)	100,000	100,000
II National Saving Certificate	10,000	10,000
TRADE INVESTMENTS		
IV Shares of Subsidiary		
Euro Glass Ltd.	15,000,000	15,000,000
(15,00,000 Equity Shares of Rs.10/- each fully paid up)		
IV Investments in Capital Of Partnership Firms		
M/s.Euro Realtors	50,000	-
TOTAL	15,510,750	15,460,750

Schedules To Consolidated Balance Sheet

(Amount in Rs.)

G Inventories	As At 31-Mar-10	As At 31-Mar-09
a) Finished Goods	573,543,281	640,335,910
b) Stores & Spares	79,351,294	77,705,329
c) Raw Materials & Consumables	268,084,956	326,694,791
d) Packing Materials	10,003,976	7,673,731
e) Work In Process	104,524,281	94,729,693
f) Trading Items	38,284,173	38,543,786
g) Stock-In-Transit	5,268,926	8,477,515
(As Valued & Certified by the Management)		
TOTAL	1,079,060,888	1,194,160,755
H Sundry Debtors		
(Unsecured, Considered Good)		
Due for Period exceeding Six Months	238,381,382	358,938,537
Due for Period less than Six Months	629,119,761	523,336,489
TOTAL	867,501,143	882,275,026
I Cash & Bank Balances		
Cash & Cheques in Hand	3,109,587	2,544,136
(As Certified by the Management)		
Balance With Scheduled Banks		
Current Accounts	13,033,768	3,708,085
Recurring Deposits	1,542,888	2,642,888
Fixed Deposits	45,600,040	112,074,951
TOTAL	63,286,283	120,970,060
J Loans & Advances		
(Unsecured Considered Good)		
Loans & Advances	135,786,000	118,313,608
Advance Recoverable in cash or in kind or for value to be received	145,169,337	200,314,288
MAT Credit to be availed	32,269,683	32,263,683
Deposits	16,768,553	16,073,903
Balance With Central Excise, Sales Tax etc.	152,151,650	241,867,481
Taxation (Net of Provision)	21,220,319	18,620,546
TOTAL	503,365,543	627,453,509

Schedules To Consolidated Balance Sheet

(Amount in Rs.)

K Current Liabilities	As At 31-Mar-10	As At 31-Mar-09
Sundry Creditors		
-Due to Micro, Small and Medium Enterprises	2,393,894	3,424,514
-Others	412,265,773	393,911,206
Advances From Customers	19,427,899	9,536,133
Unclaimed Dividend	167,232	168,594
Other Liabilites	76,185,960	53,724,367
Interest Accrued But not due	509,007	5,216,824
	510,949,764	465,981,638
Provisions		
Taxation (Net of Advance Taxes)	-	-
Leave Encashment	3,248,547	3,054,753
	3,248,547	3,054,753
TOTAL	514,198,311	469,036,391

Schedules To Consolidated Profit & Loss A/C

(Amount in Rs.)

L Sales & Income From Operations	For the Y.E. 31-Mar-10	For the Y.E. 31- Mar-09
Sales Domestic	2,258,461,367	2,507,195,910
Sales Export	212,367,889	171,458,466
Sales Scrap	3,975,848	5,318,694
Export Incentive on Advance Licenses & Export Rebates	26,541,753	5,305,138
TOTAL	2,501,346,856	2,689,278,208
M Other Income		
Dividend Income	30,000	30,000
Rent Received	808,000	743,111
Exchange Rate Difference	12,208,657	-
Vat Refund	-	3,361,925
TOTAL	13,046,657	4,135,036
N (Increase) /Decrease In Stock		
OPENING STOCK		
Finished Goods	640,335,910	509,409,929
Work In Process	94,729,693	79,136,571
	735,065,603	588,546,500
CLOSING STOCK		
Finished Goods	573,543,281	640,335,910
Work In Process	104,524,280	94,729,693
	678,067,561	735,065,603
TOTAL	56,998,041	(146,519,103)
O Cost Of Materials		
Raw Material Consumption	756,477,849	747,719,422
Purchase of Goods traded	181,918,984	447,188,499
Packing Material Consumption	60,449,013	57,353,345
TOTAL	998,845,846	1,252,261,266
P Salaries, Wages & Employee Benefits		
Salaries, Wages, and Bonus	156,881,273	152,732,802
Contributions to Provident & Other Funds	5,638,119	4,833,798
Welfare Expenses	19,989,943	23,535,997
TOTAL	182,509,335	181,102,597

Schedules To Consolidated Profit & Loss A/C

(Amount in Rs.)

Q Manufacturing, Selling & Other Expenses	For the Y.E. 31-Mar-10	For the Y.E. 31- Mar-09
Consumptions of Stores & Spares	66,533,070	28,667,832
Power & Fuel	452,053,468	532,104,907
Excise Duty Paid	16,153,388	38,905,108
Processing Charges	20,333,078	15,851,245
Brokerage & Commission	31,595,377	16,871,119
Advertisement	17,569,855	26,908,474
Auditors Remuneration	375,000	266,545
Repairs & Maintenance		
- Building	1,268,220	702,414
- Plant & Machinery	10,590,811	13,601,077
- Others	3,557,932	2,414,644
Director Remuneration	5,700,000	8,950,000
Director Sitting Fees	112,500	82,500
Donation	396,091	2,363,500
Insurance	30,833,843	29,954,858
Loss / (Profit) on Sale Of Fixed Assets	267,782	412,012
Rent, Rates & Taxes	12,243,847	13,347,493
Freight Outwards	49,623,847	57,603,038
Other Selling Expenses	60,781,424	65,455,187
Miscellaneous Expenses	57,748,735	54,152,650
Exchange Rate Differences	-	65,992,678
TOTAL	837,738,266	974,607,281
R Interest & Other Finance Expenses		
Interest on Fixed Loans	212,984,792	211,447,545
Interest on Debentures	33,836,815	38,525,755
(Profit)/Loss from Derivatives / SWAP	787,485	3,788,029
Other Interests and Financial Charges	245,362,934	221,685,107
	492,972,026	475,446,436
Less : Interest Income		
Interest on Fixed Deposits With Banks	2,376,813	11,762,279
Interest on FD - IPO	-	233,436
Other Interest	7,520,057	2,545,988
TOTAL	483,075,156	460,904,733

Notes To The Consolidated Financial Statements

Schedul 'X'

A. SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS ON THE CONSOLIDATED FINANCIAL STATEMENTS

I BASIS OF CONSOLIDATION

The consolidated financial statements (CFS) comprises of the financial statements of Euro Ceramics Limited (the Company) and its subsidiary.

Name of the Company	Incorporated in	% of shareholding of Euro Ceramics Ltd.
Euro Merchandise (I) Ltd.	India	100%

(ii) By virtue of Accounting Standard –23, ‘Accounting for Associates’ issued by the Institute of Chartered Accountants of India, “An associate can be excluded from consolidation when, control is intended to be temporary because the associate is acquired and held exclusively with a view to its subsequent disposal in the near future” and accordingly the financial statement of Euro Glass Limited which had become the associate of the Company from June 1, 2008 by virtue of the Company acquiring 15,00,000 equity shares of the said Euro Glass Limited of the face value of Rs.10 each at par have not been consolidated.

The financial statements of the Company and its Subsidiary Company have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-company balances, intra-company transactions and unrealized profits or losses in accordance with Accounting Standard –21 ‘Consolidated Financial Statements’, issued by the Institute Of Chartered Accountants of India.

Euro Merchandise (India) Limited is a wholly owned subsidiary of the company and therefore, the information pertaining to minority shareholders is not applicable in respect thereof.

There is a shortage of cost to the company of its investment in the subsidiary and the same is reflected by the capital reserve on

consolidation shown in the CFS.

II ACCOUNTING POLICIES

The CFS have been prepared using uniform accounting policies, except stated otherwise, for like transactions and are presented to the extent possible, in the same manner as the Company’s separate financial statements.

B. NOTES ON ACCOUNTS (Amount in Rs.)

		Current Year	Previous Year
1	Estimated amount of contracts remaining to be executed on capital account and not provided for.	1,94,60,290	NIL
2	Contingent Liabilities not provided for in the books of accounts:		
a.	Bills Discounted with Banks	1,94,45,133	NIL
b.	Letter of credit	12,49,37,125	10,68,39,764
c.	Bank Guarantees	4,94,000	2,02,10,000
d.	Custom Duty	3,69,88,372	3,69,88,372
e.	The Company has imported various Capital Goods under the Export Promotion Capital Goods Scheme (EPCG), of the Government of India, through various licenses, at concessional rates of Custom Duty on an undertaking to fulfill quantified exports within a period of eight years from the date of the respective licenses. The Custom Duty so saved amounts to Rs.33,87,48,010/- and the corresponding Export Obligation to be fulfilled is Rs.2,04,49,34,503/- as on the Balance Sheet date. If the said export is not made within the stipulated time period, the company is required to pay the said saved Custom Duty together with interest @15% p.a. Formal discharge from the obligation by the appropriate authorities is in progress in respect of some of the Licenses of which Export Obligation is entirely fulfilled by the close of the year.		

(Amount in Rs.)

3.	SECURED LOANS:-	Current Year	Previous Year
a	Vehicle Loans Are secured against vehicles specified in the respective agreements & Personal Guarantee of the Directors of the Company.	63,10,635	93,39,588
b	Term Loans Are secured against the First Charge created by mortgage on all the existing and future fixed assets situated at Bhachau (Kutch) / Hypothecation of Stock & Book Debts & other current assets and second charge created by hypothecation of current assets of the Company and against the collateral securities & Personal Guarantee given by the Directors and their Relatives.	2,95,31,41,467	2,54,39,28,339
c	Buyers Credit Are secured against the Fixed Deposits / Letter of Credit given as margin money and are payable within a period of one year.	NIL	14,27,37,219
d	Cash Credit & Other Facilities Are secured against the First Charge created by Hypothecation of Stock & Book Debts & other current assets and second charge created on existing as well as future fixed assets of the Company situated at Bhachau (Kutch) and Against the personal Guarantee given by the Directors and their Relatives.	1,14,31,35,417	1,12,38,84,679

e	Non – Convertible Debentures 1,50,000 debentures of Rs.1000/- each are issued to LIC – Mutual Fund and are payable within a period of one year. (Previous Year 4,00,000 debentures of Rs.1000/- each)	15,00,00,000	40,00,00,000
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4. Unsecured Loans from Banks and Financial Institutions of Rs.31,53,89,855/- (Previous Year Rs. 66,08,13,253/-) are payable within a period of one year.

5. Deferred Tax Liability / (Asset) at the year end comprise timing differences on account of:

(Amount in Rs.)

		Current Year	Previous Year
I	Depreciation	14,47,88,406	14,47,88,406
II	Expenditure/Provisions Disallowable	NIL	NIL

6. Earnings per Share (EPS) is calculated as under:

(Amount in Rs.)

		Current Year	Previous Year
I	Profits used as Numerator for calculating EPS		
	Net Profit after Tax	(41,46,96,836)	(30,16,36,835)
II	Denominator		
	Number of Equity Shares outstanding		
	Basic	1,71,00,000	1,71,00,000
	Diluted	1,71,00,000	1,71,00,000
III	Nominal Value of Share in (Rs.)	10/-	10/-
IV	EPS – Basic as well as Diluted	(24.25)	(17.64)

7. Disclosure in respect of Related Parties pursuant to Accounting Standard 18: Name of the enterprises having same Key Management Personnel and/ or their relatives as the Reporting enterprises:

Eurobond Industries Private Limited	Euro Flooring Pvt. Ltd.	Euro Décor Pvt Ltd
Euro Multivision Ltd	Euro Developers Pvt. Ltd.	Subhnen Ply Pvt Ltd.
Euro Pratik Ispat Pvt Ltd.	Euro Solo Energy Systems Pvt. Ltd.	Euro Agro
Subhnen Finance & Investments Pvt Ltd.	Kevin Impex Pvt Ltd.	Kanch Ghar
Neelam Metal	Laxmi Ply Agency	Metro Stationery Mart
Neelam Ply & Laminates	NLS Enterprise Pvt. Ltd.	Gurukul Enterprises Pvt Ltd
Tangent Furniture Pvt Ltd	Lyons Technologies Ltd	Ladhabhai Sanganbhai Gala Charitable Trust
Monex Stationers	Disti Multimedia & Communications Pvt Ltd	Vaman International (P) Ltd.
National Ply & Laminates	Zenith Corporation	Nova Enterprises
National Laminate Corporation	Gala Enterprises	Euro Foundation
Euro Aluminium Industries Ltd.	Euro Mineral Corporation	Euro Solar Power Pvt. Ltd.
Euro India Cylinders Ltd.	Euro Realtors	Euro Glass Ltd.

(b) Relatives of Key Management Personnel:

Nenshi L. Shah H.U.F.	Shantilal L. Shah H.U.F.	Laljibhai K. Shah H.U.F.
Pinank N. Shah H.U.F.	Gunvantiben N. Shah	Laljibhai K. Shah
Manjari H. Shah	Hitesh S. Shah	Sushila H. Gala
Nitesh P. Shah	Jayantilal Nishar	Rekhaben Nishar
Dhaval L. Shah	Forum D. Shah	Kasturben T. Nandu

Shantaben L. Shah	Urmi P. Shah	Viral T. Nandu
Sonalben L. Shah	Parag K. Shah	Hitesh S. Shah H.U.F.
Pinank N. Shah	Devika P. Shah	Dhaval S. Shah H.U.F.

(c) Key Management Personnel:

Nenshi L. Shah	Kumar P. Shah	Talakshi L. Nandu	Paresh K. Shah	Nitesh P. Shah
Pratik K. Shah	Amit Shah	Atreya Lakhotia	Ranchod Patel	Anil M. Mandevia
Shivji Vikamsey	Shantilal L. Shah	Raichand Shah	Jatin R. Chhadva	Deepak G. Savla
Pravin D. Gala				

During the year following transactions were carried out with the related parties in the ordinary course of business:

(Amount in Rs.)

Nature Of Transactions	Enterprises having common Key Management Personnel	Relative of the Key Management Personnel	Key Management Personnel
Sales, Service and other income	42,55,73,687 (42,59,29,087)	----- (-----)	----- (-----)
Sale Of Fixed Assets	6,82,500 (-----)	----- (-----)	----- (-----)
Purchase of goods and services	7,61,32,070 (3,76,92,540)	----- (-----)	----- (-----)
Purchase of fixed assets	3,28,680 (10,02,304)	----- (-----)	----- (-----)
Donation	----- (12,00,000)	----- (-----)	----- (-----)
Director's Remuneration/ Sitting Fees	----- (-----)	5,000 (27,500)	58,07,500 (89,50,000)
Interest Received/ Receivable	31,37,157 (81,85,172)	----- (-----)	----- (-----)

Nature Of Transactions	Enterprises having common Key Management Personnel	Relative of the Key Management Personnel	Key Management Personnel
Interest Paid/Payable	37,30,470 (1,44,139)	8,010 (-----)	95,06,260 (7,56,968)
Loans/Advances Taken	45,68,82,702 (1,14,08,80,000)	----- (5,35,10,000)	19,56,20,000 (26,09,30,000)
Loans/Advance Repaid	67,45,55,464 (73,72,80,163)	----- (3,27,70,000)	24,76,78,804 (25,10,06,141)
Loans/Advances Given	42,74,98,306 (7,25,00,000)	----- (-----)	----- (-----)
Loans/Advance Received Back	41,02,70,890 (5,79,16,528)	----- (-----)	----- (-----)
Outstanding Balance As At 31-03-2010			
Loans Payable	21,47,29,126 (42,34,50,000)	----- (2,16,64,158)	6,04,82,981 (1,75,28,863)
Loans Receivable	14,09,99,581 (3,18,44,846)	----- (-----)	----- (-----)
Amount Receivable	10,80,86,156 (11,27,79,850)	----- (-----)	----- (-----)
Amount Payable	11,41,902 (3,83,13,580)	----- (-----)	----- (5,26,856)

- Figures of the Previous Year have been given in brackets.
- No amounts in respect of the related parties have been written off / back.
- Related party relationship have been identified by the management and relied upon by the auditors.

8. a) For Segment Information – Refer Annexure I

b) For Cash Flow Statement– Refer Annexure II

c) Statement pursuant to Section 212 and 212(8) of The Companies Act 1956

9. Previous years figures have been regrouped, rearranged and recasted wherever necessary to make them comparable with those of current year.

Annexure - I

Consolidated Segmentwise Financial Statement For The Year Ended March 31, 2010.

I) Primary Segments - Business

(Amount in Rs.)

	Tiles Division		Aluminium Division		Sanitaryware Division		Inter-Segmental Elimination		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
a) Segmental Revenue										
Sales to External Customers	2,126,430,307	2,386,485,900	231,873,283	249,049,549	143,043,266	53,742,759	-	-	2,501,346,856	2,689,278,208
Less : Excise Duty	114,951,654	46,263,943	17,668,616	8,761,315	8,314,065	4,758,173	-	-	140,934,335	59,783,431
	2,011,478,653	2,340,221,957	214,204,667	240,288,234	134,729,201	48,984,586	-	-	2,360,412,521	2,629,494,777
Inter-segmental Revenue	-	-	-	-	-	-	-	-	-	-
Total Segmental Revenue	2,011,478,653	2,340,221,957	214,204,667	240,288,234	134,729,201	48,984,586	-	-	2,360,412,521	2,629,494,777
b) Segmental Results (PBIT)	209,889,849	375,669,712	40,157,411	10,716,831	(15,922,461)	(29,176,308)	-	-	234,124,799	357,210,235
Less: Interest & Finance Charges									483,075,156	460,904,733
									(248,950,357)	(103,694,498)
Less: Unallocable Expenses Net of Unallocable Income									165,746,479	183,579,900
Profit Before Tax & Exceptional Items									(414,696,836)	(287,274,398)
Loss / (Gain) due to Exceptional Items									-	-
Profit Before Tax									(414,696,836)	(287,274,398)
Less: Provision for Current Tax									6,000	-
Add: MAT Credit									(6,000)	-
Less: Earlier Years Excess Provisions									-	(4,239,421)
Less: Provision for Deferred Tax									-	16,051,859
Less: Provision for Fringe Benefit Tax									-	2,550,000
Profit After Tax									(414,696,836)	(301,636,836)
c) Carrying amount of Segmental Assets	5,799,241,950	6,223,947,609	77,413,847	40,810,500	1,236,976,790	1,182,420,584	-	-	7,113,632,587	7,447,178,693
Unallocated Assets									1,186,741,396	935,102,594
Total Assets									8,300,373,983	8,382,281,287
d) Carrying amount of Segmental Liabilities	3,576,978,776	3,657,283,483	3,720,609	6,560,314	15,928,856	27,417,251	-	-	3,596,628,241	3,691,261,048
Unallocated Liabilities									2,621,579,192	2,422,425,481
Total Liabilities									6,218,207,433	6,113,686,529
e) Cost incurred to acquire Segment Fixed Assets during the year	184,725,033	133,888,338	593,264	363,681	766,582	808,884,897	-	-	186,084,879	943,136,916
Unallocated Assets									45,461,842	521,808,348
f) Depreciation / Amortization	153,625,492	154,977,881	2,289,253	2,229,318	36,731,633	33,558,766	-	-	192,646,379	190,765,965
Unallocated depreciation									36,342,991	7,781,471

II) Primary Segments -Geographical

(Amount in Rs.)

	2009-10	2008-09
The Company's operating facilities are located in India		
Domestic Revenues	2,148,044,632	2,458,036,311
Export Revenues	212,367,889	171,458,466
TOTAL	2,360,412,521	2,629,494,777

Annexure - II

Consolidated Cash Flow Statement

(Amount in Rs.)

Particulars	2009-10			2008-09
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax		(414,696,836)		(287,274,397)
Adjustments for :				
Depreciation	228,989,369			198,547,436
Interest & Finance Charges (net)	483,075,156			460,904,733
Dividend & Other Incomes	(838,000)			(4,135,036)
(Profit) / Loss On Sale Of Fixed Assets	267,782	711,494,307		412,012
Operating Profit Before Working Capital Changes		296,797,471		368,454,748
Decrease / (Increase) in sundry debtors	14,773,883			(122,898,859)
Decrease / (Increase) in other current assets	126,693,739			(233,269,690)
Decrease / (Increase) in inventories	115,099,868			(325,709,659)
Increase / (Decrease) in trade and other payables	186,904,185	443,471,673		(150,925,951)
Cash Generated From Operations		740,269,145		(464,349,412)
Income taxes paid (Net of Refund)		(2,605,767)		(33,155,209)
Net Cash From Operating Activities			737,663,378	(497,504,621)
B. CASH FLOW FROM INVESTING ACTIVITIES				
(Purchase) of Fixed Assets including Capital Work in Progress	(231,546,721)			(1,464,945,264)
Sale of Fixed Assets including Capital Work in Progress	870,000			1,625,000
(Increase) / Decrease in Investments	(50,000)			(15,000,000)
Interest Received	9,896,870			14,541,703
Dividend & Other Incomes	838,000			4,135,036
Net Cash (Used In)/From Investing Activities			(219,991,851)	(1,459,643,525)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Borrowings	59,358,986			2,144,978,282
Repayments of Borrowings	-			-
Increase / (Decrease) in payables for capital goods	(141,742,265)			127,101,531
Dividend paid	-			(12,825,000)
Interest and Finance Charges paid	(492,972,026)			(475,446,436)
Net Cash (Used In)/From Financing Activities			(575,355,305)	1,783,808,377
Net Increase In Cash And Equivalents			(57,683,778)	(173,339,770)
CASH AND CASH EQUIVALENTS (OPENING BALANCE)			120,970,061	294,309,830
CASH AND CASH EQUIVALENTS (CLOSING BALANCE)			63,286,283	120,970,060

AS PER OUR ATTACHED REPORT OF EVEN DATE
For DEEPAK MARU & CO.
CHARTERED ACCOUNTANTS
Firm Regn. No.115678W

BY ORDER OF THE BORD OF DIRECTOR
For EURO CERAMICS LTD.

JAYMIN P. SHAH
(Partner)
M. No. 118113
MUMBAI
Date: October 29,2010

NENSHI L. SHAH
(Chairman & Managing Director)

PARESH K. SHAH
(Director)

JAYSHREE D. SONI
(Company Secretary)

MUMBAI
Date: October 29,2010

EURO CERAMICS LIMITED

Regd. Off.: Euro House, CTS No. 1406 A25/6A, Chincholi Bunder Road, Behind Inorbit Mall, Malad (West), Mumbai 400064

FORM OF PROXY

Folio No.....DP ID No.Client ID No.....No. of Shares

I/We.....

of..... being a Member /

Members of EURO CERAMICS LIMITED hereby appointofor

failing him..... ofas my/our /proxy to vote for me/us, on my /our behalf of at the

8TH **ANNUAL GENERAL MEETING** of the Company, to be held on Wednesday the 22nd day of December, 2010 at 10.00 a.m. at Sir Pochkanwala

Bankers Training (SPBT) College, JVPD Scheme, Vile Parle (West), Mumbai 400 056 and at any adjournment thereof.

Signed: _____ day of _____ 2010

Affix
Revenue
Stamp

EURO CERAMICS LIMITED

Regd. Off.: Euro House, CTS No. 1406 A25/6A, Chincholi Bunder Road, Behind Inorbit Mall, Malad (West), Mumbai 400064

ATTENDANCE SLIP

(To be completed and presented at the Entrance)

8TH ANNUAL GENERAL MEETING – 22ND DECEMBER, 2010

I hereby record my presence at the 8th Annual General Meeting of the Company held at Sir Pochkanwala Bankers Training (SPBT) College, JVPD Scheme, Vile Parle (West), Mumbai 400 056, on Wednesday 22nd December 2010 at 10.00 a.m.

Folio No.....DP ID No.Client ID No.....

Name

Member / Proxy

NOTES: Signature

1. The form should be signed across the stamp as per specimen signature registered with the Company.
2. The Companies Act, 1956, lays down that the instrument appointing a proxy shall be deposited at the Registered Office of the Company not less than FORTY-EIGHTY HOURS before the time fixed for holding the meeting.
3. A proxy need not be a member.

Disclaimer

In this annual report we have disclosed forward looking information to enable investors to comprehend our prospects and take informed investment decision. This report and other statements either written or oral that we periodically make contain forward looking statements that set our anticipated results based on the managements' plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connections with any discussion of future performance.

We can not guarantee that these forward looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risk, uncertainties and even in accurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward looking statements, whether as a results of new information, future events or otherwise.

Book - Post



EURO CERAMICS LTD.

**Regd. Off.: Euro House, Chincholi Bunder Road, Behind Inorbit Mall,
Malad (West), Mumbai - 400 064.**