

Somany Ceramics Limited • Annual Report 2009-10

somanythings2talkabt





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The background is a complex, abstract composition. It features large, overlapping organic shapes in shades of yellow, orange, and pink. Overlaid on these are various geometric patterns, including a grid of small squares, concentric circles, and a series of thin, parallel lines that create a sense of depth and perspective. On the right side, there are several distinct rectangular blocks: a green one with a leaf pattern, a solid blue one, a yellow one with a circular pattern, and a black one with a white swirl pattern. The overall effect is one of dynamic energy and modern design.

Rich in experience.
Young in attitude.
That's Somany Ceramics Limited.

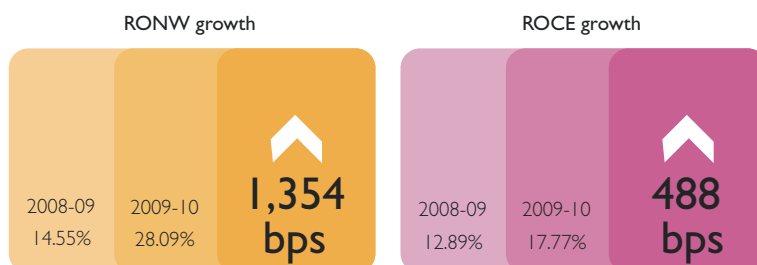
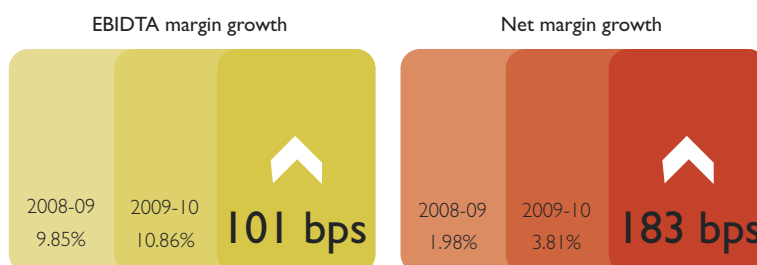
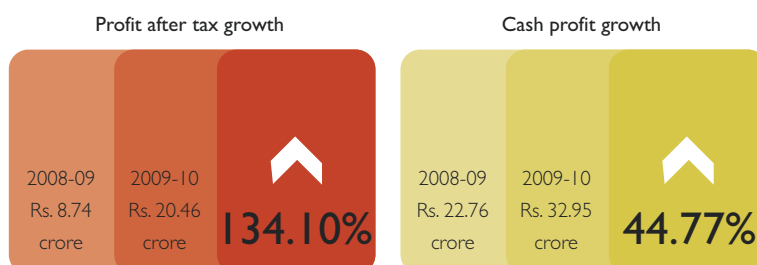
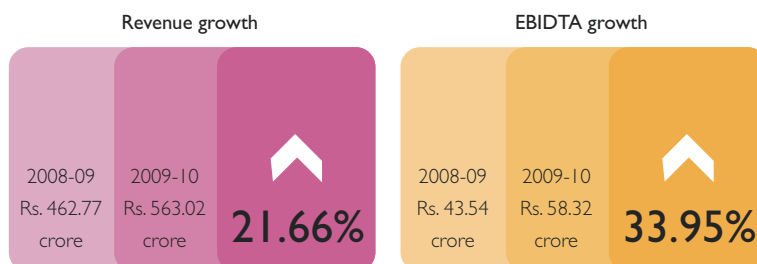
Somany Ceramics Limited. Among India's leading ceramic tile manufacturers.

- A major player in India's ceramic tile industry
- A part of HL Somany Group
- Incorporated in 1968 as Somany Pilkington's Ltd., in collaboration with the UK-based Pilkington Tiles; production started in November 1971
- Headquartered in New Delhi with two manufacturing facilities in Gujarat and Haryana
- Possesses a combined annual production capacity of 16.70 mn sqm
- Production facilities certified for ISO 9001:2000 and Gujarat plant certified for ISO 14001
- Offers the widest tile range (ceramic floor; wall, vitrified, porcelain and imported)
- Products are marketed through a wide and deep distribution network, spread on a pan-India basis covering all states, comprising a prudent mix of dealers, sub-dealers and 15-owned showrooms
- A complete bathroom solution provider that markets sanitaryware and faucets
- Equity shares are listed on the Bombay Stock Exchange and National Stock Exchange (market capitalisation of Rs. 110.77 crore as on 31st March, 2010)



Highlights, 2009-10

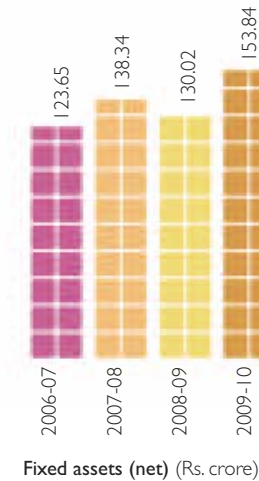
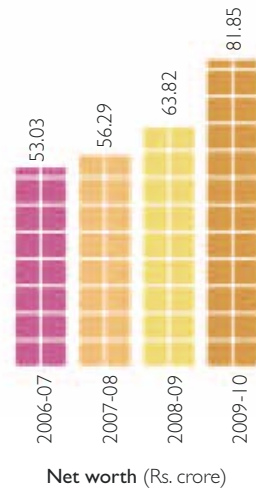
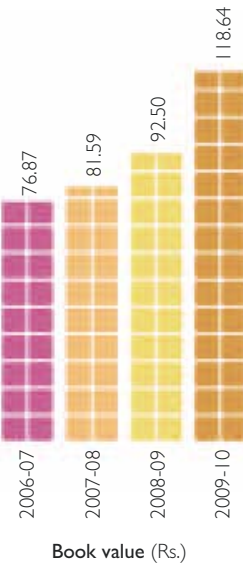
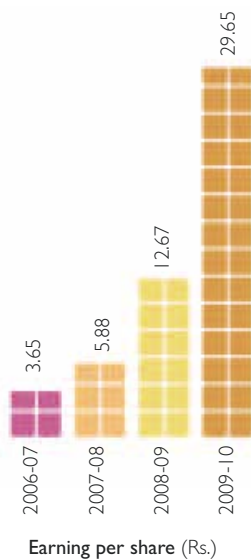
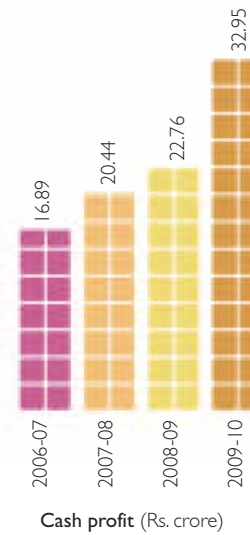
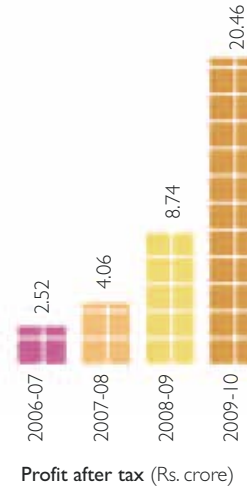
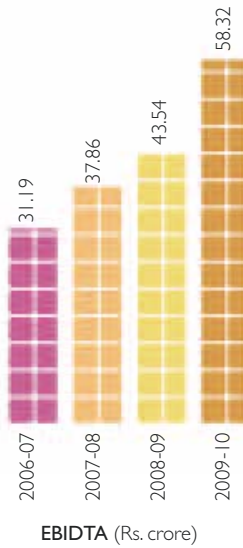
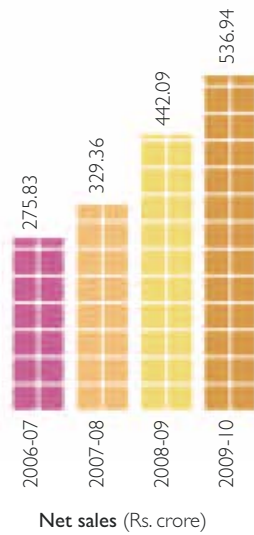
Accelerating numbers



Strong operational footprint

- Increased production 1.14 % from 14.94 mn sqm in 2008-09 to 15.11 mn sqm in 2009-10
- Entered into a long-term agreement with GAIL for the supply of natural gas
- Produced 12 sizes, and introduced, new tile sizes like 12x24 and 8x17 (used in indoor and outdoor claddings) to replace older formats
- Added 187 new dealers (net of exits) to the distribution channel; entered 45 new districts in India
- Increased the proportion of Somany Global products (imported) from 4% of revenues in 2008-09 to 6% with a targeted growth of 100%
- Concentrated on opportunities coming out of the government sector; especially investments in roads, buildings, schools and airports
- Created a new sanitaryware and fittings division that increased revenue streams and individual growth opportunities
- Attracted and retained professional talent with low attrition
- Gained reputation as the most desirable growing ceramic tile company to be associated with, providing a visible career path and job satisfaction

The way we are



YOUTH PERFORMS

FOR A 38-YEAR ORGANISATION, THE
AVERAGE AGE OF OUR EQUIPMENT
IS ONLY 9 AND A HALF YEARS
RESULTING IN HIGH QUALITY AND
PRODUCTIVITY.

somanytiles

At Somany Ceramics, we enjoy attractive consumer recall because we provide among the widest array of tiles. Any size, any quantity, any colour, any texture.

These are some of the initiatives that have made this happen:

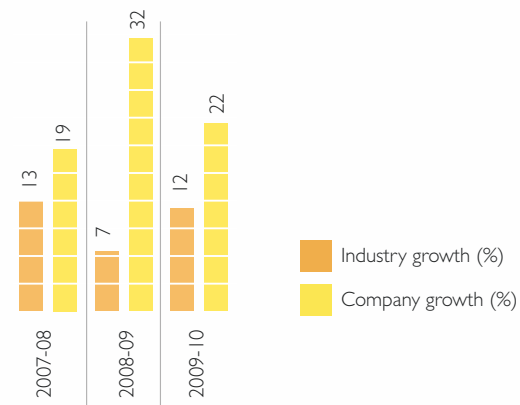
- Grew our annual production capacity from 13.69 mn sqm in 2005-06, to 16.70 mn sqm in 2009-10
- Leveraged brownfield and debottlenecking initiatives to increase production capacity. In doing so, we reduced our capital cost per mn sqm from Rs. 18.78 crore in 2005-06, to Rs. 17.42 crore in 2009-10
- Operated our units at around 90% capacity utilisation for four years
- Fourteen-folded our outsourced capacity to 700,000 sqm per month in only three years
- Strengthened quality from 77% first-pass in 2005-06, to 83% in 2009-10
- Increased the in-house manufacture of value-added tiles from 43% of our product mix in 2007-08, to 54% in 2009-10

In doing so, we outperformed the industry average in three years leading to 2009-10.

Going ahead, we expect to strengthen our competitive advantages by:

- Adding a technology-efficient brownfield capacity of 2.45 mn sqm per annum in Kassar by June 2010
- Adding a power-generation capacity of 2.80 MW through gas-based generators with waste heat recovery
- Planning a greenfield capacity expansion close to our existing plant in Kadi (Gujarat)
- Planning a further increase of contract manufacturing capacity

Company growth vis-a-vis industry growth



FRUITS OF INNOVATION

OUR VC SHIELD PRODUCTS
EMERGED AS A BRAND, GENERATING
RS. 55 CRORE REVENUE IN 2009-10.

so many varieties



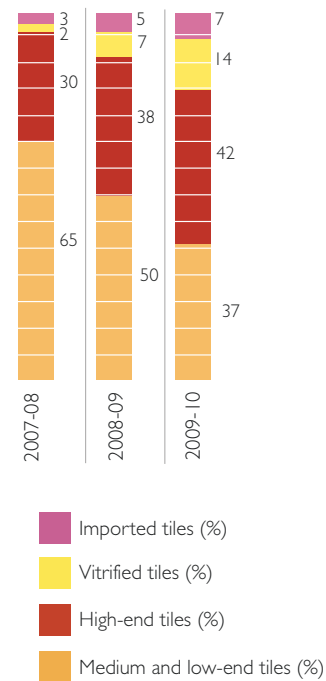
At Somany Ceramics, we don't just provide tiles, we excite the imagination. We don't merely decorate floors and walls, we enhance buyer pride.

These are some of the ways in which we did so:

- Engaged in every segment of the tile value chain – low-end and medium-end tiles marketed under the Somany label, outsourced tiles under the Somany Express tag, high-end tiles under the Somany Signature label and imported tiles through Somany Global outlets
- Created a huge variety under each segment – the Company products are available in 12 sizes, with each product size in multiple colour options
- Created the largest design house in the Indian tile industry, with more than 20 skilled experts creating new designs and concepts in flooring, walls and cladding solutions
- Collaborated with several design hotshops in Italy and Spain, fusing western styles with Indian tastes
- Introduced new concepts, textures (wood, marble and fabric finish) and new sizes like 12x24 and 12x18 in the Kassar unit and 24x24 in the Kadi unit in 2009-10

The value-addition blueprint encompasses ongoing value-addition:

- The brownfield expansion at Kassar and proposed greenfield capacity near Kadi (Gujarat) will be dedicated to high-end products, increasing the share of value-added production.



ON YOUR FINGER TIPS

WE CREATED AN SMS SERVICE,
ELICITING CUSTOMER FEEDBACK, A
NOVEL RESPONSE SYSTEM IN THE
INDIAN TILE SECTOR.

so many benchmarks

At Somany Ceramics, we don't just focus on maximising asset utilisation; we believe in pushing the frontier.

These are some of the ways in which we did so:

- Created a sophisticated R&D facility, which received government recognition in 1996, the first in the Indian tile industry; in four years we invested Rs. 1.25 crore in R&D initiatives
- Invested in sophisticated equipment like the rotocolour machine to produce random designs and marble effect on tile surfaces, among the first in the industry to do so
- Invested in a cutting-edge material transportation system called Laser Guided Vehicle (LGV) to automate shopfloor

material movement and minimise the rejection of in-process materials

- Received a patent for a revolutionary high abrasion resistant glaze composition called VC (VeilCraft) Shield
- Pioneered the tile master concept, which provides international tools to masons for tile laying in addition to mason training and certification
- Received the 5-S certification for the Kadi unit, an industry first

As a result, our products were accepted by large corporate brands like L&T, Shapoorji Pallonji, Adani Infrastructure, DLF and Unitech among others.

An abstract background featuring a warm color palette of oranges, yellows, and pinks. It includes faint, overlapping geometric shapes like rectangles and circles, along with soft, painterly textures and thin, curved lines that create a sense of depth and movement.

somanyfootprints

At Somany Ceramics, we did not just create a large distribution network; we strengthened our brand recall across geographies through the following initiatives:

- Created a formidable distribution network of around 1,125 dealers, 5,000-plus sub-dealers, 20 depots and showrooms across India
- Strengthened the dedicated Somany Exclusive franchisee network to 35 outlets
- Created the Somany Global retail network to showcase imported tiles / sanitaryware marketed by the Company
- Reinforced our global footprint across 18 nations

As a result, sales volume (including outsourced products) rose from about 48,000 sqm per day to 65,000 sqm per day in three years.

Going ahead, we will extend the Somany Exclusive network to 100 outlets in another 24 months.



The Company's products are regularly exported to the Middle East (UAE, Qatar, Bahrain, Saudi Arabia, Kuwait, Oman, Yemen) Australia, New Zealand, Fiji, Sri Lanka, Maldives, Bangladesh, U.K. and Germany.

An abstract background featuring a vibrant mix of colors including yellow, orange, pink, blue, and green. The colors are blended in a painterly style with visible brushstrokes. Overlaid on these colors are several thin, curved lines in various colors like blue, yellow, and red, creating a sense of movement and depth.

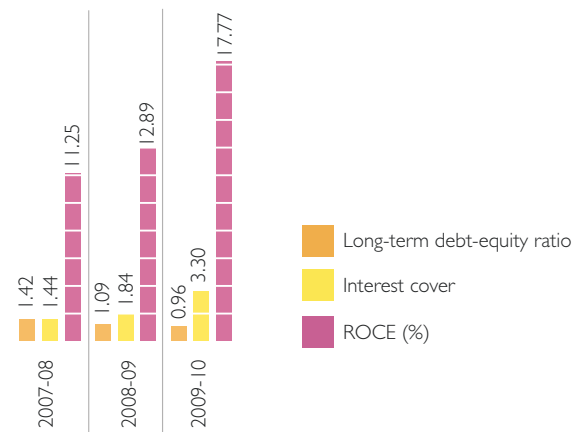
somanynumbers

At Somany Ceramics, we haven't just increased our top line over the last number of quarters but have strengthened our financials as well.

These are some of the ways in which we have done so:

- Ploughed our three-year surplus of Rs. 28.83 crore to reduce debt and interest; even as our revenues grew Rs. 211.59 crore in three years, debt increased only Rs. 12.18 crore and interest cover increased from 1.44 in 2007-08 to 3.30 in 2009-10
- Swapped high-cost rupee loans with low-cost rupee loans and foreign currency loans in (2009-10) with adequate hedges and re-negotiated the coupon rate on external funds with financial partners; average debt cost declined by 334 bps over three years
- Reduced our working capital cycle from 102 days in 2007-08 to 76 days in 2009-10

As a result, the debt-equity ratio declined, interest cover strengthened and the Company reported a positive operating cash flow of Rs. 48.22 crore in 2009-10.









From the top

We expect to almost double our topline in two-and-a-half years to Rs. 1,000 crore

Mr. Shreekant Somany, Chairman and Managing Director, explains how Somany Ceramics is proactively prepared for robust industry growth

Dear Shareholders,

The period 2009-10 was not the best for the ceramic tiles industry owing to hesitant consumer response especially in the early part of the year. But even as our industry grew 12%, Somany Ceramics' revenues grew 21.66%, EBIDTA grew 33.95% and PAT grew 134.10%. We reported an EBIDTA margin of 10.86% as against 9.85% in the previous year. We reported a return on employed capital of 17.77% compared with 12.89% in the previous year.

I am excited because we are presently addressing an iceberg of an opportunity, where what is evident and achieved are only a fraction of the potential that lies ahead.

The basis of my optimism

There is a direct industry case for a stronger growth of the ceramic tiles and accessories segment. This basis is reflected in the following realities:

- India's demand for new homes is estimated at 7.50 million units for 2009-13 across all housing categories; around 85% of the emerging residential demand is expected in the broad mid and affordable housing segment, which is likely to enhance the industry base. [Source: Angel Broking review – published on www.stockmarketsreview.com on 9th December, 2009]
- India's emerging office space demand is estimated at around 196 mn sq. ft. [Source: Cushman and Wakefield review – as published on www.cushwake.com 23rd September, 2009]
- India's hospitality sector is expected to report a demand of about 690,000 room-nights and 43 mn sq. ft. retail space. [Source: Angel Broking review – published on www.stockmarketsreview.com on 1st February, 2010]

There is an indirect basis for our growth as well, which is linked to fresh road building. India is one of the fastest growing road building countries. The country expects to add 20 km roads a day [Source: 2009 estimates of Ministry of Road Transport and Highways], shrinking the traveling time between regions and providing an incentive for home seekers to move further from population hubs. This unprecedented

roadbuilding will catalyse the unprecedented offtake of building materials including ceramic tiles and accessories.

There are two levels at which this indirect growth driver will transform our industry prospects for the better. One, the sheer scale across which roads are being built inspires the confidence that the prospective market growth for building materials will be for real. Two, there has been a gradual increase in the scale of home building from a preference for standalone structures to integrated townships, which will only accelerate fresh home ownership and the market for ceramic tiles in India.

There is a third factor as well. Globally, tiles are used in exterior wall cladding – this accounts for about 50% of tile consumption in China compared to a miniscule percentage in India – partly for aesthetic adornment and partly for protection. For decades, tiles have been used in flooring and internal wall solutions. Now, as we enter the third frontier; external wall cladding – Indian tile makers will graduate from product suppliers to stakeholders in building design and architecture. Besides, Indian tile makers will simulate the look and feel of natural flooring solutions like marble, granite and wood prove to be far more cost-effective than these natural materials and considerably more environment-friendly.

Where we stand

The only way to respond to this unprecedented industry opportunity is through a sense of proactive preparation.

I am pleased to state that Somany Ceramics is already there. We have invested with proactive responsiveness to be at the right place at the right time with adequate capacity, capability and technology leading to a compelling volume-value mix.

Capacity: We commissioned our Kassar brownfield expansion (2.45 mn sqm per annum) in the first quarter of 2010-11, enhancing our annual capacity to 19.15 mn sqm. We are planning to create a 6-7 mn sqm per annum greenfield facility near the existing plant in Kadi (Gujarat) which will be commissioned in next two years. Both capacities – cumulative revenue potential of Rs. 325 crore – will manufacture high-value products enjoying margins higher than our prevailing average.

Technology: We received a patent for our high abrasion resistant glaze composition – VC (VeilCraft) Shield – which is a first in the Indian ceramic tile industry. This technology makes it possible for us to offer tiles that retain their freshness (look, feel and design) longer than normal tiles by 5-10 years. The ability to offer this novel product in a wide range of colours, designs and sizes will reinforce our position in this niche, strengthening our brand recall.

THERE HAS BEEN A GRADUAL INCREASE IN THE SCALE OF HOME BUILDING FROM A PREFERENCE FOR STANDALONE STRUCTURES TO INTEGRATED TOWNSHIPS, WHICH WILL ONLY ACCELERATE FRESH HOME OWNERSHIP AND THE MARKET FOR CERAMIC TILES IN INDIA.

Products: We are present across the entire value chain of our existing product segments. We also possess one of the largest product baskets across diverse designs, colours and sizes. Besides, our selective imports enable us to fill all price-points in the tile value chain not occupied by our manufactured products. The result is a complete consumer choice and solution, enhancing our ability to convert interest into offtake. Besides, we developed the novel full-faced tile (high-strength), perfectly suited for high-traffic areas like parking-lots, drive-in areas and a host of such applications.

Resources: We entered into a long-term contract with natural gas suppliers, with the objective to secure our increased production with relevant fuel linkages. Besides, we are setting up a 2.80 MW gas-based power generating capacity with complementing heat recovery units at Kassar, which will significantly enhance our profitability.

Value for our owners

Over the last three years, our growth was higher than the industry average. Going ahead, we expect to widen this out-performance for the following reasons:

- Increasing scale following our

incremental capacity going on stream in the first quarter of 2010-11 in addition to a higher capacity utilisation of existing capacities

- Increasing proportion of the direct manufacture of value-added products and the outsourcing of low-value products
- Increasing quantum of imported material to fill market gaps
- Reducing fuel costs

The result is that we expect to almost double our revenues in two-and-a-half years to Rs. 1,000 crore at existing or better margins, while maintaining a prudent balance between rewarding shareholders for their investment in our Company and the need to retain funds to drive sustainable growth.

Shreekant Somany

Chairman and Managing Director

1 VC Shield. Unmatched edge.

SOMANY CERAMICS BECAME THE FIRST INDIAN TILE COMPANY TO RECEIVE A PATENT FOR ONE OF ITS products. The patent was granted under the Indian Patent Act for the revolutionary high abrasion resistant glaze composition known as VC (VeilCraft) Shield. The patent granted Somany exclusive production and commercialisation rights for VC Shield tiles in India.

This is what makes VC Shield special: its special coating protects tiles from abrasion, scratch and stain. The result: fresh look, feel, color and design for years.

The patented VC Shield glaze formulation represents a complex mix of materials to enhance tile surface hardness without compromising the silky matt finish. The impervious VC Shield covering – captured between two unique glaze layers - makes the tile abrasion-resistant and stain-free while protecting colour and design. These tiles are available in a range of colors, designs and sizes – 18x24, 20x20 and 24x24. As a result, VC Shield tiles are ideal for use in high footfall areas like shopping malls, airports, hospitals and offices, among others.

The patented VC Shield testifies the Company's Research and Development (R&D) focus, enhancing its industry respect. The product has outperformed PEI Grade V tiles, which were a global abrasion-free benchmark for years.

To commercialise the full value of this product, the Company intends to expand the range of VC Shield products in India and export them to global geographies. In doing so, the Company expects to increase the offtake of VC Shield products from Rs. 55 crore in 2009-10 to Rs. 100 crore in the near future.

2 DuraStone

High strength

DURASTONE, A HEAVY DUTY TILE WITH SPECIAL CHARACTERISTICS LIKE ACID AND ALKALI RESISTANT, anti-skid, stain-resistant, weather-proof, abrasion-resistant and impact-resistant -- has emerged as a brand new category of floor covering. Somany created this flooring solution in response to an increasing preference for tiles over marble.

DuraStone is a strong and homogenous tile having a strength of 450 kgs packed in a layer; just 10 mm thick. It has multiple application areas based on specific requirements – it can be recommended in the food processing industry due to its chemically inert nature; can be used for flooring in the high traffic areas due to its scratch- and abrasive-proof nature; can be used as external claddings along with the usage of adhesives.

The brand clocked revenues of Rs. 21.50 crore in 2009-10 against Rs. 15.50 crore in 2008-09. The Company plans to grow this brand over the coming years and intends to manufacture the large size DuraStone tile at its new Kassar unit.

3 Somany signature

Natural feel

THE COMPANY'S SIGNATURE SERIES IS UNIQUE, CATCHING UP WITH THE NEWEST TREND OF VISUALLY capturing the natural aesthetics of wood and stone.

The brand comprises premium floor and wall tile ranges, available in four categories of wood, contemporary, metallic and wall cladding across various sizes. The Signature collection represents sophistication and grandeur through contemporary designs, patterns and colors, comparable to international products and is targeted at the upper middle-class segment in India.



A new spirit.
A new identity.

Abhishek Somany, Joint Managing Director, explains the new sense of excitement at Somany Ceramics

Q: How would you perceive Somany Ceramics today?

A: The recent history of our Company's performance showcases an important turnaround in our personality: three years close to 100% asset utilisation, 25% compounded annual revenue growth outperforming competitors on a quarter-on-quarter basis and growing our market share from 4% in 2006-07 to 6% in 2009-10. What excites us is not that we have done all this over the last few years, but that we are about to embark on an exciting phase of our existence, reflecting a younger spirit and identity. So it's not quite the fatigued end of a long journey; it is the exciting start of a new one.

Q: What makes this the start of a new journey?

A: Good question. We don't want our shareholders to conclude that the transformation is only in the way we are communicating with them. The reality is that the transformation has run much deeper; our vibrant communication is only an external manifestation of an intrinsic reality. For instance, over the last few years, we embarked on a number of restructuring activities covering value reengineering, significantly improving working capital rotation, enhancing investment (around Rs. 100 crore in three years), augmenting new product capacity and supporting activities. The result is that Somany Ceramics is a more vibrant, youthful and aggressive Company today than probably at any time in its existence.

Q: How has this vibrancy and excitement permeated to consumers?

A: The story is as external as it is internal. We recognise that our most visible touch point with the consumer is in the form of design. It has generally been observed that since consumers cannot appraise product quality in a short span of time, they generally make a decision based on what he/she can see – the aesthetic quality of our product. And it is in this space that we have made some meaningful investments. Over the years, we created the largest team of designers in our business and entered into collaborations with several design

shops in Italy and Spain. The result is a dazzling array of design, thereby magnifying our ability to meet just about every consumer preference. So it is not just a better produced tile but also a better looking one.

Q: Consumer choice is widening and patience declining. How are you addressing these challenging realities?

A: This is indeed a challenging development. We are aggressively encouraging our dealers to expand their scale and presence, making it possible for consumers to reach more Somany stores conveniently. We also recognise that consumers need to make precise and customised choices following progressively larger investments in their homes. This means that consumers need to make purchases from a wider choice. As a result, we intend to three-fold the number of showrooms exclusively stocking only our products three fold. We are engaged in strengthening merchandise display to attract younger customers.

Q: How would you review the performance of the Company during the last financial year?

A: Government spending increased substantially. Besides, the demand coming from private Indian realty builders was down last year so the Company capitalised on the retail home improvement market. The Company responded enthusiastically to these developments. For one, it

reduced its exposure to large stressed private builders. Secondly, deliveries of projects, already sold, increased; since tiles remained the last item to be invested in apartments, we encountered robust offtake. The result is that our ratio of retail-to-institutional sales strengthened from 60:40 to 70:30 with a corresponding improvement in profitability. The decline in the proportion of institutional sales was also on account of builders buying lower grade tiles to save costs and our resistance to cut prices.

Q: How does the Company explain its growing presence in the outsourcing and marketing of sanitaryware products?

A: I referred to a specific development – the consumer becoming impatient. The result is that the consumer would like to purchase all their interior requirements from one point. In recognition of this development, we began to extend our presence from ceramic tiles to peripheral product areas like sanitaryware. This made it possible for us to accelerate business growth for some good reasons: there is a stronger prospect of footfalls in our retail stores as we stock a wider complement of interior products; once inside, the consumer extends what would have been a purely ceramic tile purchase decision to complementary products as well, increasing the ticket size of the transaction. The result is that within two years, sanitaryware sales are expected to account for 5-8% of

THE RESULT IS
THAT SOMANY
CERAMICS IS A
MORE VIBRANT,
YOUTHFUL AND
AGGRESSIVE
COMPANY TODAY
THAN PROBABLY AT
ANY TIME IN ITS
EXISTENCE.

overall revenues.

Q: There is a visible corporate decision to graduate towards value-added products.

A: Absolutely. The Company achieved this through a focus on the manufacture of value-added tiles at one end and the increased outsourcing of low value-added products to contract manufacturers on the other.

Q: What is the focus of the business going forward?

A: We have been trendsetters in the Indian tile sector. Now our focus is to accelerate strategy execution, to raise the bar and cater to the unprecedented opportunities that lie before us, which will grow the market size and our share in it.

Q: What is the reason for the superior performance of India's tiles sector?

A: There are some credible reasons for the improvement in sectoral performance in 2009-10:

Macro level: India's infrastructure development pace indicates sizeable incomplete tile-consuming projects at the end of the Eleventh Plan. Besides, the Twelfth Plan infrastructure budget of USD 1 trillion is double that of the

Eleventh Plan, widening the market for tiles. Besides, the anti-dumping duty of Rs. 137 per sqm and Rs. 155 per sqm on Chinese imports of ceramic and vitrified tiles respectively works in our favour of catering through a larger market for tiles manufactured in India.

Micro level: India's per capita spending of USD 17 on city development is a fraction of other countries, which is expected to correct faster than before on account of growing urbanisation. The growth of arterial networks will create new townships. Besides, India expects to modernise and redevelop four metro and 35 non-metro airports as well as create 16 greenfield airports in the next few years; it is our

experience that new airports lead to the related creation of hotels, retail and commercial structures, catalysing tile demand.

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

A: That this is a rejuvenated Company that would like to emerge as the most 'sought after tile brand' with a presence in every home or office. We intend to create a sheen around our brand that if any consumer goes out to buy tiles or related material, he or she will not freeze the decision without seriously appraising what Somany has to offer.

Projected developments for 2010-11

- The brownfield expansion of 2.45 mn sqm per annum at Kassar (dedicated for the production of value-added tiles) should commence operations in June 2010
- Commissioning the 2.80 MW power unit with a waste heat recovery unit will reduce energy costs, improve productivity and strengthen product quality
- Enhancing production of and increasing the range of VC Shield tiles (differentiating patented product), which is widely respected across ASEAN
- Increasing in-house production and import of value-added tiles to enhance revenues and strengthen profitability
- Outsourcing logistics, stricter inventory and receivables management are expected to optimise costs and the working capital cycle
- Acquiring land near the existing plant in Kadi (Gujarat) will cap a significant increase in fixed costs; the new Kadi plant holds revenue potential of over Rs. 225 crore per annum, producing upto 20,000 sqm per day at optimal utilisation

somanystrengths

Capacity

The Company grew its production capacity from 13.69 mn sqm in 2005-06 to 16.70 mn sqm in 2009-10 (CAGR of 5.09 %)

Technology

The Company introduced ground-breaking tile technologies like Roto colour printing and laser guided vehicle for in-plant product management.

R&D

The Company's sophisticated research unit (20 members) was awarded a patent for VC Shield Technology.

Product range

The Company's product basket comprises ceramic floor, wall, vitrified, porcelain and imported tiles, making it possible to service varied consumer needs from a single point.

Value-addition

The Company's value-addition ranges from Rs. 15 per sqm to Rs. 400 per sqm. About 56% of the sales volume comprised vitrified and high-end tiles in 2009-10.

Distribution channel

The Company's distribution channel covers almost the whole of India with its presence extending to 33 of 35 states/Union Territories.

Brand acceptance

The Company's products find acceptance among quality-demanding retail customers and builders like DLF, Unitech, Shapoorji Pallonji, Rahejas, L&T, to name a few.

Design capability

The Company has created India's largest design team dedicated to the development of new tile designs, products and concepts in collaboration with Spanish and Italian designers.

Resources

The Company owns an adequate land bank to undertake brownfield expansions; it enjoys contracts for the long-term supply of natural gas with GAIL and IOC.

Gearing

The Company repaid Rs. 41.67 crore in three years from accruals and strengthened its gearing from 2.67 as on 31st March, 2008 to 1.98 as on 31st March, 2010.

Management discussion and analysis



Indian economy

Double-digit industrial growth saw the Indian economy expanding 7.4% in 2009-10, despite drought and a global slowdown. The gross domestic product (GDP) stood at Rs. 4,464,081 crore (at 2004-05 prices), surpassing the earlier government estimate of 7.2% growth over the previous year's Rs. 4,154,973 crore. However, slower growth in services fuelled concerns regarding sectors such as information technology.

The Indian economy's stellar performance was driven by the manufacturing sector's robust performance on the back of government and consumer spending.

The sector emerged as the best performer, growing 10.80% in 2009-10, as against 8.90% in 2008-09, outpacing the previously fastest growing services sector.

The financial year 2009-10 was affected by the worst drought in over three decades, followed by floods in some areas, adversely affecting kharif crop production. While manufacturing activity catalysed growth, agriculture grew 0.20% during the year, as opposed to a 0.20% estimated decline.

As on 26th March, 2010, India's foreign exchange reserves totaled USD 277.04 billion (Rs. 1,246,680 crore), an increase

of USD 24.71 billion (Rs. 111,195 crore) over the same period last year, according to the Reserve Bank of India's *Weekly Statistical Supplement*.

Industry overview

Ceramic tiles

Ceramics can be defined as inorganic, non-metallic materials produced using clay and other minerals from the earth or chemically processed powders. It is one of the three most important types of engineering materials that are primarily synthetic, the other two being metals and plastics. A ceramic tile is a utility product used in flooring, walls, countertops, and fireplaces. It is durable,

hygienic and attractive.

Global: The size of the sector is pegged at about 8,500 mn sqm valued at Rs. 1,500 billion (Rs. 150,000 crore) in 2008. Growth coming out of India and China (over 10%) outperformed the global average of 6% per annum. Asia is the largest continental consumer of tiles, accounting for about 50% of the global consumption. European tile manufacturers are focusing on innovative designs and surface textures as opposed to plain tile manufacture.

Top 5 ceramic tile producing nations

Nation: China
Capacity (mn sqm): 3,400
Per capita consumption (sqm): 2.00

Nation: Brazil
Capacity (mn sqm): 713
Per capita consumption (sqm): 2.40

Nation: Italy
Capacity (mn sqm): 513
Per capita consumption (sqm): 3.31

Nation: Spain
Capacity (mn sqm): 495
Per capita consumption (sqm): 9.50

Nation: India
Capacity (mn sqm): 390
Per capita consumption (sqm): 0.40

India: India is one of the top five ceramic tile manufacturing countries. The business necessitates a continuous increase in production capacities to derive economies of scale. The sector is estimated at Rs. 10,000 crore, with only a handful of organised players accounting for about Rs. 4,500 crore and a large number of unorganised

players.

This sector is regionally concentrated, proximate to large consuming markets and/or raw material sourcing centers; the organised players occupy the lion's share of the market in regions close to their manufacturing sites. In India, the largest concentration of unorganised ceramic tile manufacturers is in Morbi (Gujarat), proximate to the large consuming market (VWest) and raw material base (Rajasthan).

This sector witnessed significant growth in the last few years, owing to a housing boom, easy access to low cost finance, entry of FDI investments and an increase in disposable incomes. The Indian industry has been growing annually at 12-15% over the last few years, outpacing global growth of 6% p.a.

The sub-segments in ceramic tiles comprised wall and floor; vitrified and porcelain tiles. Vitrified tiles hold a dominant market share at 53%, followed by wall tile (35%) and floor tile (12%). Domestic consumption accounts for around 95% of the total production of ceramic tiles.

Working capital requirements are high on account of a range of products that need to be manufactured to meet diverse preferences; products need to be stored to cater to repeat demand necessitating a large inventory. High energy and distribution costs add to the need for enhanced liquidity.

Strengths

- Consistent growth of 12-15%, despite economic slowdown and a downturn in the realty sector
- Low-cost manufacturing base delivering high quality products with international designs

Weaknesses

- Large unorganised sector presence hampers regulatory authorities in implementing policies and regulations leading to significant undercutting
- Stiff competition from China and the UAE prevents manufacturers from passing on costs to customers

Opportunities

- Low per capita consumption of ceramic tiles in India, at 0.40 sqm, compared to 2 sqm in China and 5.50 sqm in Europe
- Outlay of USD 1 trillion (Rs. 4,500,000 crore) for Twelfth Five-Year Plan to provide a sizeable growth opportunity
- Rising disposable income and exposure to global trends to accelerate demand
- An estimated shortage of around 7.50 million housing units in the country, providing a sizeable growth opportunity
- Tiles in India are used in interiors whereas globally they are used in outdoors (paving, cladding and external facades, among others), which is expected to correct

Threats

- Rising costs of human resource, power and fuel
- Post Budget 2009-10, there was a net effective increase of around 2% in excise duty on tiles, which pushed up the prices for the organised sector
- Low entry barriers

Optimism

The Indian ceramic tile industry is expected to register a robust growth over the medium term. This optimism is based on credible estimates:

- **Urbanisation:** India's per capita spending on city development is USD 17 each year; just 15% of what China spends. India will have 68 cities with a population of more than one million people, 13 cities with more than four

INDIA PLANS TO MODERNISE FOUR METRO AND 35 NON-METRO AIRPORTS AT AN INVESTMENT OF USD 4.31 BILLION (RS. 19,395 CRORE) AND CREATE 16 GREENFIELD AIRPORTS, REQUIRING AN ADDITIONAL INVESTMENT OF USD 3.43 BILLION (RS. 15,435 CRORE)

million people, six mega cities with populations of 10 million or more, and at least two among the five largest cities by 2030 (Source: McKinsey Report)

- **Commercial office space:** The total absorption of commercial space across major Indian cities stood at 26.30 mn sq. ft in 2009, compared with 37 mn sq. ft in 2008, and this figure is expected to grow (Source: Cushman & Wakefield, December, 2009)

- **Retail space:** An estimated size of USD 450 billion (Rs. 2,025,000 crore) makes the Indian retail market one of the largest in the world. By 2015, the market is expected to more than double to about USD 900 billion (Rs. 4,050,000 crore). Between 2009 and the end of this year, more than 100 new malls and 30 mn sq. ft of rental space are expected to develop. Much of this new space will be occupied by leading organised retail companies (Source: South Asia Monitor, 6th January, 2010)

- **Healthcare:** The industry was USD 38 billion (Rs. 171,000 crore) in 2008-09 and is expected to be USD 76.4 billion (Rs. 343,800 crore) in 2012-13 (Source: Fortis Healthcare). Over a million beds need to be added to reach a ratio of 1.85 per thousand, which is still lower than the international average. At the same time, the industry is looking to achieve a doctor-patient ratio of 1:1,000, for which approximately 6 lacs doctors and 10 lacs nurses are required. To support this growth, the industry is looking at massive capacity expansion (Source:

India Today, 5th March, 2010)

- **Hotels:** Over 15,600 rooms are expected to be added across hotel chains, a 15% annual increase estimating the current inventory at just over 100,000 rooms. India has close to 415 projects or 68,480 rooms under various development stages (Source: The Financial Express, 31st December, 2009)

- **Airports:** India plans to modernise four metro and 35 non-metro airports at an investment of USD 4.31 billion (Rs. 19,395 crore) and create 16 greenfield airports, requiring an additional investment of USD 3.43 billion (Rs. 15,435 crore) (Source: Eleventh Plan document)

- **Roads:** The road density in India is a low 3 km per 1,000 people (world average 6.7 km) and 750 km per 1,000 sq. km (world average of 840 km). These numbers are expected to correct faster than before. The Government has set a target of four-laning 7,300 km on North-South and East-West corridors, and 20,000 km of National Highways by 2012; it also plans to develop 1,000 km of Expressways by 2012. The development potential arising out of new roadway construction is showcased in two recent instances:

- **Yamuna expressway:** This 165.50 km six-lane expressway between Agra and Delhi will catalyse regional industrial and urban development. The Taj International Airport aviation hub and SEZs are proposed along the route closer to Greater Noida.

The Yamuna Expressway Industrial Development Authority (YEA) has also invited entrepreneurs to set up industrial, IT/ITeS, bio-tech, institutional, sports, leisure or service industry facilities in the area (Source: Financial Express, 21st April, 2010).

- **Ganga expressway:** This 1,047-km, eight-lane expressway (one of the longest of its kind) is expected to be completed by 2011, connecting Greater Noida to Ballia (Uttar Pradesh eastern border) and Bihar. Estimates suggest that about 8 lacs people will reside/work alongside the developed areas. To enhance project profitability, the concessionaire will be granted leased land development rights for 90 years for the development of real estate, industrial parks, SEZ and other permissible activities in the districts of Bulandshahar, Kanshiram Nagar, Unnao, Raebareilly, Pratapgarh, Allahabad, Varanasi and Mirzapur.

The concerned Ministry indicated plans to award 10 'Mega-Projects'—roads more than 400 km—worth about USD 10 billion (Rs. 45,000 crore) in two years, through a transparent bidding process, thereby easing out the process of offering a 13,400 km road building contract through the bidding route. All these projects are slated to be awarded in 2012-13 with completion deadlines of 2016 (Source: Evaluate research report, January 2010).

Business driver 1

Operational excellence

In a business like ceramic tile manufacture, where production quality is influenced by a number of variables with narrow tolerance levels, success is achieved through an ability to manage productivity consistently, leading to an optimal use of time, assets, materials and energy.

The Company has demonstrated a high manufacturing excellence over the last number of years.

Its 16.70-mn sqm annual production capacity encompasses Kassar (Haryana) and Kadi (Gujarat) units. The Kassar plant is older, established in collaboration with Pilkington's Tile Holdings, UK. Both units are ISO 9001:2000. Kadi unit is accredited with ISO 14001 and is the first plant in the global ceramic tile industry to get this certification. Besides, the Company outsources around 25,000 sqm a day through responsible contract manufacturers.

Somany Ceramics has focused on leveraging the latest technologies. It also introduced ground-breaking technologies into the Indian ceramic tile sector:

- The Company's advanced rotocolour machine decorates ceramic tiles with glazes, using a serigraphic decorating system that employs silicon cylinders.

This integrated system enables all kinds of random design and marble effect.

- The new laser guided vehicle system is a cutting-edge material transportation system, automating the shop-floor movement of ceramic materials. The unique system facilitates optimal and accurate handling, minimising the rejection of in-process materials during tile production.

Highlights, 2009-10

- Achieved 90% in-plant capacity utilisation; achieved over 100% capacity utilisation for the 12x18 size through kiln modification and preventative maintenance, improving equipment availability
- Improved the proportion of first-pass products at Kassar by 150 bps to 85%; sustained the first-pass proportion at Kadi at 85%
- Optimised fuel consumption by replacing conventional motors with energy-efficient variants and replacing invertors with variable frequency drive variants; introduced energy efficient lighting at the facility, reducing energy consumption
- Entered into a long-term supply agreement with Sabarmati Gas Ltd. for LNG supply to Kadi, replacing high-cost fuels like furnace oil and LDO

- Introduced computerised colour matching system (at Kassar), which reduced design matching time, improved productivity and facilitated consistent inter-batch production
- Increased the output of value-added products; the proportion of value-added products manufactured increased from 43% in 2008-09 to 54% in 2009-10
- Manufactured new value-added sizes like the 8x17 and 12x18 wall tiles and 24x24 floor tiles at the Kassar unit; manufactured the 24x24 size floor tiles and 12x18 size wall tiles at the Kadi unit
- Reduced interest cost as a percentage of net sales from 5.14% in 2007-08 to 2.48% in 2009-10 by negotiating low-cost debt and efficient utilisation of financial resources
- Incentivised the 'to-pay' mode for outward logistics (customer bears the logistic cost); increasingly used railway transport over road transport
- Reduced in-transit breakage by educating drivers on safety while driving, loading and unloading
- Outsourced transportation and warehousing to India's best corporates, which is expected to reduce logistic cost, time to deliver and breakage. This

will strengthen inventory management across all Company-owned warehouses

- Collaborated with the Central Glass and Ceramic Research Institute for various projects, which will improve operational productivity and optimise cost in 2010-11

Blueprint, 2010-11

- Increase production by 16%
- Commission a brownfield expansion at Kassar, commencing the manufacture of high-value (highest value-addition in the Somany product chain) glazed porcelain tiles
- Establish a 2.80 MW captive natural gas-based power plant, which will make Kassar completely self-sufficient for power requirements, improve product quality and enhance profitability
- Introduce energy-efficient kilns with built-in heat recovery systems leading to improved productivity and cost-efficiency

IN 2009-10, THE KADI UNIT BECAME THE FIRST INDIAN TILE MANUFACTURING FACILITY TO BE AWARDED THE 5-S CERTIFICATION.

Products and designs

- Over the years, the Company has established its presence across all verticals of the demand prism – from low-cost tiles to the high-value niche imported tiles.
- The Somany offering covers all price points in the tile value chain – from Rs. 15 per sqm to Rs. 400 per sqm.
- The Company offers tiles in 77 sizes, the largest size variety from any Indian tile manufacturer.
- The Company commands a 6% market share.



In a world where preferences evolve with speed, it is imperative to renew the product portfolio on a continuous basis with new products, designs, sizes and finishes.

The Company is a respected Indian brand owing to its ability to provide contemporary products enhancing the owner's pride.

The Company provides customers with the latest floor, wall, vitrified, ceramic and porcelain tiles in different sizes, designs and finishes. Besides, the Company imports high-end tiles from Italy, Spain and China. The result is one of the largest product baskets in the Indian ceramic tile sector.

The Company's product range has been established owing to painstaking product development by its R&D team.

The Group's companies complete the product basket; manufacture high lighters and borders for wall tiles and develop colours, which would otherwise be imported.

The Company extended into the sanitaryware segment offering the Aquaware brand around contemporary designs, concepts and technology.

Highlights, 2009-10

- Launched 93 SKUs in the Kadi unit and 104 SKUs in the Kassar unit
- Introduced two new sizes for the Indian market
- Introduced the wood, textile and marble series

Blueprint, 2010-11

- Introduce the value-added DuraStone series in large format
- Create market acceptance for glazed porcelain tiles to be manufactured from June 2010

FUTURISTIC AND SUPERIOR

THE FUTURISTIC, PATENTED VC SHIELD RANGE OF TILES IS THE WORLD'S MOST DURABLE. THEY OUTPERFORM ORDINARY CERAMIC TILES INCLUDING PEI GRADE 5 TILES.

Business driver

Reach

In the business of tile marketing, success is derived from an ability to provide contemporary available material with speed, making it necessary to consolidate a wide portfolio for consumer review and purchase.

The Company invested in a distribution infrastructure to make anytime product-availability a reality.

The Company's large network of dealers (1,125) and sub-dealers (over 5,000) facilitate a pan-India footprint in addition to Company-owned showrooms and nationwide display centres. This network is supported by 24 branch offices/depots and over 300 executives.

The Company's dealers are categorised as follows:

- Company-owned retail showrooms ('Somany Global') in Delhi, Gurgaon, Ludhiana, Mumbai, Pune and Indore provide high-end customers with imported tiles and exclusive Aquaware brand sanitaryware
- Thirty-five exclusive franchises exclusively showcase Somany products
- Multi-brand outlets (Somany Studio) where the Company's products are placed in a particular section of the dealer space

The Company's products are regularly exported to the Middle East (the UAE, Qatar, Bahrain, Saudi Arabia, Kuwait, Oman, Yemen) Australia, New Zealand, Fiji, Sri Lanka, Maldives, Bangladesh, the U.K. and Germany. Exports accounted for 2% of the revenue basket, enhancing capacity utilisation and strengthening economies of scale.

The Company's institutional business accounted for about 30% of offtake. The Company's product found acceptance among leading realty brands like L&T, Shapoorji Pallonji, Unitech, DLF, Rahejas and Vertica, among others. The Company's USP revolved around a compelling price-value proposition and a large product range comprising unique sizes and contemporary designs.

The Company believes that although product marketing begins business-dealing, superior after-sales service transforms it into a relationship. To achieve this commitment, the Company created four new teams for efficient and effective client management – teams for managing government projects, vitrified tile customers, global customers and sanitary ware customers - in addition to the customer management teams already existing.

Highlights, 2009-10

- Increased the manufacturing sales volume 2.31% from 14.87 mn sqm in 2008-09 to 15.21 mn sqm in 2009-10
- Increased the proportion of value-added tiles in the entire sales volume from about 35% in 2008-09 to about 63% in 2009-10
- Introduced novel schemes that incentivised the sale of value-added products
- Added 187 new dealers (net of exit) to the distribution channel, of which 21 were exclusive dealers
- Extended and deepened the geographic footprint through the existing distribution network
- Opened two Somany Global showrooms in India
- Created a SMS service to receive customer feedback

Blueprint, 2010-11

- Create a 100-plus network of exclusive showrooms over two years
- Strengthen customer relationship management through unique initiatives, strengthen the Somany brand recall, undertake consumer profiling at showroom levels to comprehend consumer behaviour and emerging regional trends

Business driver 

Mason training

In the business of tile manufacture, success is derived from an ability to market to a consumer once – and then again and again.

The Company focuses on entering into an enduring relationship with stakeholders leading to sustained business growth.

In line with this philosophy, the Company initiated the 'tile master' concept. This unique concept provides a subsidised toolkit for tile-laying for

the benefit of masons and builders. Besides, the Company imparts knowledge to masons on effective tile fitting. The benefits of this initiative are three-fold:

- Provides an accurate layout, which can potentially eliminate a huge loss of time and money
- Increases mason productivity and income
- Strengthens the Somany brand as a

flooring solution provider

Under this scheme, the masons are provided training in the nuances of tile layout and equipment use. The training is largely hands-on, following which they are certified as trained in accurate tile layout.

Highlights, 2009-10

- Created training teams at the Kassar and Kadi units

- Created regional teams to train masons and builders

- Trained over 300 masons in the art of tile layout

Road ahead, 2010-11

- Provide rentable tool kits to builders and masons
- Increase programme awareness among multiple builders and contractors

Business driver 

Synergic business

The entry into the sanitaryware segment (Aquaware) in 2008 was a case of natural progression for the Company to capitalise on the growing demand for high-end sanitaryware products. This was largely owing to increasing disposable incomes in the hands of the individual and the increase in realty rates, as a result of which sanitaryware cost as a proportion to the investment in the house declined.

The Company has five ranges of

high-end sanitaryware products which is sourced from domestic and globally reputed brands. Currently, the division dovetails its products with the existing distribution network of the Company – primarily Somany Global outlets are located in urban locations. Besides, its sales and marketing team facilitates in growing product awareness and increasing brand recall. This lateral shift has positioned Somany as a total bathroom solution provider.

Highlights, 2009-10

- Registered a Rs. 12 crore topline in 2009-10, the first full year of operation of this division
- Introduced 19 new sanitaryware products

Road ahead, 2010-11

- Grow the topline by about 50%
- Increase the proportion of value-added products in the portfolio;

launch the CP segment and faucets as part of the product offering under the Aquaware brand

- Expand the vendor base for product sourcing with an emphasis on adding more domestic vendors providing international class products

- Strengthen the sales and marketing team for creating a wider product reach

Analysis of the financial statements

Somany Ceramics reported a significant improvement in performance, reflected in the following numbers and matrices.

PAT increased
134.10%

PBT increased
126.87%

EBIDTA increased
33.95%

Revenue increased
21.46%

Revenues

Net sales increased 21.46% from Rs. 442.09 crore in 2008-09 to Rs. 536.94 crore in 2009-10. This increase was owing to the following:

- Addition of 230 dealers in 2009-10 against a net addition of 150 in 2008-09 and the opening of 30 new owned showrooms
- Introduction of value-added products and new sizes
- Increased volumes related to contract manufacture

Consequently, sales increased from 56,000 sqm per day (average) in 2008-09 to 65,000 sqm per day in 2009-10.

Sales mix analysis

Client-wise sales mix: The retail-institutional sales mix was a healthy 70:30 in 2009-10.

Geographic sales mix: The domestic-exports ratio improved from 43.20:1 in 2008-09 to 54.91:1 in 2009-10, strengthening average realisations.

Product mix: The increased proportion of value-added products improved topline and profitability. Consider: the VC Shield range comprised about 9.77% of overall sales volumes in 2009-10 (7.99% in 2008-09). As a result, value-added products comprised 63% of total sales in 2009-10 (50% in 2008-09).

Exports: The Company's exports were Rs. 10.07 crore in 2009-10, against Rs. 10.47 crore in 2008-09. The Company exported products to the UAE, Bahrain, Saudi Arabia, Kuwait, Kenya and the UK

	2007-08	2008-09	2009-10
Net sales (Rs. crore)	329.36	442.09	536.94
Export sales (Rs. crore)	6.62	10.47	10.07

Operating expenditure

Increased scale, larger product basket and wider distribution raised expenditure 20.34% from Rs. 400.14 crore to Rs. 418.54 crore. Operating expenses, as a percentage of total income, declined by about 100 bps as a result of improved efficiencies and innovative cost-optimisation. Key expenditure heads, namely raw materials, freight and transport, power and fuel and employee costs, accounted for about 45.18% of the total operating expenses in 2009-10 as against 53.45% in 2008-09.

Despite increased scale, raw material expenses declined 3.78% from Rs. 89.92 crore in 2008-09 to Rs. 86.52 crore in 2009-10 even as the Company's net manufacturing turnover increased 6.95% owing to the following factors:

- Replaced colour imports with indigenous sources
- Optimised operational efficiencies to minimising input waste
- Increased product outsourcing at the

low end so that capacities could be allocated to value-added products

- Reengineered design and dimension, reducing body material and packaging costs

As a result, raw material expenses declined as a percentage of net manufacturing revenues from 28.34% in 2008-09 to 25.49% in 2009-10.

Freight and transportation expenses declined 6.08% from Rs. 26.97 crore in 2008-09 to Rs. 25.33 crore in 2009-10 even as the Company's net turnover increased 21.45%, largely owing to the alteration in logistic contract – from the to-be-billed to the to-pay model where dealers/customers were required to pay. The centralised order processing system optimised inventory management and resulted in systematic material flow in and out of the plant site. As a result, freight and transportation expenses declined as a percentage of total net revenues from 6.10% in 2008-09 to 4.72% in 2009-10.

Power and fuel costs declined 0.84% from Rs. 63.65 crore in 2008-09 to Rs. 63.11 crore in 2009-10 even as the

Company's net manufacturing turnover increased 6.95% on account of the following factors:

- Optimum power utilisation and waste heat re-utilisation in operation processes
- Installation of energy saving inverters and electric chokes in all factory lights
- Replacement of high power consuming motors with VFD motors across the operating facilities

As a result, power and fuel costs declined as a percentage of net manufacturing revenues from 20.06% in 2008-09 to 18.60% in 2009-10.

Employee costs increased 27.83% from Rs. 33.32 crore in 2008-09 to Rs. 42.59 crore in 2009-10, following an increase in headcount (from 1,285 as on 31st March, 2009 to 1,436 as on 31st March, 2010) to manage the brownfield expansion to be commissioned in June 2010 and to support a larger sales volume.

Other manufacturing expenses declined 4.07% from Rs. 44.40 crore in 2008-09 to Rs. 42.59 crore in 2009-10. As a result, other manufacturing expenses

declined as a percentage of net manufacturing revenues from 13.99% in 2008-09 to 12.55% in 2009-10.

Margins

Increased sales volume, larger proportion of value-added products and optimised operational cost resulted in a sizable EBITDA growth to Rs. 58.32 crore in 2009-10 against Rs. 43.54 crore in 2008-09. Consequently, the profitability matrices improved significantly over the previous year:

- EBITDA margin improved 101 bps from 9.85% in 2008-09 to 10.86% in 2009-10
- PBT margin improved 264 bps from 3.05% in 2008-09 to 5.69% in 2009-10
- PAT margin improved 183 bps from 1.98% in 2008-09 to 3.81% in 2009-10

Tax

The tax provision increased 113.53% from Rs. 4.73 crore in 2008-09 to Rs. 10.10 crore in 2009-10 owing to a higher profitability in 2009-10.

Cost analysis (As a percentage of total operating expenses)

Cost head	2008-09	2009-10	BPS change
Raw materials	22.47	17.97	(450)
Freight and transport	6.74	5.26	(148)
Power and fuel	15.91	13.11	(280)
Employee costs	8.33	8.84	51
Total	53.45	45.18	

Profitability margins

	2007-08	2008-09	2009-10
EBIDTA margin (%)	11.50	9.85	10.86
PBT margin (%)	2.27	3.05	5.69
PAT margin (%)	1.23	1.98	3.81

Sources of funds

The capital employed in the business increased 18.13% from Rs. 226.25 crore as on 31st March, 2009 to Rs. 267.28 crore as on 31st March, 2010, largely owing to capacity creation (brownfield) funded through a prudent mix of debt and accruals. A prudent utilisation of employed capital strengthened average ROCE by 488 bps from 12.89% in 2008-09 to 17.77% in 2009-10.

Net worth

Net worth or shareholders' funds increased 28.26% from Rs. 63.82 crore as on 31st March, 2009 to Rs. 81.85 crore as on 31st March, 2010 primarily because of the increased plough back of operational surpluses. Consequently, the proportion of net worth in the employed capital increased from 28.21% as on 31st March, 2009 to 30.62% as on 31st March, 2010.

Equity capital: It remained unchanged at Rs. 6.90 crore (95.65% of which comprised rights and bonus issues to shareholders) comprising 6,899,400 equity shares at a face value of Rs. 10

per share. The promoters held 62.21% while foreign investors held 4.01% in the Company.

Reserves and surplus: Reserves increased 31.68% from Rs. 56.92 crore as on 31st March, 2009 to Rs. 74.95 crore as on 31st March, 2010. Free reserves comprised 99.40% of the total reserves balance as on 31st March, 2010. Effective utilisation of shareholders' funds is visible in an increasing RONW, which grew 1,354 bps from 14.55% in 2008-09 to 28.09% in 2009-10. Book value per share improved from Rs. 92.50 in 2008-09 to Rs. 118.63 in 2009-10.

Debt management

Overall loan funds increased to Rs. 162.23 crore from Rs. 137.25 crore during the previous year. The net increase of Rs. 24.98 crore was mainly owing to an increase in term loans for expansion and three gas-based power generators, increase in working capital loans and a decrease owing to repayments. The long term debt-to-equity ratio and total debt-to-equity ratio strengthened to 0.97:1 and 1.98:1

from 1.09:1 and 2.15:1.

Interest: Interest outflow reduced 17.09% from Rs. 16.03 crore in 2008-09 to Rs. 13.29 crore in 2009-10, which was a result of the conversion of working capital rupee to a foreign currency loan owing to the swapping of some high-cost loans with LIBOR-linked foreign currency loans and short-term/working capital demand loans. Also, the use of buyer credit, suppliers' bill discounting and other non-fund-based credit lines from the banking system helped the Company reduce debt cost. Owing to this, average debt cost declined from 11.16% in 2008-09 to 8.88% in 2009-10. Owing to the reduced debt cost, interest cover increased from 1.84 in 2008-09 to 3.30 in 2009-10.

Interest cover (x)

2007-08	2008-09	2009-10
1.44	1.84	3.30

Application of funds

Gross block: The gross block (including capital work in progress) was Rs. 314.54 crore at the end of the

current financial year. Additions made to the block during the year amounted to Rs. 39.56 crore reflecting mainly capital expenditure on expansion projects, purchase of land in Gujarat and routine capital expenditure. The deduction reflecting sales/adjustment amounted to Rs. 2.91 crore after adjusting for an accumulated depreciation of Rs. 160.69 crore, the net block at the end of the year under review stood at Rs. 153.84 crore. There was no change in the depreciation policy adopted by the Company.

Investments: Investments surged 112.62% from Rs. 0.81 crore as on 31st March, 2009 to Rs. 1.73 crore as on 31st March, 2010, owing to equity investments in a subsidiary company and the joint venture company Somany Keraban (P) Ltd.

Working capital management: Net current assets increased 17.07% from Rs. 95.42 crore as on 31st March, 2009 to Rs. 111.71 crore as on 31st March, 2010 in line with the magnified scale of operations. However, in terms of the holding period, net current assets declined to 76 days of

(Rs. crore)

Sources of funds	2009-10	Percentage of total	2008-09	Percentage of total	Y-o-Y growth
Equity capital	6.90	2.58	6.90	3.05	0
Reserves and surplus	74.95	28.04	56.92	25.16	31.68
External funds	162.23	60.70	137.25	60.66	18.20
Deferred tax liability	23.20	8.68	25.18	11.13	(7.88)
Total	267.28	100.00	226.25	100.00	

net sales compared with 79 days in the previous year.

Current assets: Current assets increased 40.67% from Rs. 176.00 crore as on 31st March, 2009 to Rs. 247.58 crore as on 31st March, 2010.

Current assets (Rs. crore)		
2007-08	2008-09	2009-10
148.36	176.00	247.58

Inventories: Inventory increased 30.92% from Rs. 54.19 crore as on 31st March, 2009 to Rs. 70.95 crore as on 31st March, 2010. Manufacturing inventory cycle increased from 44 days

as on 31st March, 2009 to 47 days as on 31st March, 2010. Trading inventory cycle increased from 40 days as on 31st March, 2009 to 47 days as on 31st March, 2010.

Debtors: Sundry debtors increased 24.35% from Rs. 81.22 crore as on 31st March, 2009 to Rs. 100.99 crore as on 31st March, 2010. In terms of the number of days, the debtors' cycle however increased only marginally from 64 days of gross turnover to 65 ½ days.

Loans and advances: Loans and advances increased 94.57% from Rs. 31.30 crore as on 31st March, 2009 to Rs. 60.90 as on 31st March, 2010,

owing to advance VAT receivables and advance income tax payments.

Current liabilities: Current liabilities and provisions increased 68.62% from Rs. 80.58 crore as on 31st March, 2009 to Rs. 135.87 crore as on 31st March, 2010, owing to an increase in sundry creditors and increased allocation towards the provision for dividend and tax. This is commensurate to the increase in the current assets and higher scale of business operations.

Current liabilities (Rs. crore)		
2007-08	2008-09	2009-10
62.12	80.58	135.87



De-risking the business

Risk can be defined as an expression of uncertainties and possible outcomes that could have material impact on performance and prospects. A responsible corporate identifies, assesses and takes proactive measures to minimise or eradicate potential losses arising owing to an exposure to risks and maximise returns.

Somany Ceramics has a comprehensive risk management model with strict norms and a reporting framework. The risk management discipline ensures that initiatives are trickled down to the lower level for effective implementation. As a result, the Company takes decisions that maximise returns and minimise risks associated with them. The risk management policy is attuned with the strategic direction of the Company.

External factors

1 THE DEMAND FOR CERAMIC TILES IS DOVETAILED WITH THE GROWTH OF THE REALTY SECTOR. A WEAKNESS IN THE LATTER COULD HAVE AN ADVERSE IMPACT ON CERAMIC TILE OFFTAKE.

The ceramic tile industry is expected to witness robust growth over the coming years for credible reasons:

- The application of ceramic tiles on external surfaces is expected to become an Indian reality, catalysing segment growth.

- The government plans to spend USD 1 trillion (Rs. 4,500,000 crore) on infrastructure development in the Twelfth Plan.

- India is faced with a shortage of 7.50 million dwelling units – a large part of this demand is for housing the middle and lower segments of Indian society – which is expected to widen the demand for ceramic tiles.

- India's health, retail and hospitality sectors are expected to add sizeable infrastructure over the medium term, which is expected to further fuel the demand for ceramic tiles.

2 INCREASED COMPETITION WITHIN INDIA FROM THE UNORGANISED SECTOR OR OTHER NATIONS (NAMELY, THE UAE AND CHINA) COULD DAMPEN PROSPECTS FOR THE ORGANISED PLAYERS.

There are a few organised players with a pan-India presence. To strengthen their competitive edge, they have embarked on important measures:

- Increased capacities, optimising manufacturing costs consistently
- Created unique designs and surface textures using

superior technology, marginalising the unorganised sector

- Imported products not available in India
- Created robust distribution channels to penetrate deep into the market
- Partnered with reputed builders and architects to strengthen brand recall
- Entered into contract manufacturing tie-ups with unorganised players thus ramping up product offerings/sales volumes, simultaneously reducing unfair competition from the latter

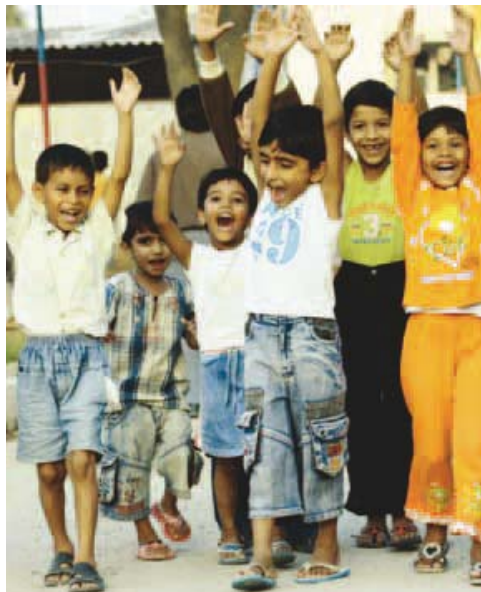
Internal factors

1	DECLINE IN RAW MATERIAL AVAILABILITY COULD AFFECT THE COMPANY'S GROWTH	<p>ensuring that the units never experienced an operational shutdown or slowdown owing to material paucity.</p> <ul style="list-style-type: none"> • The Company's manufacturing plant is proximate to key raw materials (Rajasthan) ensuring adequate availability at reasonable logistic costs; it enjoys healthy business relations with its suppliers for long years • The Company created multiple 	<p>domestic supply sources for most inputs (clay, glaze, colour and packing)</p> <ul style="list-style-type: none"> • The Company created a multi-vendor, multi-nation sourcing base for imported products • The Company maintained adequate inventory – 47 days of production equivalent in 2009-10 – to sustain operations over 1.5 months
2	GAS NON-AVAILABILITY COULD AFFECT PRODUCTION	<p>The Company entered into long-term agreements with GAIL/IOC/GSPL to ensure adequate availability of gas to its Kassar and Kadi plants.</p>	
3	A POOR DISTRIBUTION NETWORK COULD INCREASE LOGISTIC COSTS	<p>eliminating warehouse/depots as stock points</p> <ul style="list-style-type: none"> • Increased its dependence on the rail/ship movement of finished products with lower logistic costs • Increased its focus on multi-modal transportation (rail/road or road/rail) with lower logistic costs 	<ul style="list-style-type: none"> • Entered into an agreement with the India's leading logistics company for freight-effective outward movement • Marketed 42% of its products within the close proximity of its manufacturing plants; ongoing efforts are being made to improve this further
4	THE PRODUCTS COMMERCIALISED BY THE COMPANY MAY FACE POOR CONSUMER ACCEPTANCE.	<p>the Company invested in various ways to manufacture acceptable products:</p> <ul style="list-style-type: none"> • Pioneered the commissioning of rotocolour machines in the Indian ceramic tile industry facilitating the rollout of unique designs • Sent cross-functional teams to attend 	<p>leading ceramic tile and flooring solution exhibitions to track emerging global design trends, which were later customised to Indian tastes</p> <ul style="list-style-type: none"> • Established a presence across the ceramic tile value chain through a large product range comprising various size and price points
5	THE COMPANY'S DEBT BURDEN COULD AFFECT FINANCIAL LIQUIDITY.	<p>debt repayment and reinvestment; as a result, debt-equity ratio was 0.96 (as on 31st March, 2010) for long-term debt</p> <ul style="list-style-type: none"> • The commissioning of new facilities is expected to strengthen cash flow across 24 months, reducing gearing further 	<ul style="list-style-type: none"> • An increased exposure to trading in high-value ceramic tiles and sanitaryware without any corresponding investment in gross block should generate sizeable cash flow leading to debt repayment and reduce gearing further

Human angle

From masons to certified craftsmen

Through the tile master program, the Company pioneered the social upliftment of masons. After a 2-3 day training by qualified trainers, the masons became eligible for a certificate, which enhanced their efficiency and productivity. This helped them secure better job, where quality-conscious concerned tile consumers are expected to employ them.



Environment angle

Reduction in power consumption

The Company's power conservation started with initiatives comprising the use of electric chokes, using VFD motors instead of traditional ones – the cumulative effect of which was visible in a significant reduction in power expenditure.

Recycle and reuse

From the very beginning, the Company focused on environmental safety. The business primarily deals with the generation of waste gas and heat, which, if not treated properly, may raise pollution. The Company ensured that the entire ceramic waste material was re-used and no hazardous material was let out in the atmosphere. Several initiatives towards natural resource conservation were taken by the Company, like water optimisation and recycling wherever possible, and the efficient usage of thermal energy, which will further make the Company eligible to earn carbon credits.

Emphasis on clean fuel

Instead of using the traditional LDO/furnace oil, the Company focused on increasing the use of cleaner fuels like natural gas and FBT technology (uses saw dust to generate thermal energy). The Company is gradually progressing towards using zero emission fuels. The Kadi unit was also certified by ISO 14001 for environment-friendly manufacturing.

Directors', Report



Dear members

Your Directors have pleasure in presenting the 42nd Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2010.

Financial results

	Rs. in Lacs	
	2009-10	2008-09
Gross sales	56,302	46,277
Sales net of excise	53,694	44,209
Other income	292	158
Profit before interest, depreciation and tax	5,832	4,354
Interest and finance charges (net)	1,329	1,603
Profit before depreciation	4,503	2,751
Less: Depreciation	1,447	1,404
Profit before tax	3,056	1,347
Less: Provision for tax (net)	1,010	473
Profit after tax	2,046	874
Add: Balance brought forward	2,772	2,089
Surplus available for appropriation	4,818	2,963
Appropriations		
Proposed dividend on equity shares	207	103
Tax on proposed dividend	36	18
Transferred to general reserve	205	70
Balance carried to balance sheet	4,370	2,772
Total	4,818	2,963

Operating results

Your Company maintained the growth momentum and continued to perform significantly well on all parameters.

A strong market presence in all customer segments, a very wide range of product offerings and a growing brand visibility resulted in the increase in sales turnover to Rs. 56,302 lacs from Rs. 46,277 lacs in the previous year; a growth of 21.66%.

Improving profit margins, cost reduction and higher volume of business as mentioned above contributed to higher profit before and after tax to Rs. 3,056 lacs and Rs. 2,046 lacs from Rs. 1,347 lacs and Rs. 874 lacs, respectively in the previous year; a growth of 126.87% and 134.10% respectively.

Expansion / Diversification

The expansion at Kassar (Haryana) plant to additionally produce about 2.45 millions square meters of tiles per annum is at advanced stage of commissioning and is likely to start trial runs in June 2010.

In addition three new gas based power generators of about one MW each are under commissioning and will start producing power in the month of June 2010.

Your Company also acquired land admeasuring 14.42 acres in Gujarat near its existing plant location at Kadi to take care of future expansion / diversification plans.

Dividend

Your Directors are pleased to recommend a higher dividend

of Rs. 3/- per share (30%) for the year compared to Rs. 1.50 per share (15%) for the previous year. The payment of dividend is however subject to necessary approvals as may be required.

Industrial scenario and future outlook

The growth of ceramic tile industry is mostly dependant on the growth of real estate sector. All segments of real estate industry from apartments, independent houses and villas, among others, to shopping malls, offices, plazas, SEZs commercial complexes, retail outlets, food chains, entertainment zones have been developing rapidly.

This will be further accelerated by Government's plans for large investment up to USD 1 trillion in building infrastructure in 12th five year plan (2012-17).

The changing consumer's perspective towards the decorative use of ceramic tiles and its application in indoor and outdoor areas has brought in new trends and developments in the market, which your Company has been able to innovate and harness upon.

In view of above developments, the growth prospects of your Company and the industry continue to be very good for next couple of years.

Human resources

In line with one of the guiding visions for your Company to be 'the best employer in the tile industry your Company is continuing with various human resource development plans



including training and skill up gradation of its employees. Industrial relations, as always, remained cordial throughout the year.

Public deposit

Your Company has not accepted any fixed deposits and as such no amount of principal and interest was outstanding as on the date of balance sheet.

Subsidiary / Joint Venture Companies

During the year under review, the name of wholly-owned subsidiary, M/s. Somany Retail Limited has changed to M/s. Somany Global Limited. It continued its operations of selling ceramic tiles and sanitaryware through its retail showrooms under the brand 'SOMANY GLOBAL'.

M/s. SR Continental Limited, another wholly-owned subsidiary continued its business of manufacturing colors used in ceramic industry and trading / outsourcing of tile adhesives / grouts.

M/s. Somany Keraben Private Limited a 50:50 joint venture between your Company and M/s. Keraben, Spain continued to market Spanish designs in India manufactured in the plants of your Company under the brand name 'Synergy'.

The statement required under Section 212 of the Companies Act, 1956 in respect of subsidiary companies is appended.

Auditors' Report

All the items on which the Auditors commented in their report are self-explanatory and suitably explained in the Notes to the Accounts. As far as clause 1 (a) of Auditors' Report, fixed assets records of certain locations are in process and will be completed shortly.

Directors' Responsibility Statement

To the best of their knowledge and belief and according to the information and explanations obtained by them, your directors make the following statement in terms of Section 217(2AA) of

the Companies Act, 1956.

In the preparation of the Annual Accounts, the applicable accounting standards have been followed.

- The Company has selected such accounting policies, applied them consistently, made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit of the Company for that period.
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The Company has prepared the attached annual Statement of Accounts for the year ended 31st March, 2010 on a going concern basis.

Consolidated financial statements

In accordance with the Accounting Standard AS-21 and other applicable Accounting Standards on Consolidated Financial Statements, your Directors have pleasure in attaching the Consolidated Financial Statements which form part of the Annual Report and Accounts.

Directors

In accordance with the provisions of the Companies Act, 1956, Shri G. L. Sultania and Shri Salil Singhal retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

Shri G. G. Trivedi resigned from the Board w.e.f. 20th May, 2009, however, he is continuing as Chief Executive Officer of the Company.

Your Board of Directors welcomes Dr. Y. K. Alagh who has been appointed as an Additional Director on 30th October,



2009. He is a noted Indian economist and former Union Minister of Government of India. Currently, he is Chairman of Institute of Rural Management, Anand (IRMA). Your Company has received a notice in writing alongwith a deposit of Rs. 500 from a member under Section 257 of the Companies Act, 1956 signifying his intention to propose Dr.Y. K. Alagh as Director of the Company at the ensuing Annual General Meeting of the Company.

Auditors

M/s. Lodha & Company, Chartered Accountants, statutory auditors of your Company, retire at the conclusion of ensuing Annual General Meeting and are eligible for reappointment. The Company has received a letter from them to the effect that their re-appointment, if made, would be within the prescribed limits under Section 224(1-B) of the Companies Act, 1956.

Corporate Governance

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

Management Discussion and Analysis

Management Discussion and Analysis report forms part of the Annual Report.

Conservation of energy, Research and Development, technology absorption foreign exchange earnings and outgo.

The information as 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 is annexed forming part of this report.

Particulars of Employees

A statement giving the particulars of employees as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particular of Employees) Rules, 1975 is annexed forming part of this report.

Acknowledgements

Your Directors acknowledge with sincere gratitude the cooperation and assistance extended by the central government, state governments, financial institutions, banks, customers, dealers, vendors and employees.

For and on behalf of the Board

Place : New Delhi

Shreekant Somany

Dated : 17th May, 2010

Chairman and Managing Director

Annexure to the Directors' Report

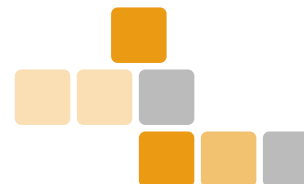
Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 forming part of Directors' Report for the year ended 31st March, 2010.

A. Conservation of energy

Your Company continues to be committed to energy conservation in its manufacturing operations.

(a) Energy conservation measures taken:

- (i) Kiln's exhaust flue gases being recovered.
- (ii) Old inefficient motors were replaced with energy efficient motors.
- (iii) Variable frequency drives were installed in 25HP to 150HP motors.



(iv) Old compressors replaced with screw energy efficient VFD compressors.

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

The Company has been making necessary investments regularly in new and upgradation of technology for reducing cost of energy.

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

The measures indicated as per (a) and (b) will result into saving in energy cost.

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

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

B. Technology absorption

I. Research & Development

a) The Company carried out following major R&D activities during the year

i) Introduction of computerized colour matching system (Spectrophotometer).

ii) Improvisation of first quality yield in all plants.

iii) Development of white firing porcelain body for glazed and unglazed tiles.

b) Benefits derived as a result of above R&D:

Development of the value added products resulting into better sales realisation and cost reduction.

c) Further plans and expenditure of R&D:

This is a continuing process.

d) Expenditure on R&D:

There was no major expenditure incurred to carry out the R&D as compared with the total turnover.

2. Technology absorption, adaptation and innovation

This continues to be an ongoing process and has resulted into productivity improvement, quality improvement, saving in energy and materials consumption.

C. Foreign exchange earnings and outgo

Foreign exchange earnings	Rs. 851.94 lacs
Foreign exchange outgo	Rs. 5,691.34 lacs

For and on behalf of the Board

Shreekant Somany
Chairman and Managing Director

Place : New Delhi
Dated : 17th May, 2010



Annexure to the Directors' Report

Information as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 2010

Employed for whole of the financial year and in receipt of remuneration at a rate which was not less than Rs. 24 lacs per annum.

Particulars	Shri Shreekant Somany	Shri Abhishek Somany	Shri G. G. Trivedi	Shri Tapan Jena
Age	62 years	38 years	64 years	49 years
Designation/ Nature of duty	Chairman and Managing Director	Joint Managing Director	Chief Executive Officer	Jt. President (Sales and Marketing)
Nature of duty	Overall management of the Company and policy decisions	Management of operations	Management of plant operations	Sales and marketing
Remuneration received	Rs. 82,50,358	Rs. 59,52,846	Rs. 39,50,637	Rs. 25,58,620
Nature of employment	Contractual	Contractual	Non-contractual	Non-contractual
Qualifications	B.Sc	BBA (UK)	M.Sc. AICWA, LLB	B.Com, PG diploma in BM
Experience	39 years	14 years	39 years	23 years
Date of commencement of employment	01.09.1992	01.07.1996	01.05.1987	10.10.2005
Name of last employment	Hindustan Sanitaryware & Industries Ltd	—	LMP Precession Engineering Ltd.	Regency Ceramics Ltd.
Position held	President	—	President	Vice President

Note:

- The gross remuneration includes salary, leave encashment, reimbursement of medical expenses and the Company's contribution to provident fund, besides value of other perquisites calculated in accordance with Income Tax Act/Rules.
- Shri Shreekant Somany, Chairman and Managing Director is father of Shri Abhishek Somany, Joint Managing Director of the Company, hence they are related to each other.

For and on behalf of the Board

Place : New Delhi
Dated : 17th May, 2010

Shreekant Somany
Chairman and Managing Director



Statement pursuant to Section 212 of the Companies Act, 1956.

Name of the subsidiary companies	SR Continental Ltd.	Somany Global Ltd. Formerly Somany Retail Ltd.
A) Financial year of the subsidiary Company	31st March, 2010	31st March, 2010
B) Shares of the subsidiary held by Somany Ceramics Ltd. on the above date		
a) Number and face value	1,85,000 shares of Rs.10 each fully paid up	5,00,000 shares of Rs.10 each fully paid up
b) Extent of holding (together with nominees)	100%	100%
C) The net aggregate of profit / loss of the subsidiary Company so far as it concerns the members of Somany Ceramics Limited		
a) Not dealt in the accounts of Somany Ceramics Ltd. for the year ended 31st March, 2010 amounted to:		
i) For the subsidiary financial year ended as in (A) above	Rs. 47,28,220	Rs. 310,030
ii) For the previous financial years of the subsidiary since it became the Holding Company's subsidiary	Rs. 89,63,464	Rs. (45,44,508)
b) Dealt with in the accounts of Somany Ceramics Ltd for the year ended 31st March, 2010 amounted to :		
i) For the subsidiary financial year ended as in (A) above	—	—
ii) For the previous financial years of the subsidiary since it became the Holding Company's subsidiary	—	—

Place : New Delhi
Dated : 17th May, 2010

Samir Raheja
Company Secretary

R. K. Daga
Director

Shreekant Somany
Chairman and Managing Director

Corporate Governance Report



Company's philosophy on Corporate Governance

The Company is committed to good Corporate Governance to protect and enhance shareholder value and continues to commit itself to maintain the highest standard of integrity, transparency and accountability in all spheres of its operations. The Company places emphasis on business ethics and responsible conduct and to the disclosers of operating performances and other key events on timely basis to its shareholders and the stakeholders. The Company views their role as trustees of its shareholders, stakeholders and society at large.

Board of Directors

The Board comprises of nine Directors as of 31st March, 2010. None of the non-executive directors of the Company has any pecuniary relationship or transaction with the Company. The non-executive directors of the Company are highly respected and accomplished professionals in the corporate and academic world. The Composition of the Board is in conformity with Clause 49 of the Listing Agreement.

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

Director	Category	No. of Board Meeting held	No. of Board Meeting attended	Attended last AGM	Number of Directorships in other companies	(\$)		No. of shares held
						@ No. of Committee positions held in companies	No. of	
						Chairman	Member	
Mr. Shreekant Somany	P	4	4	Yes	5	-	-	32,277
Mr. Abhishek Somany	P	4	3	No	2	-	-	17,100
Mr. R. K. Daga	I	4	4	Yes	2	3	1	1,000
Mr. R. L. Gaggar	I	4	3	No	13	-	9	-
Mr. G. L. Sultania	I	4	3	No	12	4	4	250
Mr. Salil Singhal	I	4	3	No	5	-	3	-
Mr. Ravinder Nath	I	4	1	No	3	1	1	-
Mr. Sunil Trikha (*)	I	4	4	No	1	-	-	-
Dr. Y. K. Alagh (**)	I	2	2	No	2	1	3	-
Mr. G. G. Trivedi (***)	E	1	1	No	-	-	-	600

Category : P=Promoter; I=Independent E= Executive Director

(\$)

 Excludes Directorships in Indian Private Limited Companies and memberships of various Chambers and other non-corporate organizations.

@ Includes the chairmanship/membership in Audit Committee and Shareholders' Grievance Committee only

(*) Nominee Director of Exim Bank

(**) Appointed as Additional Director w.e.f 30.10.2009

(***) Ceased to be Director w.e.f 20.05.2009



Board functions

Apart from review and consideration of matters referred to under Clause 49 of the Listing Agreement, the Board also undertakes the following:

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

Meeting of the Board of Directors

There were four Board meetings during the year 2009-10 i.e. on 20th May, 30th July, 30th October in 2009 and on 18th January in 2010.

Code of Conduct

The Board of Directors has adopted a Code of Conduct for its members and senior personnel of the Company in terms of Clause 49 of the Listing Agreement. A declaration to this effect, duly signed by Chief Executive Officer was placed before the Board and is enclosed forming part of this report. The code of conduct framed by the Company is posted on the Company's website.

Committees of the Board Audit Committee

The Audit Committee comprises of four members and all are independent and non-executive directors. The Audit Committee members are accomplished professionals from the corporate and academic world. The terms of reference of the audit committee cover the areas as contemplated under Clause 49 of the Listing Agreement and Section 292 of the Companies Act, 1956, besides other terms as may be referred by the Board of Directors.

Terms of reference

Brief description of the terms of reference is:-

- Effective supervision of the financial reporting process,

ensuring financial and accounting controls and compliance with the policies of the Company.

- Periodical interaction with the statutory and internal auditors to ascertain the quality and veracity of the Company's transactions.
- Review of adequacy and effectiveness of Internal Audit Function and the Internal Control System.
- Overall direction on the risk management policies.
- Review of the annual and quarterly financial statements with management before submission to the Board.
- Compliance with Listing.
- Related party transactions.
- Qualifications in the audit report etc.

Composition of the Audit Committee

All the members of the Audit Committee are Independent and non-executive Directors. Mr. R. K. Daga is the Chairman of the Committee. The other members of the committee are Mr. R. L. Gagar, Mr. Salil Singhal and Mr. G. L. Sultania. As per the requirement of Clause 49 of the Listing Agreement, all members of the Audit Committee are financially literate. The Committee meets the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement in regard to constitution of this Committee. The Company Secretary of the Company acts as the Secretary to the Committee.

Invitees to the Audit Committee

Both the statutory and internal auditors of the Company are regular invitees to the Audit Committee meetings to brief the members. The meeting of the Audit Committee is generally attended by the Chairman & Managing Director, Chief Executive Officer, President (Marketing), Vice-President (Finance) & other departmental heads.

Frequency of meetings

During the year 2009-10 four Audit Committee meetings were held on 20th May, 30th July, 30th October in 2009 and on 18th January, 2010. The maximum gap between any two meetings was less than four months.

The attendance of the Audit Committee Meetings is given below :

Name of Member Director	No. of Meetings attended
Mr. R. K. Daga (Chairman)	4
Mr. R. L. Gaggar (Member)	3
Mr. G. L. Sultania (Member)	3
Mr. Salil Singhal (Member)	3

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

Share Transfer Committee

Your Company has a Share Transfer Committee comprising of Mr. G. L. Sultania (who chairs the meeting), Mr. N. Goenka and Mr. S. Banerjee. The Committee met twelve times during the year under review. The Board has delegated the power of Share Transfer to the Company's Registrar & Share Transfer Agents, who process the transfers, in respect of physical and shares under Demat. During the year under review, total of 75,450 shares were transferred and dispatched within 15 days of receipt in respect of Shares documents for which found valid in all respects. There were no pending transfers as on 31.03.2010.

Shareholders' / Investors' Grievance Committee

The Committee was constituted to oversee redressal of shareholders' grievance relating to transfers, transmissions, issue of duplicate share certificate and all other matters concerning shareholders' complaints. Mr. R. K. Daga the non-executive Independent Director is heading the committee alongwith Mr. R. L. Gaggar and Mr. G. L. Sultania, the other members who are also non-executive and Independent Directors. Mr. Samir Raheja, Company Secretary is the Compliance Officer. Three meetings of the Committee were held on 5th May, 11th September in the year 2009 and 2nd January in 2010. During the year fifteen complaints were received and resolved. There were no complaints of Shareholders pending as on 31st March, 2010.

Remuneration Committee

The Remuneration Committee was formed inter alia to deal with all elements of remuneration for whole-time directors, service contracts, severance fee, notice period etc. Mr. R. K. Daga, the Non-Executive Independent Director is the Chairman of the Committee and Mr. R. L. Gaggar and Mr. G. L. Sultania are the other members, who are also Independent non-executive Directors of the Company. Two meetings were held during the year i.e. on 20th April, 2009 and 15th October, 2009.

Remuneration to Directors

	Salary & perquisites (Rs.)	Commission paid for 2008-09† (Rs.)	Sitting Fees (Rs.)	Total (Rs.)
Mr. Shreekant Somany*	57,39,365**	25,10,993	—*	82,50,358
Mr. Abhishek Somany*	51,15,848**	8,36,998	—*	59,52,846
Mr. R. K. Daga	—	2,77,939	42,500	3,20,439
Mr. R. L. Gaggar	—	2,77,939	35,000	3,12,939
Mr. G. L. Sultania	—	2,77,938	35,000	3,12,938
Mr. Salil Singhal	—	2,77,938	22,500	3,00,438
Mr. Ravinder Nath	—	2,77,938	5,000	2,82,938
Dr. Y. K. Alagh	—	—	10,000	10,000
Mr. Sunil Trikha	—	2,77,938	20,000	2,97,938
Mr. G.G. Trivedi* (upto 20.05.2009)	4,49,948**	—	—*	4,49,948



* Wholtime Directors are not entitled for sitting fee.

** The remuneration includes Company's contribution to Provident Fund and leave encashment and the same is paid in accordance with Schedule XIII of the Companies Act, 1956, the value of perquisites being calculated in accordance with the rules framed under Income Tax Act, 1961.

† The above payment of Directors' commission is in respect of the year 31st March, 2009. Directors' commission for the year 31st March, 2010 is amounting to Rs. 2,25,38,938 which will be paid after approval of the Balance Sheet at the ensuing Annual General Meeting.

The appointments of Mr. Shreekant Somany, Chairman & Managing Director and Mr. Abhishek Somany, Joint Managing Director are contractual for a period of three years with effect from 1st September, 2008 and 1st June, 2009 respectively.

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

Apart from sitting fees, the Non-Executive Directors are entitled for commission @1% of net profits of the Company in term of resolution passed by the Shareholders of the Company at their Annual General Meeting held on 22nd September;

2008. The Board of Directors in its meeting held on 17th May, 2010 have recommended to limit the commission payable to each Non-Executive Directors at Rs. 5 lacs for each financial year commencing from 1st April, 2010 upto 31st March, 2013, subject to approval of shareholders at the ensuing Annual General Meeting of the Company.

Dr. Y. K. Alagh was appointed as an Additional Director by the Board at its meeting held on 30th October, 2009. The Company has received a notice in writing alongwith a deposit of Rs. 500/- from a member under Section 257 of the Companies Act, 1956 signifying his intention to propose Dr. Y. K. Alagh as Director of the Company at the ensuing Annual General Meeting.

General Body Meetings

The details of general body meeting conducted in the past 3 years:

Year	Date	Time	Venue
2008-2009	22.09.2009	11:00 A.M	H.L Somany Hall, ASSOCHAM, 47 Prithvi Raj Road, New Delhi 110011
2007-2008	22.09.2008	11:00 A.M	H.L Somany Hall, ASSOCHAM, 47 Prithvi Raj Road, New Delhi 110011
2006-2007	29.09.2007	10.00 A.M	H.L Somany Hall, ASSOCHAM, 47 Prithvi Raj Road, New Delhi 110011



Special Resolution passed in the previous three AGMs :

In the AGM held on	Subject matter of the resolution
22nd September, 2009	(i) Appointment of Mrs. Minal Somany as Head-Showrooms.
22nd September, 2008	(i) Re-appointment of Mr. Shreekant Somany as Chairman and Managing Director. (ii) Re-appointment of Mr. Abhishek Somany as Joint Managing Director. (iii) Re-appointment of Mr. G. G. Trivedi as Executive Director. (iv) Remuneration by way of commission to Non-Executive Directors.
29th September, 2007	None

No special Resolution was put through postal ballot last year. As of now no special resolution is proposed to be conducted through postal ballot at the ensuing Annual General Meeting.

Disclosures

There were no transactions of material nature between the Company and its Directors or management and their relatives or promoters that may have a potential conflict with the interests of the Company. Related party transactions are disclosed in the Notes to Accounts.

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

The Company complies with all mandatory requirements of Clause 49 of the Listing Agreement and one non mandatory requirement viz. Remuneration Committee of Directors.

Means of Communication

The Annual, half yearly and quarterly results are generally published in Business Standard / Financial Express (English edition) & Jansatta (Hindi edition) newspapers at Delhi edition. The results are submitted to the Stock Exchange in accordance with the Listing Agreements and posted on its website: www.somanytiles.com and also on SEBI Website: <http://sebidifar.nic.in> in terms of Clause 51 of Listing

Agreement. However, SEBI has discontinued with the requirement of posting of results on SEBI website after 31st December, 2009. During the year the Company has not made any presentation to Institutional investors or analysts.

"Management Discussion and Analysis" is a part of the Annual Report.

General Shareholder's Information

Registered Office

82/19, Bhakerwara Road, Mundka

New Delhi – 110 041

Phone : 011-28341085, 28344382 Fax : 011-28345049

Email : samir@somanytiles.co.in

Plant locations

i) V&P Kassar, Bahadurgarh, Distt. Jhajjar, Haryana 124507

Phone : 01276-241002/3/4/5, Fax : 01276-241006/11/20

Email : samir@somanytiles.co.in

ii) GIDC Industrial Area, Distt. Mehsana, Kadi, Gujarat 382715

Ph : 02764-242153/54, Fax : 02764-263011

Date and Venue of Annual General Meeting

Annual General Meeting of the Company will be held on Monday, the 16th August, 2010 at 11 a.m at HL Somany Hall, ASSOCHAM, 47 Prithvi Raj Road, New Delhi – 110 011.



Financial Calendar: 1st April to 31st March

Financial Reporting for 2010-2011 is as follows:

First Quarter : Last week of July 2010

Second Quarter : Last week of October 2010

Third Quarter : Last week of January 2011

Fourth Quarter : Last week of May 2011

Book Closure Date

2nd August, 2010 to 16th August, 2010(both days inclusive)

Dividend

The Board of Directors of Company has recommended a dividend of Rs. 3.00 per share on equity shares of Rs. 10/- each

for the year ended 31st March, 2010 subject to approval of the Shareholders at the ensuing Annual General Meeting.

Listing on Stock Exchange

Shares of the Company are listed at National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE). The Company has paid annual listing fees to both the Exchanges for the financial year 2010-2011.

Stock Code

NSE - SOMANYCERA

BSE - 531548

Demat ISIN Number for NSDL and CDSL: INE 355A01010

Market Price Data:

Month	National Stock Exchange of India Ltd.*			The Bombay Stock Exchange Limited*		
	High Rs.	Low Rs.	No. of Shares Traded	High Rs.	Low Rs.	No. of Shares Traded
April 2009	50.40	42.50	2,198	51.95	42.00	6,772
May 2009	68.00	44.75	5,178	68.00	44.05	17,742
June 2009	71.35	60.20	12,040	71.60	60.30	13,097
July 2009	77.20	54.00	18,499	80.20	49.10	31,165
August 2009	92.50	78.10	46,705	95.90	78.80	1,28,004
September 2009	119.90	87.10	28,310	120.35	85.00	76,189
October 2009	120.00	106.50	8,174	121.90	98.00	23,552
November 2009	123.00	110.05	11,297	120.00	108.00	19,821
December 2009	121.70	107.50	10,811	125.00	108.00	27,358
January 2010	174.00	113.90	1,84,420	171.95	118.00	2,51,508
February 2010	174.80	141.00	34,139	175.00	145.25	45,964
March 2010	174.40	148.65	1,10,821	169.10	145.50	1,33,837

*Source: Official website of BSE and NSE

Registrar & Share Transfer Agent (Both for physical and demat segment)

Maheshwari Datamatics Pvt. Ltd.

6, Mangoe Lane, Kolkata – 700 001

Phone No. 033-2243 5809/2243 5029, Fax No. 033-2248 4787

E-mail: mdpl@cal.vsnl.net.in

Share Transfer system

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



Your Company has not issued any GDRs/ADRs/Warrants or any convertible instruments.

Distribution of Shareholding as on 31st March, 2010

No. of Equity Shares	No. of Shareholders	Percentage of Shareholders	No. of Shares	Percentage of Shareholding
1- 500	3,106	85.59	4,03,675	5.85
501-1000	238	6.56	1,89,365	2.74
1001-2000	123	3.39	1,82,325	2.64
2001-3000	48	1.32	1,16,755	1.70
3001-4000	23	0.63	83,605	1.21
4001-5000	13	0.36	59,973	0.87
5001-10000	34	0.94	2,43,655	3.53
10001 and above	44	1.21	56,20,047	81.46
Total	3,629	100.00	68,99,400	100.00

Categories of Shareholding as on 31st March, 2010

Category	No. of Shares	Percent
Indian Promoters	42,91,948	62.21
Mutual Funds & UTI	50	0.00
Banks, Financial Institutions, Insurance Companies	40,406	0.59
Corporate Bodies	4,30,450	6.24
Indian Public	18,35,656	26.60
NRI/OCBs	3,00,890	4.36
Total	68,99,400	100.00

Dematerialisation of shares

The Company's equity shares enjoy the DEMAT facilities with NSDL as well as CDSL. Total 66,13,202 shares representing 95.85% of the paid-up capital of the Company as on 31.03.2010 was in demat form.

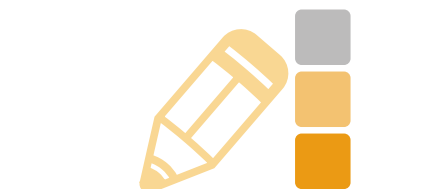
Contact for Clarification on Financial Statements: Individuals may contact

Mr. R. K. Lakhotia, Vice President (Finance) at:
Kassar – 124507, Bahadurgarh, Distt. Jhajjar, Haryana, India
Phone: 01276-241001-05 Fax: 01276-241006/11
Email: fin@somanytiles.co.in

Shareholder's Enquiries: Individual may contact

Mr. Shyamalendu Banerjee at:
2, Red Cross Place, Kolkata – 700 001
Phone: 033-22487406/7 Fax: 033-22487045
Email: sclinvestors@somanyceramics.com

Pursuant to the listing agreement with Stock Exchanges, the Company has created email-id for the redressal of investor grievances viz. sclinvestors@somanyceramics.com.



Declaration on compliance with the Code of Conduct:

The Company has framed a specific Code of Conduct for the members of the Board of Directors and Senior Management Personnel of the Company pursuant to Clause 49 of the Listing Agreement with Stock Exchanges. All the members of the

Board and Senior Management Personnel have affirmed due observation of the said Code of Conduct in so far as it is applicable to them and there is no non-compliance thereof during the year ended 31st March, 2010.

Place: New Delhi
Date: 17th May, 2010

G. G. Trivedi
Chief Executive Officer

As required under Clause 49 of the Listing Agreement, the particulars of the Directors seeking appointment or re-appointment

Mr. G. L. Sultania

Aged about 65 years Mr. Sultania is B.Com, FCA and FCS. He has served as an Executive Director and Secretary of Hindustan Sanitaryware & Industries Limited. He possesses vast knowledge and experience in the field of financial restructuring, corporate laws and legal compliances. He is a member of Capital Market Committee of Merchants' Chamber of Commerce.

Sl. no.	Name of the Public Limited Companies in which he is a Director	Chairman/ Director	Position held in	
			Audit Committee	Shareholders'/Investors' Grievance Committee
1	HSIL Limited	Director	-	Member
2	Somany Ceramics Limited	Director	Member	Member
3	SR Continental Limited	Director	-	-
4	Schablona India Limited	Director	Chairman	Chairman
5	The United Provinces Sugar Co. Ltd.	Director	-	-
6	SKP Securities Limited	Director	Chairman	Chairman
7	Paco Exports Limited	Director	-	-
8	Bhilwara Holdings Limited	Director	-	-
9	Sarvottam Vanijya Limited	Director	-	-
10	Somany Global Limited	Director	-	-
11	SPA Capital Services Limited	Director	-	-
12	Kirtivardhan Finvest Services Limited	Director	-	-
13	Intimate Fashions Limited	Director	Member	-

Mr. Salil Singhal

Aged about 64 years Mr. Singhal holds a B.A (Hons.) degree. He has vast association and experience in the field of agriculture, chemical business, and metering and energy management. He has been active on various industry and government forums. He was the Chairman of the Pesticides Association of India, now called the Crop Care Federation of India for 17 years. He is currently the Co-Chairman of National Council on Agriculture and a member of CII's National Council.

The details of his directorship and membership in other Companies are given below:



Sl. no.	Name of the Public Limited Companies in which he is a Director	Chairman/ Director	Position held in	
			Audit Committee	Shareholders'/Investors' Grievance Committee
1	PI Industries Limited	Chairman and Managing Director	-	Member
2	Secure Meters Limited	Chairman	-	-
3	Wolkem India Limited	Chairman	-	-
4	PILL Finance and Investments Limited	Director	-	-
5	Somany Ceramics Limited	Director	Member	-
6	Usha Martin Limited	Director	Member	-

Dr. Y. K. Alagh

Aged around 71 years Dr. Alagh is a noted Indian economist and former Union Minister of Government of India, a doctorate in Economics from the University of Pennsylvania, USA. Currently, he is serving as Chairman of Institute of Rural Management, Anand (IRMA). The details of his directorship and membership in other companies is given below:

Sl. no.	Name of the Public Limited Companies in which he is a Director	Chairman/ Director	Position held in	
			Audit Committee	Shareholders'/Investors' Grievance Committee
1	Tata Chemicals Limited	Director	Member	Chairman
2	Shree Cement Limited	Director	Member	Member

Auditors' Certificate

We have audited the compliance of conditions of Corporate Governance procedure implemented by Somany Ceramics Limited for the year ended on 31st March, 2010 as stipulated in Clause 49 of the listing agreement of the said Company with the Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of 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 opinion on the financial statements of the Company.

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.

On the basis of our review and according to the information and explanations given to us, the conditions of Corporate Governance as stipulated in Clause 49 of the listing agreement with the Stock Exchanges have been complied with in all material respect by the Company and that no investor grievance(s) is/are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders'/Investors' Grievance Committee.

For **Lodha & Co.**
Chartered Accountants
N. K. Lodha
Partner
M.No.85155

Place: New Delhi
Date: 17th May, 2010





Auditors' Report

To
The members of
Somany Ceramics Limited

We have audited the attached Balance Sheet of Somany Ceramics Limited as at 31st March, 2010, the Profit & Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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 those books;
- c) The Balance Sheet, Profit & 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, Profit & 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 of the Company and taken on record by the Board of Directors, we report that none of the directors of the Company 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) Without qualifying our opinion attention is invited to note no. 7 of Schedule 17 of notes to accounts regarding non provisioning of diminution in the value of Investments and against debtors as stated in the said note.

In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with notes thereon, give the information required by the Companies Act, 1956 in the manner so required

and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - b) in the case of Profit & Loss Account, of the profit of the Company for the year ended on that date; and
 - c) in the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
- g) As required by the Companies (Auditor's Report) Order, 2003 (The Order) (as amended) issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 (The Act), on the matters specified in paragraphs 4 and 5 of the said Order, we further report that :
1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets except in case of certain locations where records are in process of updation / compilation.
 - (b) As per the information and explanations given to us, certain fixed assets have been physically verified by the management according to a regular programme of periodic verification in a phased manner which in our opinion is reasonable having regard to the size of the Company and nature of fixed assets. The discrepancies noticed on such physical verification were not material.
 - (c) As per records and information and explanation given to us, no substantial part of fixed assets has been disposed off during the year.
2. (a) As per the information and explanations given to us, the inventories (except stocks with third parties and in transit) have been physically verified by the management at reasonable intervals.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory (in respect of process stock records are updated after physical verification). The discrepancies noticed on such physical verification of inventory as

Auditors' Report (Contd.)

compared to book records were not material which have been properly dealt with.

- 3A. a) As per the information and records made available, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties except to one Company covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the closing balance is Rs. 16,272,086 and Rs. 4,349,654 respectively.
- (b) In our opinion, the rate of interest and other terms and condition of loan granted are not prima facie prejudicial to the interest of the Company.
- (c) In accordance with the information and explanations given to us in respect of the aforesaid loans, there is no as such stipulated Schedule for recovery of principal and interest and the same are recovered on demand.
- B (a) As per the information and records made available, the Company has not taken any loans secured or unsecured from companies, firms or other parties except from two companies covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year is Rs. 20,736,000 and the year end balance of such loans are Rs. 13,800,000.
- (b) In our opinion, the rate of interest and other terms and conditions of loans taken are not prima facie prejudicial to the interest of the Company.
- (c) In accordance with the information and explanations given to us in respect of the aforesaid loans, there is no as such stipulated Schedule for repayment of principal and interest and the same are repayable on demand.
4. In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased/sold are of special nature for which, as explained, suitable alternatives sources do not exist for obtaining comparative quotations, taking into consideration the quality, usage and such other factors, there are adequate internal control systems (read with note no. 8 & 18 of Schedule 17) commensurate with the size of the Company and nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods. Further on the basis of examination of the books and records of the Company, carried out in accordance with the

generally accepted auditing principles in India, and according to the information and explanation given, we have neither come across nor have we been informed of any instance of major weakness in internal control systems of the Company.

5. (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that particulars of contracts or arrangements referred to in Section 301 of the Act have been 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 such contracts or arrangements (exceeding the value of Rs. 5 lacs in respect of any party during the financial year) have been made at prices which are generally reasonable having regard to prevailing market prices at the relevant time
6. 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 Section 58A and 58AA or any other relevant provisions of the Act and rules framed there under. We have been informed that no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in this regard.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. As per the information and explanations given to us, the Central Government has not prescribed for maintenance of the cost records under Section 209(1) (d) of the Act for the products of the Company.
9. (a) According to the records and information made available to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues to the extent applicable to it and there are no undisputed statutory dues payable for a period of more than six months from the date they became payable as at 31st March, 2010.



Auditors' Report (Contd.)

(b) According to the records and information and explanations given to us, there are no dues in respect of cess that have not been deposited with appropriate authorities on account of disputes and the dues in respect of income tax, wealth tax, customs duty, excise duty, service tax and sales tax that have not been deposited with appropriate authorities on account of disputes and the forum where the dispute is pending are as given below :

Name of Statute	Nature of Dues	Period to which it relates	Total	Forum where dispute is pending
Custom Act	Custom Duty	1997-1999	590,971	Deputy Commissioner of Customs, (Import) Tughlakabad
Central Excise Act	Excise duty/Cenvat Credit	1999-2004	31,742,914	CESTAT, New Delhi
		2005-2007	1,304,010	Commissioner (A), Gurgaon
		1996-2000	933,098	CCE Appeals, Ahmedabad
		2006-2007	128,047	Asst. Commissioner, Rohtak
		1994-1995	6,984	Asst. Commissioner, Kalol
Sales Tax Act	Local Area Development Tax	2008-2009	181,031	CCE Appeals
		2002-2003	514,701	Haryana Tax Tribunal, Chandigarh
		2006-2007	6,000,000	Supreme Court of India
		2007-2008	7,640,321	Supreme Court of India
		2008-2009	8,926,801	Supreme Court of India
Finance Act	Turnover Tax	2009-2010	9,355,699	Supreme Court of India
	Service Tax Credit/Abatement	1990-1993	4,582,504	Maharashtra Sales Tax tribunal
		2005	2,865,264	Asst. Commissioner, New Delhi
		2008-2009	32,642	Commissioner of Central Excise
			43,225	Deputy Commissioner of Central Excise
		2008-2010	387,021	Asstt. Commissioner of Central Excise
	Service Tax	2005-2006	1,731,044	Commissioner Appeals, New Delhi
		2008-2009	306,700	Asstt. Commissioner, Rohtak
		2007-2008	211,469	Asstt. Commissioner, Rohtak
		2007-2009	280,298	Asstt. Commissioner, Rohtak
Income Tax Act*	Income Tax	2004-2005	9,123,086	CIT Appeals, Kolkata
		2006-2007	1,010,372	CIT Appeals, Kolkata
Wealth Tax Act*	Wealth Tax	2004-2005	1,245,340	CIT Appeals, Kolkata

* Excluding penalty if any (Refer note no. 3(A) of Schedule 17 of Notes to Accounts)

Auditors' Report (Contd.)

10. The Company does not have accumulated losses as at the end of the financial year and has not incurred cash losses in the current financial year and in the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the management, the Company has not defaulted in repayment of dues to financial institution, banks or debentureholders.
12. According to the information and explanations given to us, the Company has not granted any loans and/or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. Clause 4 (xiii) of the Order is not applicable to the Company as the Company is not a chit fund or a nidhi/mutual benefit fund/society.
14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the terms and conditions on which Company has given guarantee aggregating to Rs. 60,400,000 for loans taken by others from banks and financial institutions, are not prima facie prejudicial to the interest of the Company.
16. According to the information and explanations given to us, the term loans were applied for the purposes for which the loans were obtained.
17. On an overall examination of the financial statements of the Company and on the basis of information and explanations given to us, we are of the opinion that the Company has not used funds raised on short-term basis for long-term investment.
18. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to any parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. On the basis of the records made available to us, the Company has no debentures outstanding during the year.
20. The Company has not raised any money through public issue during the year.
21. During the course of our examination of the books and records of the Company carried out in accordance with the auditing standards generally accepted in India, we have neither come across any material instance of fraud on or by the Company, noticed or reported during the year nor we have been informed of such case by the management.

For **Lodha & Co.**
Chartered Accountants
Firm Registration No. 301051E

N. K. Lodha
Partner
M. No. 85155
Place: New Delhi
Date: 17th May, 2010



Balance Sheet As at 31st March, 2010

(Amount in Rs.)

	Schedule	31.03.2010	31.03.2009
SOURCES OF FUNDS			
Shareholder's Funds			
A. Share Capital	1	68,994,000	68,994,000
B. Reserves & Surplus	2	749,497,228	569,167,418
		818,491,228	638,161,418
Loan Funds			
A. Secured	3	1,267,743,211	1,281,210,071
B. Unsecured	4	354,553,563	91,322,727
		1,622,296,774	1,372,532,798
Deferred Tax Liability (Net) (Refer note no. 9 of Schedule 17)		232,005,570	251,838,731
Total		2,672,793,572	2,262,532,947
APPLICATION OF FUNDS			
Fixed Assets			
	5		
Gross Block		2,907,968,894	2,778,000,693
Less : Depreciation		1,606,934,419	1,478,674,676
Net Block		1,301,034,475	1,299,326,017
Add : Capital work in progress		237,395,578	852,577
		1,538,430,053	1,300,178,594
Investments	6	17,274,724	8,124,724
Current Assets, Loans & Advances			
A. Inventories	7	709,468,449	541,941,813
B. Sundry Debtors	8	1,009,968,988	812,184,500
C. Cash & Bank Balances	9	147,361,121	92,938,561
D. Loans & Advances	10	608,998,066	312,956,406
		2,475,796,624	1,760,021,280
Less : Current Liabilities & Provisions			
A. Liabilities	11	1,124,407,456	707,002,422
B. Provisions	12	234,300,373	98,789,229
		1,358,707,829	805,791,651
Net Current Assets		1,117,088,795	954,229,629
Total		2,672,793,572	2,262,532,947
Significant Accounting Policies & Notes to Accounts	17		

As per our report of even date

For **Lodha & Co.**

Chartered Accountants

N. K. Lodha

Partner

Membership No. 85155

Place: New Delhi

Dated : 17th May, 2010

Samir Raheja

Company Secretary

R. K. Daga

Director

Shreekant Somany

Chairman & Managing Director

Profit and Loss Account For the year ended 31st March, 2010

(Amount in Rs.)

Schedule	31.03.2010	31.03.2009
INCOME		
Sales	5,630,209,508	4,627,735,117
Less: Excise Duty	260,760,193	206,842,268
Net Sales	5,369,449,315	4,420,892,849
Other Income 13	29,152,545	15,824,637
	5,398,601,860	4,436,717,486
Less : EXPENDITURE		
Manufacturing & Other Expenses 14	4,815,387,708	4,001,365,906
Interest & Finance Charges 15	132,903,826	160,293,256
Depreciation 5	144,747,818	140,394,638
	5,093,039,352	4,302,053,800
Profit/(Loss) Before Tax	305,562,508	134,663,686
Provision for Taxation :		
- Fringe Benefit Tax	—	5,800,000
- Current Tax	120,850,000	41,600,000
- Deferred Tax	(19,833,161)	(125,007)
Profit/(Loss) After Tax	204,545,669	87,388,693
Balance carried from earlier years	277,182,094	208,901,848
	481,727,763	296,290,541
APPROPRIATIONS		
Proposed Dividend on Equity Shares	20,698,200	10,349,100
Corporate Dividend Tax thereon	3,517,659	1,759,347
General Reserve	20,500,000	7,000,000
Surplus carried to balance sheet	437,011,904	277,182,094
	481,727,763	296,290,541
Earning Per Share (Basic)	29.65	12.67
Earning Per Share (Diluted)	29.65	12.67
(Refer note no. 14 of Schedule 17)		
Significant Accounting Policies & Notes to Accounts 17		

As per our report of even date

For **Lodha & Co.**

Chartered Accountants

N. K. Lodha

Partner

Membership No. 85155

Place: New Delhi

Dated : 17th May, 2010

Samir Raheja

Company Secretary

R. K. Daga

Director

Shreekant Somany

Chairman & Managing Director

Schedules to the Balance Sheet

(Amount in Rs.)

	31.03.2010	31.03.2009
I SHARE CAPITAL		
Authorised		
15,000,000 Equity Shares of Rs. 10 each	150,000,000	150,000,000
1,000,000 Preference Shares of Rs. 100 each	100,000,000	100,000,000
	250,000,000	250,000,000
Issued, Subscribed & Paid up		
6,899,400 Equity Shares of Rs. 10 each fully paid up (including 6,099,400 Equity Shares allotted as fully paid up Bonus Shares by Capitalisation of General Reserve, Share Premium and Capital Redemption Reserve)	68,994,000	68,994,000
	68,994,000	68,994,000
	31.03.2010	31.03.2009
2 RESERVES & SURPLUS		
Capital Reserve		
As per last accounts	4,500,250	4,500,250
Capital Redemption Reserve		
As per last accounts	3,000	3,000
General Reserve		
As per last accounts	287,482,074	280,482,074
Transfer from Profit and Loss Account	20,500,000	7,000,000
	307,982,074	287,482,074
Profit & Loss Account		
Surplus as per Profit and Loss Account	437,011,904	277,182,094
	749,497,228	569,167,418
3 SECURED LOANS		
A) Term Loans		
a) Rupee Loans		
(i) Export Import Bank of India (EXIM)	220,405,353	274,511,000
(ii) Housing Development Finance Corpn.Ltd.(HDFC)	28,425,251	52,973,930
(iii) State Bank of Bikaner & Jaipur Ltd. (SBBJ)	29,903,877	44,891,877
(iv) Punjab National Bank Ltd. (PNB)	234,894,538	300,082,673
(Including interest accrued & due Rs. 2,397,857, previous year Rs. Nil)		
(v) Central Bank of India (read with note no. 4 below)	140,448,727	—
(Including interest accrued & due Rs. 465,190, previous year Rs. Nil)		
(vi) Deferred Suppliers Credit	114,443,548	—
(vii) Standard Chartered Bank	—	12,000,000
b) Car Loans	18,817,280	12,222,904
B) Working Capital Facilities from Banks		
Working Capital Demand Loan	80,000,000	353,420,440
Buyers Credit	18,964,041	—
Cash Credit	381,440,596	231,107,247
	1,267,743,211	1,281,210,071

Schedules to the Balance Sheet

NOTES

1. Rupee Loan of Rs. 220,405,353 (previous year Rs. 274,511,000) from EXIM are secured by first charge by way of hypothecation of all movable assets and mortgage of all immovable properties of the Company, both present and future, excluding assets exclusively charged and subject to prior charges created and/or to be created in favour of Company's Bankers on the stock of raw materials, finished and semi-finished goods, consumable stores and such other movables, for securing the borrowings for working capital requirements in the ordinary course of business. Above mortgages and charges shall rank pari-passu with other Banks/Financial Institutions.
2. Rupee Loan of Rs. 40,409,159 (previous year Rs. 62,449,128) from PNB and Rupee Loan of Rs. 29,903,877 (previous year Rs. 44,891,877) from SBBJ are secured by first charge by way of hypothecation of all movable fixed assets and mortgage of all immovable properties of the Company both present and future, excluding Government Land and assets exclusively charged in favour of other Banks/Financial Institutions. Above mortgages and charges shall rank pari-passu with other Banks/Financial Institutions.
3. Rupee Loan of Rs. 28,425,251 (previous year Rs. 52,973,930) from HDFC is secured/to be secured by First exclusive charge over house property at New Delhi jointly owned by the key managerial person and his relatives.
4. Rupee loan of Rs. 131,338,138 (previous year Rs. 156,795,436) from PNB and Rs. 140,448,727 from Central Bank of India (Converted into FCL loan to the extent of Rs. 139,911,873) and Deferred Suppliers Credit Rs. 114,443,548 is secured by First exclusive charge over hypothecation of machinery, equipment and other fixed assets purchased/to be purchased out of the said loan.
5. Rupee loan of Rs. 63,147,241 (previous year Rs. 80,838,109) from PNB is secured by First charge by way of hypothecation of stocks of raw material, finished goods, stock and all other movable fixed assets, both present and future and mortgage of immovable properties of the Company. Above charges shall rank pari passu with other Financial Institutions.
6. Working Capital Facilities and Buyers Credit from Banks are secured by :
 - i) First charge by way of hypothecation of stocks of raw materials, finished goods and stock in process, stores & spares and book debts and ranking pari-passu and
 - ii) Second and subservient charge by way of Equitable Mortgage on all assets, both present and future, of the Company, both movable and immovable & ranking pari-passu, excluding assets exclusively charged.
7. Car loan from Banks are secured by hypothecation of cars purchased thereunder:

(Amount in Rs.)		
	31.03.2010	31.03.2009
4 UNSECURED LOANS		
Loans from - Bodies Corporates	11,300,000	11,300,000
Subsidiary Company	2,500,000	6,436,000
(Maximum Balance during the year Rs. 9,436,000, previous year Rs. 6,600,000)		
State Bank of India - Short Term Loan	250,000,000	—
Deposit from Agents and Franchisees	90,753,563	73,586,727
	354,553,563	91,322,727

Schedules to the Balance Sheet

5 FIXED ASSETS

(Amount in Rs.)

Particulars	Gross Block				Depreciation				Net Block	
	Cost as at 01.04.2009	Additions during the year	Sales / Adjustment	Total Cost as at 31.03.2010	Up to 31.03.2009	For the year	Adjustment / written back	Up to 31.03.2010	As at 31.03.2010	As at 31.03.2009
TANGIBLE ASSETS										
Land	10,412,044	34,630,165	—	45,042,209	631,893	70,208	—	702,101	44,340,108	9,780,151
Buildings	346,195,455	21,828,681	—	368,024,136	161,990,462	14,675,005	—	176,665,467	191,358,669	184,204,993
Plant & Machinery	2,312,930,356	64,921,103	21,639,080	2,356,212,379	1,253,619,759	115,409,249	11,573,560	1,357,455,448	998,756,931	1,059,310,597
Furniture, Fixture and Office Equipments	68,411,580	18,595,596	446,353	86,560,823	44,351,491	6,755,290	424,523	50,682,258	35,878,565	24,060,089
Vehicles	36,365,432	19,098,827	7,020,738	48,443,521	16,115,971	7,100,901	4,489,992	18,726,880	29,716,641	20,249,461
Sub Total	2,774,314,867	159,074,372	29,106,171	2,904,283,068	1,476,709,576	144,010,653	16,488,075	1,604,232,154	1,300,050,914	1,297,605,291
INTANGIBLE ASSETS										
Software	3,685,826	—	—	3,685,826	1,965,100	737,165	—	2,702,265	983,561	1,720,726
Capital Work-in-Progress									237,395,578	852,577
Total	2,778,000,693	159,074,372	29,106,171	2,907,968,894	1,478,674,676	144,747,818	16,488,075	1,606,934,419	1,538,430,053	1,300,178,594
Previous year	2,763,159,065	90,956,733	76,115,105	2,778,000,693	1,396,149,014	140,394,638	57,868,976	1,478,674,676	1,300,178,594	—

- Note : 1. Land includes cost of leasehold land of Rs. 11,608,782 (previous year Rs. 4,481,852)
 2. Capital work in progress includes machinery under installation, construction/erection materials and pre-operative expenditure (pending allocation). (Refer note no. 15 of Schedule 17)
 3. Plant and Machinery includes Machinery Gross Rs. 6,228,750 (previous year Rs. 6,228,750) lying with third parties, pending confirmation. (Refer note no. 6 of Schedule 17)
 4. Building, Furniture & Fixture includes certain expenditure on lease hold premises Gross Rs. 16,994,788 WDV Rs. 7,664,844 (previous year Gross Rs. 15,623,115 WDV Rs. 9,578,391) which are amortised over the useful life the respective assets.

(Amount in Rs.)

	31.03.2010	31.03.2009
6 INVESTMENTS (At Cost less provision for diminution)		
Long Term (Fully paid up)		
Quoted-Trade		
Equity Shares		
200,000 Schablona India Limited of Rs. 4 each	2,000,000	2,000,000
5,850 Orient Ceramics & Industries Limited of Rs. 10 each	58,211	58,211
Quoted-Other than trade		
Equity Shares of Rs. 10 each		
110 Punjab National Bank Limited	42,900	42,900
66,698 Soma Textiles & Industries Limited	593,613	593,613
	2,694,724	2,694,724
Unquoted-Trade		
(A) Equity Shares of Subsidiary Company Rs. 10 each		
185,000 SR Continental Limited (Including 7 Equity Shares fully paid up held in the name of nominees)	1,850,000	1,850,000
(B) Equity Shares of Subsidiary Company Rs. 10 each		
500,000 (previous year 200,000) Somany Global Limited (Formerly Somany Retail Limited)	5,000,000	2,000,000
(Refer note no. 7 of Schedule 17)		
(C) Equity Shares of a Joint Venture Company Rs. 10 each		
773,000 (previous year 158,000) Somany Keraban Private Limited (Refer note no. 7 of Schedule 17)	7,730,000	1,580,000
	14,580,000	5,430,000
	17,274,724	8,124,724

Market Value of Quoted Investment Rs. 5,818,325 (previous year Rs. 4,632,411)

Schedules to the Balance Sheet

(Amount in Rs.)

	31.03.2010	31.03.2009
7 INVENTORIES		
(As taken and certified by the Management)		
Stores & Spares	138,209,719	101,606,851
Raw Materials	79,103,242	76,136,049
Finished Goods	217,597,621	207,948,790
Trading Stock	254,945,757	137,197,109
Stock-in-process	19,612,110	19,053,014
	709,468,449	541,941,813
8 SUNDRY DEBTORS (Unsecured)		
Debts outstanding for a period exceeding six months		
Good	34,378,261	25,409,054
Doubtful	10,523,900	10,908,247
Less: Provision for Doubtful Debts	(10,523,900)	(10,908,247)
	34,378,261	25,409,054
Other Debts		
Good	975,590,727	786,775,446
	1,009,968,988	812,184,500
9 CASH & BANK BALANCES		
Cash in hand (including stamps in hand Rs. 14,057, previous year Rs. 44,962)	982,202	348,832
Draft / Cheque in hand	88,796,741	49,614,315
With Scheduled Banks :		
In Current Accounts	15,677,066	11,204,351
In Fixed Deposit Accounts (lodged as security)	41,689,000	31,689,000
In Margin Money Accounts	—	14,400
With Post Office in Saving Bank Accounts (lodged with Central Excise Department Rs. 2,000)	2,010	2,010
In Dividend Accounts	214,102	65,653
	147,361,121	92,938,561
10 LOANS & ADVANCES		
(Unsecured, considered good)		
Short Term Deposits :		
To Subsidiary Company (Including interest accrued Rs. 1,349,654, previous year Rs. 772,086)	4,349,654	15,772,086
Advances recoverable in cash or in kind or for value to be received	196,579,491	98,811,049
Vat/Entry Tax Receivable	110,653,118	54,421,990
Share Application Money	—	6,150,000
Balance with Central Excise in C/A	48,311,209	27,923,073
Advance Payment of Income Tax/FBT	192,368,756	73,936,051
Deposit with Government Departments and others	56,735,838	35,942,157
	608,998,066	312,956,406



Schedules to the Balance Sheet & Profit and Loss Account

(Amount in Rs.)

	31.03.2010	31.03.2009
11 CURRENT LIABILITIES		
Acceptances	338,475,069	162,543,098
Sundry Creditors :		
- Small & Micro Enterprises*	—	—
- Others	509,097,409	337,789,192
Customers credit balance	35,201,664	28,775,428
"Investor Education and Protection Fund shall be" credited by the following amounts,when due		
Unpaid dividend	214,102	65,653
Other liabilities	240,575,749	176,173,895
Interest accrued but not due	843,463	1,655,156
	1,124,407,456	707,002,422

*(Refer note no. 8 of Schedule 17)

12 PROVISIONS		
Proposed Dividend	20,698,200	10,349,100
Provision for Corporate Dividend Tax	3,517,659	1,759,347
Provision for Tax	192,850,000	72,000,000
Provision for Leave	17,153,768	13,218,029
Provision for Gratuity	80,746	1,462,753
	234,300,373	98,789,229

13 OTHER INCOME		
Dividend from Long Term Investments:		
- Trade	132,075	104,355
Rent including Lease Rent	390,069	527,039
Liabilities no Longer Required Written Back (Net)	451,085	1,011,136
Sundry Balance Written Back	257,511	—
Profit on Sale of Fixed assets	626,481	439,394
Profit on Sale of Current investment	864,706	2,613,412
Provision for Doubtful Debt Written back	1,239,975	1,285,939
Gain on Foreign Exchange Fluctuations	3,925,983	—
SAD Refund	7,283,368	1,330,498
Insurance claim/Recovery	9,008,745	6,099,233
Miscellaneous Receipts	4,972,547	2,413,631
	29,152,545	15,824,637

Schedules to the Profit and Loss Account

(Amount in Rs.)

	31.03.2010	31.03.2009
14 MANUFACTURING & OTHER EXPENSES		
Purchases of Trading Stock	1,811,505,403	1,045,586,604
Raw Material consumed		
Opening Stock	76,136,049	102,517,508
Add : Purchases (including processing charges)	868,186,917	872,816,326
	944,322,966	975,333,834
Less : Closing Stock	79,103,242	76,136,049
Raw Material consumed	865,219,724	899,197,785
Stores, Spare parts & Packing Materials	372,731,182	414,994,333
Power & Fuel	631,123,904	636,488,892
Salary, Wages, Bonus, Gratuity etc.	391,124,334	300,798,308
Contribution to Provident Fund and Other Funds	21,330,229	17,972,942
Workmen & Staff Welfare	20,326,582	17,775,482
Insurance	3,245,449	5,620,072
Rent	34,346,867	23,059,314
Rates & Taxes	4,910,240	6,123,407
Repairs :		
Buildings	33,281,440	11,395,170
Plant & Machinery	13,057,213	14,640,212
Others	6,844,495	2,977,707
Miscellaneous Expenses	77,472,903	60,573,708
Loss on Foreign Exchange Fluctuation (Net)	—	2,220,466
Selling & Distribution Expenses	139,985,449	116,199,276
Discount	56,519,220	30,136,264
Freight Outward and Handling Charges	253,312,274	269,715,313
Export Expenses	3,871,325	3,620,337
Advertisement Expenses	57,439,991	40,456,123
Commission	39,158,596	25,312,026
Travelling & Conveyance Expenses	70,745,224	59,754,959
Directors' Fees	170,000	142,500
Directors' Commission	3,467,529	1,667,630
Turnover/Sales Tax Paid	674,276	1,518,234
Prior Period Adjustment (Net)	1,342,617	3,848,350
Sundry Balances Written Off (Net)	—	579,664
Loss on Sale of Fixed Assets	8,494,539	15,210,021
Fixed Assets Written Off	670	3,965
Provision for Doubtful Debts	855,628	2,261,356
Bad Debts	—	187,831
	4,922,557,303	4,030,038,251
Less : (Increase)/Decrease in Stock (as per Schedule 16)	(107,169,595)	(28,672,345)
	4,815,387,708	4,001,365,906



Schedules to the Profit and Loss Account

(Amount in Rs.)

	31.03.2010	31.03.2009
15 INTEREST & FINANCE CHARGES		
Interest on Term Loans	61,704,985	86,129,897
Interest to Banks & Others	56,775,940	64,703,581
	118,480,925	150,833,478
Less: Interest Received	7,427,496	5,300,044
	111,053,429	145,533,434
Other Finance Charges (Net)*	21,850,397	14,759,822
(Refer note no. 20(b) of Schedule 17)		
	132,903,826	160,293,256

*Includes premium on forward cover of Rs. 9,625,692 (previous year Rs. 4,195,462) on secured loans.

16 (INCREASE)/DECREASE IN STOCK		
Opening Stock		
Finished Goods	207,948,790	210,955,662
Trading Stock	137,197,109	108,239,744
Stock-in-process	19,053,014	17,895,255
	364,198,913	337,090,661
Less : Closing Stock		
Finished Goods	217,597,621	207,948,790
Trading Stock	254,945,757	137,197,109
Stock-in-process	19,612,110	19,053,014
	492,155,488	364,198,913
	(127,956,575)	(27,108,252)
Less: Increase /(Decrease) in Excise Duty on Finished Goods	20,786,980	(1,564,093)
	(107,169,595)	(28,672,345)



Schedules to the Balance Sheet and Profit and Loss Account

17 NOTES ON ACCOUNTS

I. Significant Accounting Policies

a) Accounting Concepts

The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956. The Company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis except where otherwise stated.

b) Fixed Assets

- (i) Fixed Assets are shown at cost of acquisition and/or construction less accumulated depreciation and impairment losses.
- (ii) Intangible assets are stated at cost less amortization.

c) Transaction of Foreign Currency Items

Transactions denominated in foreign currencies are recorded at exchange rate prevailing at the time of transactions. Monetary items denominated in foreign currencies at the year end translated at exchange rates prevailing on the balance sheet date. Exchange differences arising on settlement of monetary items at rates different from those at which they were initially recorded are recognized as income or as expenses in the year in which they arise. Premium in respect of forward contract is accounted over the period of the contract.

d) Treatment of Expenditure during Construction Period

Interest and other pre-operative expenditure are included under Capital Work in Progress and are allocated to the respective fixed assets on the installation/completion of the same.

e) Investments

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

f) Inventories

Inventories are valued at lower of cost and net realizable value except waste/scrap which is valued at net realizable value. Cost of Raw Materials and Stores and Spare Parts is computed on weighted average basis. Cost of finished goods and stock in process is determined by taking material, labour and related overheads. Cost of finished goods includes excise duty.

g) Interest on Borrowings

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

h) Depreciation, Amortization and Impairment Loss

- a) Fixed assets are depreciated using written down value method except fixed assets of the Floor Tile Unit (including Vitrified Tile Plant) and addition made after 1st April, 1995 to plant and machinery of Wall Tile Units, where depreciation is provided on straight line method, at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956. Continuous process plant as defined in Schedule XIV have been considered on technical evaluation. Impaired assets are amortized over the estimated balance useful life.
- (b) In case of indication of impairment of the carrying amount of the Company's assets, an asset's recoverable amount is estimated. Impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Reversal of impairment loss recognised in prior periods is recorded when there is an indication that the impairment losses recognised for the assets no longer exist or have decreased. Post impairment, depreciation is provided on the revised carrying value of the asset over its remaining useful life.
- (c) Intangible assets being computer software is amortized over a period of five years.

i) Employee Benefits:

(a) Defined Contribution Plan:

Employee benefits in the form of Provident Fund (with Government Authorities) are considered as defined contribution plan and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due.



Schedules to the Balance Sheet and Profit and Loss Account

(b) **Defined Benefit Plan:**

Retirement benefits in the form of Gratuity, Long Term compensated leaves, Other Long Term Employee Benefit and Provident Fund (multi-employer plan) are considered as defined benefit obligations and are provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet.

(d) Actuarial gain/losses, if any, are immediately recognised in the Profit and Loss Account.

j) **Government Grants**

Grants from Government relating to fixed assets are shown as a deduction from the gross value of fixed assets and those of the nature of project capital subsidy are credited to capital reserve. Other Government grants including incentives, duty drawback etc. are credited to profit and loss account or deducted from the related expenses.

k) **Provision for Current and Deferred Tax**

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

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

l) **Contingent Liability, Contingent Assets & Provisions**

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

(Amount in Rs.)

	31.03.2010	31.03.2009
2. Estimated amount of contracts remaining to be executed on capital account and not provided for [net of advances]	77,673,352	18,670,136
3 (A) Contingent liabilities not provided for in respect of: (As certified by the Management)		
a) Claims and other demands against the Company not acknowledged as debts.	10,725,245	12,112,187
b) Sales Tax and Purchase Tax demands etc. against which the Company has preferred appeals.	4,582,504	4,582,990
c) Excise/Custom duty and Service Tax demands and show cause notices issued against which the Company/Department has preferred appeals/filed replies.	40,744,718	46,483,632
d) Custom duty, which may arise if obligation for exports is not fulfilled against import of capital under EPCG.	10,287,165	31,781,081
e) Disputed Income Tax & Wealth Tax Demand (Excluding Penalty if any)	11,378,798	—
f) Against the imposition of Local Area Development Tax (LADT) levied by Haryana Govt., the Hon'ble Supreme Court of India vide its order dated 10 th May, 2006 has accepted the Company's application for stay. Further Hon'ble Supreme Court vide their order dated 30 th October, 2009 stated the assesses to file the LADT returns, however no recovery of tax will be made till further order. Liability in this regard of Rs. 60 Lacs have been provided in the accounts up to year 2006-07. Pending, the final Order of the Hon'ble Supreme Court on the above matter, no further provision for the same have been considered necessary at this stage.	25,934,920	16,579,221
(B) Bond executed in favour of Sales Tax/Custom Authorities.	25,00,000	25,00,000
(C) Bond/ Guarantee executed on behalf of other body corporate	60,400,000	60,400,000
(D) As against a term loan of Rs. 504 Lacs (previous year Rs. 504 lacs) by a Financial Institution to M/s. Schablona India Limited (SIL), the Company has given an undertaking to the former for non disposal of its shareholding in SIL.		

Schedules to the Balance Sheet and Profit and Loss Account

4. Sales are reported net of trade discounts and returns and include Miscellaneous Sales of Rs. 21,198,883 (previous year Rs. 29,013,222) and Export Benefits of Rs. 5,597,212 (previous year Rs. 2,934,852).
5. Since it is not possible to ascertain with reasonable certainty the quantum of accrual in respect of certain insurance and other claims and interest on overdue bills from customers, the same are continued to be accounted for as and when received/settled.
6. Other Liabilities include encashment of performance bank guarantee in earlier years amounting to Rs. 20,250,000 (previous year Rs. 20,250,000) provided by the supplier of machinery (read with note no. 3 of Schedule 5). The supplier of machinery has challenged the encashment of bank guarantee and the case is pending before Hon'ble High Court of Kolkata. Pending decision, no adjustment has been carried out in accounts.
7. (a) Company has an Investment of Rs. 7,730,000 in the Joint Venture Company (50% - JV Company) Somany Keraben Private Limited (negative net worth) & Rs. 5,000,000 in Subsidiary Company Somany Global Limited where considerable erosion of net worth is there in view of losses. Considering the future payment prospects and long term in nature no provision for diminution at this stage is considered necessary by the Management.
(b) Debtors include amount due from JV Company amounting to Rs. 8,400,883 for which Management is confident for full recovery and accordingly the same has been considered good.
8. Under the Micro, Small and Medium Enterprises Development Act, 2006, which came into force from 2nd October, 2006, certain disclosures are required to be made relating to Micro, Small and Medium Enterprises. The Company has initiated the process for obtaining relevant information from its suppliers about their coverage under the said act. Since the relevant information is not readily available, no disclosures have been made in these accounts. However, in view of the management, the impact of interest, if any, that may be payable in accordance with the provision of this act is not expected to be material.

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

(Amount in Rs.)

	31.03.2010	31.03.2009
Deferred Tax Liability :		
Accumulated Depreciation	241,413,210	260,039,557
Deferred Tax Assets :		
Provisions for Doubtful Debts	3,577,074	3,707,713
Accrued Expenses Deductible on payment basis	5,830,566	4,493,113
	9,407,640	8,200,826
Deferred Tax Liability (Net)	232,005,570	251,838,731
Deferred tax Liability/(Assets) for the year	(19,833,161)	(125,007)



Schedules to the Balance Sheet and Profit and Loss Account

10 Employee Benefits:

(a) The status of the gratuity, leave encashment and sick leave as at 31st March, 2010 is as follows:

(Amount in Rs.)

	Gratuity (Funded)	Leave Encashment and Sick Leave (Non-Funded)	Gratuity (Funded) (Previous year)	Leave Encashment (Non-Funded) (Previous year)
I Expense recognized in the statement of profit and loss.				
a) Current service cost	4,673,229	3,554,651	4,009,145	2,420,992
b) Past service cost	—	—	—	—
c) Interest cost	3,626,278	991,353	2,899,339	685,741
d) Expected return on plan assets	(9,388,923)	—	(2,466,505)	—
e) Curtailment cost/(Credit)	—	—	—	—
f) Settlement cost/(credit)	—	—	—	—
g) Net actuarial (gain)/loss recognized in the period	6,375,137	2,192,762	5,323,294	2,780,273
h) Expenses recognized in the statement of profit & losses	5,285,721	6,738,766	9,765,273	5,887,006
II Net Assets/(liability) recognised in the Balance Sheet as at 31st March, 2010.				
a) Present value of obligation as at the end of the period	55,929,676	17,153,768	48,350,377	13,218,029
b) Fair value of plan assets as at the end of the period	55,848,930	—	46,887,624	—
c) Funded status	(80,746)	(17,153,768)	(1,462,753)	(13,218,029)
d) Net asset/(liability) recognized in balance sheet	(80,746)	(17,153,768)	(1,462,753)	(13,218,029)
III Change in present value of obligation.				
a) Present value of obligation as at the beginning of the period	48,350,377	13,218,029	41,419,124	10,196,305
b) Acquisition adjustment	—	—	—	—
c) Interest cost	3,626,278	991,353	2,899,339	685,741
d) Past service cost	—	—	—	—
e) Current service cost	4,673,229	3,554,651	4,009,145	2,420,992
f) Curtailment cost/(Credit)	—	—	—	—
g) Settlement cost/(Credit)	—	—	—	—
h) Benefits paid	(3,984,456)	(2,803,027)	(2,886,448)	(2,865,282)
i) Actuarial (gain)/loss on obligation	3,264,248	2,192,762	2,909,217	2,780,273
j) Present value of obligation as at the end of period	55,929,676	17,153,768	48,350,377	13,218,029
IV Changes in the fair value of plan assets.				
a) Fair value of plan assets at the beginning of the period	46,887,624	—	38,465,101	—
b) Acquisition adjustment	—	—	—	—
c) Expected return on plan assets	9,388,932	—	2,466,505	—
d) Contributions	6,667,728	—	11,256,543	—
e) Benefits paid	(3,984,456)	—	(2,886,448)	—
f) Actuarial gain/(loss) on plan assets	(3,110,889)	—	(2,414,077)	—
g) Fair value of plan assets at the end of the period	55,848,930	—	46,887,624	—

Schedules to the Balance Sheet and Profit and Loss Account

10 Employee Benefits:

(a) The status of the gratuity, leave encashment and sick leave as at 31st March, 2010 is as follows (Contd.):

(Amount in Rs.)

	Gratuity (Funded)	Leave Encashment and Sick Leave (Non- Funded)	Gratuity (Funded) (Previous year)	Leave Encashment (Non- Funded) (Previous year)
V The Major Category of plan assets as a percentage to total plan				
Mutual Funds	92.35%		92.35%	
Government Securities	1.00%		1.00%	
Bank	6.65%		6.65%	
VI Actuarial Assumptions	31.03.2010		31.03.2009	
Economic Assumptions:				
Discounting Rate	7.50 %		8.00 %	
Future salary Increase	5.00 %		5.50 %	
Expected Rate of return on plan assets	8.50 %		10.00 %	
Demographic Assumptions:				
Retirement Age	58		58	
Mortality Table	Nb LIC (1994-96) duly modified		Nb LIC (1994-96) duly modified	
Withdrawal Rates	Ages	Withdrawal Rate (%)	Ages	Withdrawal Rate (%)
	Upto 30 Years	3.00	Upto 30 Years	3.00
	Upto 44 Years	2.00	Upto 44 Years	2.00
	Above 44 Years	1.00	Above 44 Years	1.00

(b) Amounts recognised as an expense/(income) and included in the Schedule 14 are as under:

- (I) "Salaries, Wages, Dearness Allowance and Bonus" of Profit and Loss Account includes Rs. 52,85,721 (previous year Rs. 9,765,273) for Gratuity, Rs. 6,338,501 (previous year Rs. 5,736,192) for long term Leave Encashment, Rs. 400,265 (previous year Rs. 150,814) for other long term benefits.
- (II) "Contributions/Provision to and for Provident and other Funds" of Profit and Loss Account includes Rs. 19,781,518 (previous year Rs. 16,677,554) (includes Rs. 4,520,303 (previous year Rs. 4,525,430) towards Somany Provident Fund, a multi employer plan, refer (c) below.)
- (c) The Guidance issued by the Accounting Standard Board (ASB) on implementing AS-15, Employee Benefits (revised 2005) states that provident funds set up by employers, the investment and actuarial risk of which fall on the employer; needs to be treated as defined benefit plan. Pending determination of liability in view of issues in making reasonable actuarial assumptions and due to the non-availability of other sufficient information to use defined benefit accounting for such multi-employer plan, effect in this respect has not been ascertained and the same has been accounted as defined contribution plan. The Fund has a surplus, determined net of investments less corpus (contribution plus interest thereon). However, in view of the management, the impact, if any, that may arise on considering it as defined benefit plan, is not expected to be material.
- (d) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- (e) The expected return on plan assets is determined considering several applicable factors mainly the composition of the plan assets held, assessed risks of assets management, historical results of return on plan assets and the policy for plan assets management.
- (f) The principal assumptions are the discount rate & salary growth rate. The discount rate is generally based upon the market yields available on Government bonds at the accounting date with a term that matches that of the liabilities.



Schedules to the Balance Sheet and Profit and Loss Account

11. The business activity of the Company falls within a single primary business segment viz. 'Ceramic Tiles and allied products' and basically sale of the product is within the country. Hence the disclosure requirement of Accounting Standard 17 of 'Segment Reporting' issued by the Institute of Chartered Accountants of India is not considered applicable.

12. Related Party Transactions:

A. Names of related parties where control exists and nature of relationship:

Subsidiary Company:	M/s. SR Continental Limited
	M/s. Somany Global Limited (Formerly Somany Retail Limited)

B. Other related parties with whom transactions have taken place and description of relationship:

1. Joint Venture:	M/s. Somany Keraben Private Limited
2. Associates:	M/s. Bhilwara Holdings Limited
	M/s. Scope Vinimoy Private Limited
3. Key Management Personnel:	Mr. Shreekant Somany, Chairman & Managing Director
	Mr. Abhishek Somany, Joint Managing Director (Son of Chairman & Managing Director)
	Mr. G. G. Trivedi, Executive Director up to 20.05.2009
4. Relatives of Key Management Personnel :	Mr. Hira Lal Somany, (Father of Chairman & Managing Director and Grandfather of Joint Managing Director)
	Mrs. Anjana Somany, (Wife of Chairman & Managing Director and Mother of Joint Managing Director)
	Mrs. Minal Somany, (Wife of Joint Managing Director)
	Mrs. Kala Trivedi, (Wife of Executive Director)
5. Enterprises over which relative of Key Management personal exercise significant influence :	M/s. Yogi Ceramics Private Limited

C. Details of transactions with related parties

(Amount in Rs.)

	31.03.2010	31.03.2009
SR Continental Limited		
Purchase of Goods	19,439,185	15,618,463
Sale of Goods	137,411	107,337
Job Work charges	3,500,250	4,239,950
Rent Received	6,000	6,000
Rent Paid	108,000	108,000
Interest Paid	921,982	859,796
Inter corporate loans taken	8,797,000	2,625,000
Repayment of inter corporate loans	12,733,000	2,609,000
Outstanding at the year end :		
Sundry Debtors	1,118	75,392
Sundry Creditors	743,267	2,360,510
Unsecured Loans	2,500,000	6,436,000
Co-surety taken	1,250,000	1,250,000
Expenses incurred on their behalf	1,135,426	—

Schedules to the Balance Sheet and Profit and Loss Account

C. Details of transactions with related parties (Contd.)

(Amount in Rs.)

	31.03.2010	31.03.2009
Somany Global Limited		
Investments made during the year	3,000,000	1,500,000
Expenses incurred on their behalf	6,599,987	16,851
Expenses incurred on our behalf	–	911,405
Inter Corporate Loan given	500,000	10,000,000
Inter Corporate Loan received back	12,500,000	–
Interest Received	772,086	145,832
Sales of Goods	18,524,058	25,202,526
Rent Received	–	1,200,000
Outstanding at the year end :		
Customer Advance	–	2,859,293
Sundry Debtors	2,707,469	–
Unsecured Loans given	3,000,000	15,000,000
Interest accrued but not due	1,349,654	772,086
Reimbursement of expenses payable at the year end	797,772	786,934
Rent to be received at the year end	1,200,000	1,624,140
Somany Keraben Private Limited		
Investments made during the year	6,150,000	1,530,000
Share Application pending allotment	–	6,150,000
Expenses incurred on behalf of Somany Keraben Private Limited		
Sales of Goods	23,801,058	40,640,902
Purchase of Goods	26,753,425	1,354,028
Outstanding at the year end :		
Debtors outstanding	8,400,883	26,926,556
Sundry Creditors	152,251	155,040
Guarantee Given	10,000,000	10,000,000
Bhilwara Holdings Limited		
Interest paid	–	163,945
Repayment of inter corporate loans	–	9,200,000
Outstanding at the year end: Unsecured Loans (including Interest accrued but not due)	–	–
Scope Vinimoy Private Limited		
Interest paid	1,009,603	2,462,419
Inter corporate loans taken	10,000,000	1,200,000
Repayment of inter corporate loans	10,000,000	8,200,000
Outstanding at the year end :		
Unsecured Loans (Including Interest accrued but not due current year Rs. Nil, previous year Rs. 253,956)	11,300,000	11,553,956

Schedules to the Balance Sheet and Profit and Loss Account

C. Details of transactions with related parties (Contd.)

(Amount in Rs.)

	31.03.2010	31.03.2009
Mr. Shreekant Somany		
Remuneration Paid	5,739,365	5,824,756
Commission	10,402,587	2,510,993
Mr. Abhishek Somany		
Remuneration Paid	5,115,848	4,566,891
Rent paid	568,260	541,200
Outstanding at the year end	43,659	39,062
Commission	8,668,822	836,998
Mr. G. G. Trivedi		
Remuneration Paid	449,948	2,936,665
Mrs. Anjana Somany		
Remuneration Paid	122,603	153,672
Mrs. Minal Somany		
Rent paid	626,790	606,190
Outstanding at the year end	48,656	43,085
Remuneration paid	401,177	—
Mrs. Kala Trivedi		
Rent Paid	74,533	250,000
Outstanding at the year end	—	42,275
Yogi Ceramics Private Limited		
Purchase of Goods	1,287,602	8,247,077
Outstanding at the year end	—	1,748,996

No amount has been provided as doubtful debt or advance written back/written off in the year in respect of debts due from above related parties.

13. Interest in Joint Venture Company

- a) Company's contribution in the joint venture (by the name Somany Keraben Private Limited, a 50:50 Joint Venture Company) till 31.03.2010 is Rs. 7,730,000 (previous year Rs. 1,580,000) towards share capital (out of which Rs. Nil (previous year Rs. 6,150,000) pending allotment) of Joint Venture entity.

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

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

Schedules to the Balance Sheet and Profit and Loss Account

- b) The Company's share in the aggregate amounts of each of the assets, liabilities, income, expense, contingent liabilities and capital commitments as at/for the years ended 31st March, 2010 in the above Company, as per its unaudited financial statements is as under: (Amount in Rs.)

Proportion of Company's Interest in JVC	31.03.2010	31.03.2009
Assets	(Unaudited)*	(Revised as Audited)**
Fixed Assets(Net Block)(Including CWIP)	810,827	1,373,436
Investments	—	—
Inventories	—	16,289,380
Sundry Debtors	4,031,825	7,716,533
Cash & Bank Balances	50,668	112,484
Loans & Advances	4,070,209	4,579,593
Misc. Expenditure	—	139,140
Liabilities		
Share Application Money	—	6,150,000
Secured Loans	1,605	8,569,600
Unsecured Loans	—	—
Current Liabilities and Provisions	10,763,668	17,718,546
Income		
Income from Operations Less Excise Duty	32,995,458	29,617,640
Other Income	149,790	79,870
Expenses		
Manufacturing and Other Expenses	37,592,082	29,608,970
Interest and Financial Charges	655,248	680,187
Depreciation	606,262	246,434
Provision for Tax	—	—

*Unaudited and certified by the management

** Revised as subsequent to the adoption and made available to the Company.

14. Earning Per Share: The numerators and denominators used to calculate Basic and Diluted Earning Per Share:

		31.03.2010	31.03.2009
Profit /(Loss) Attributable to the Equity Shareholders (Rs.)	(A)	204,545,669	87,388,693
Weighted Average No. of Equity Shares outstanding during the year	(B)	6,899,400	6,899,400
Nominal Value of Equity Shares (Rs.)		10	10
Basic Earning Per Share (Rs.)	(A/B)	29.65	12.67
Diluted Earning Per Share (Rs.)	(A/B)	29.65	12.67

Schedules to the Balance Sheet and Profit and Loss Account

15. Capital work in progress include technical know-how fee, machinery under installation and/or in transit, construction/erection material and pre-operative expenses pending allocation/appropriation :-

(Amount in Rs.)

	31.03.2010	31.03.2009
i) Power & Fuel	—	—
ii) Raw Material	—	—
iii) Travelling Expenses	60,248	—
iv) Interest on Term Loans	1,743,936	—
v) LC Charges/Bank Charges	6,806,276	—
vi) Others	—	—
Total	8,609,970	—
Less: Allocated to fixed assets	—	—

16. Research & Development expenditure on revenue account amounting to Rs. 2,819,655 (previous year Rs. 3,155,165) has been charged to profit and loss account.
17. In the opinion of the management, Current Assets and Loans & Advances have a value on realisation in ordinary course of business at least equal to the amount at which they are stated.
18. Balances of certain debtors, loans and advances and current liabilities are in process of confirmation/reconciliation.
19. Profit and/or loss on sale of stores and raw materials remain adjusted in respective consumption accounts.
20. (a) Foreign Exchange derivatives and exposures outstanding at the year end :

Nature	Amount In Foreign Currency 31/03/10	Amount (Rupee equivalent) 31/03/10	Amount In Foreign Currency 31/03/09	Amount (Rupee equivalent) 31/03/09
Derivatives				
Option	EURO 875,000	53,898,946	—	—
Forward Contract	EURO 1,000,000	64,340,185	USD 5,400,000	276,426,000
Forward Contract	USD 3,110,556	143,965,214	—	—
Open Exposures				
Receivables	—	—	USD 386,653	19,792,767
Payables	USD 1,063,863	47,788,735	USD 463,993	23,751,809
Payables	EURO 49,641	3,030,093	—	—

- (b) The Company uses derivative instruments for hedging and/or reducing finance cost.
21. i) Debtors include due from subsidiaries and joint venture Company amounting to Rs. 2,708,587 (previous year Rs. 75,392) & Rs. 8,400,883 (previous year Rs. 26,926,556) respectively.
- ii) Advances recoverable in cash & kind include (a) due from subsidiaries and joint venture Company in respect of receivables on account of expenses reimbursed amounting to Rs. 797,772 (previous year Rs. 786,934) & Rs. Nil (previous year Rs. Nil) respectively and (b) capital advance Rs. 74,033,820 (previous year Rs. 5,003,268)

Schedules to the Balance Sheet and Profit and Loss Account

22. Details of Investment purchased/sold during the year:

Name	Purchase		Sale	
	Units	Amount (Rs.)	Units	Amount (Rs.)
Power Finance Corporation	200	201,621,096	200	202,485,802

23. Unsecured Loans repayable within one year are Rs. 263,800,000 (previous year Rs. 17,736,000).

24. Directors' Remuneration:

(A)

(Amount in Rs.)

	31.03.2010	31.03.2009
(a) Managerial Remuneration (To Chairman & Managing Director, Joint Managing Director and Executive Director)		
i) Salary	6,625,648	7,920,000
ii) House Rent Allowance	3,115,000	2,880,000
iii) Contribution to Provident Fund	795,078	950,400
iv) Leave Encashment	—	782,665
v) Perquisites (As per Income Tax valuation)	769,435	795,247
vi) Commission	19,071,409	3,347,991
Total	30,376,570	16,676,303

* Excluding provision for leave encashment liability provided on actuarial valuation basis payable to Chairman & Managing Director, Joint Managing Director and Executive Director at the end of the tenure. Liability for gratuity funded with SPL Gratuity Fund hence cannot be ascertained separately).

(B) Directors' Commission

(Amount in Rs.)

	31.03.2010	31.03.2009
Computation of Directors' Commission and Net Profit in accordance with Section 198 of Companies Act, 1956		
Profit before taxation	305,562,508	134,663,686
Add : i) Remuneration to Managerial persons	11,305,161	13,328,312
ii) Directors' Commission	22,538,938	5,015,621
iii) Directors' Fees	170,000	142,500
iv) Provision for doubtful debts	855,628	2,261,356
v) Loss on sale of Asset	8,494,539	15,210,021
vi) Provision for diminution in value of investment	—	480,283
vii) Loss on foreign exchange contract	557,280	—
A	349,484,054	171,101,779
Less : i) Profit on sale of assets	626,481	439,394
ii) Profit on sale of investment	864,706	2,613,412
iii) Provision for doubtful debts written back	1,239,975	1,285,939
B	2,731,162	4,338,745
Profit for the purpose of Directors Total (A-B)	346,752,892	166,763,034
Maximum amount of Remuneration Permissible to Whole time Directors (@10% of Net Profits)	34,675,289	16,676,303
Commission Payable & restricted to Chairman & Managing Director	10,402,587	2,510,993
Commission Payable & restricted to Joint Managing Director	8,668,822	836,998
Maximum amount of Commission permissible to Non-Executive Directors (1% of Net Profits)	3,467,529	1,667,630
Commission Payable	3,467,529	1,667,630

Schedules to the Balance Sheet and Profit and Loss Account

25. Payments to Auditors (Excluding Service Tax)

(Amount in Rs.)

	31.03.2010	31.03.2009
Audit Fees	345,000	315,000
Tax Audit	75,000	75,000
Certification & Other services	250,017	128,000
Reimbursement of Expenses	25,158	37,611
Total	695,175	555,611

26. Additional information pursuant to the provisions of paragraph 3 and 4 of Schedule VI of the Companies Act, 1956.

A. Capacity / Production / Purchases

UNIT	Registered /Installed Capacity*		Production/ Purchases	
	2009-2010	2008-2009	2009-2010	2008-2009
Manufacturing:				
Glazed/Vitrified MT	272,500	272,500	250,456	252,399
Porcelain Tiles SQM	16,697,500	16,697,500	15,106,976	14,937,437
Purchases				
Tiles SQM	–	–	8,028,201	5,162,235
Rs.	–	–	1,625,639,034	818,217,560
Other Rs.			185,866,369	227,369,044

Licensed capacity is not applicable as ceramic tile industry is exempt from licensing requirement.

*As certified by the management and relied upon by Auditor being a technical matter.

B. Stock and Sales

	2009-2010			2008-2009		
	MT	SQ. MTR.	Rupees	MT	SQ. MTR.	Rupees
Opening Stock Manufacturing						
- Tiles	20,240	1,180,244	202,758,241	19,289	1,110,941	191,263,783
- Others	–	–	5,190,549	–	–	19,691,880
Trading						
- Tiles	–	173,327	63,203,704	–	214,053	65,137,651
- Others	–	–	73,993,405	–	–	43,102,093
Closing Stock Manufacturing						
- Tiles	16,315	1,075,224	215,063,906	20,240	1,180,244	202,758,241
- Others	–	–	2,533,715	–	–	5,190,549
Trading						
- Tiles	–	440,851	177,589,525	–	173,327	63,203,704
- Others	–	–	77,356,232	–	–	73,993,405
Sales*						
Manufacturing						
- Tiles	254,381	15,211,996	3,652,109,578	251,448	14,868,134	3,353,996,237
- Others	–	–	2,428,642	–	–	26,062,644
Trading						
- Tiles	–	7,760,677	1,706,656,990	–	5,202,961	1,017,682,633
- Others	–	–	269,014,298	–	–	229,993,602

*Includes breakage, shortages, sample etc.

Schedules to the Balance Sheet and Profit and Loss Account

C. Raw Material Consumed

	2009-2010		2008-2009	
	MT	Rupees	MT	Rupees
Clay & Minerals	286,836	359,283,702	286,219	364,179,650
Chemicals & Glaze Materials	19,382	505,936,022	21,353	535,018,135
		865,219,724		899,197,785

D. Value of Imported & Indigenous Raw Materials and Spares Consumed

	Raw Materials				Stores, Spares, Packing etc.			
	2009-2010		2008-2009		2009-2010		2008-2009	
	Rupees	%	Rupees	%	Rupees	%	Rupees	%
Imported	40,858,504	5	42,129,439	5	80,944,064	22	98,700,562	16
Indigenous	824,361,220	95	857,068,346	95	291,787,118	78	316,293,771	84
	865,219,724	100	899,197,785	100	372,731,182	100	414,994,333	100

(Amount in Rs.)

	2009-2010	2008-2009
E. C.I.F. Value of Imports		
Raw Materials	32,894,926	29,773,785
Spare Parts	86,761,965	78,635,428
Capital Goods	183,969,945	12,890,767
Trading Goods	256,594,437	148,277,824
F. Expenditure in Foreign Currency (Cash Basis)		
Travelling Expenses	5,142,553	4,017,507
Commission to Selling Agents	2,397,372	1,998,755
Others	1,372,700	20,450
G. Earnings in Foreign Currency		
Exports on FOB Basis	85,193,934	96,249,885

27. Figures for the previous year have been regrouped and rearranged wherever considered necessary.

28. Schedules I to 17 form an integral part of Balance Sheet and Profit and Loss Account.

As per our report of even date

For **Lodha & Co.**

Chartered Accountants

N. K. Lodha

Partner

Membership No. 85155

Place: New Delhi

Dated : 17th May, 2010

Samir Raheja

Company Secretary

R. K. Daga

Director

Shreekant Somany

Chairman & Managing Director



Cash Flow Statement For the year ended 31st March, 2010

(Amount in Rs.)

	31.03.2010	31.03.2009
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) Before Tax & Exceptional Items	305,562,508	134,663,686
I. Adjustment For		
Depreciation	144,747,818	140,394,638
Interest and Finance Charges	140,331,322	165,593,300
Interest Received	(7,427,496)	(5,300,044)
Dividend Income	(132,075)	(104,355)
Diminution in the value of Investment (net)	–	480,283
Provision for Doubtful Debts (written back) (net)	(384,347)	975,417
Bad Debts	–	187,831
Liabilities no longer required written back (net)	(451,085)	(1,011,136)
Sundry Balances written off/(back) (net)	(257,511)	579,664
(Profit)/Loss on sale/Discard of Fixed Assets/Assets written off (net)	7,868,728	14,774,592
(Profit)/Loss on Sale of Long term Investment	(864,706)	(2,613,412)
Operating Profit Before Working Capital Changes	588,993,156	448,620,464
II. Changes in		
Trade & Other Receivable	(305,862,871)	(234,560,082)
Inventories	(167,526,636)	25,580,307
Trade Payable	408,864,068	187,864,164
Cash Generated from Operation	524,467,717	427,504,853
Income Tax Refund/(paid)	(118,432,705)	(33,136,317)
Net Cash Flow from Operating Activities (A)	406,035,012	394,368,536
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(466,360,947)	(77,603,603)
Sale of Fixed Assets	4,749,368	3,471,537
Sale of Current Investment	202,485,802	4,906,610
Purchase of Current Investment	(204,621,096)	(7,650,000)
Interest Received	3,445,700	2,879,673
Dividend Received	132,075	104,355
Net Cash used in Investing Activities (B)	(460,169,098)	(73,891,427)

Cash Flow Statement (Contd.) For the year ended 31st March, 2010

(Amount in Rs.)

	31.03.2010	31.03.2009
C. CASH FLOW FROM FINANCING ACTIVITIES		
Long Term Loans raised during the year	281,473,665	22,782,829
Repayment of Long Term Loans	(283,733,409)	(136,600,833)
Increase/(Decrease) in Short Term Loans	263,230,835	(38,673,281)
Interest Paid	(140,454,447)	(168,318,051)
Dividend Paid	(11,959,998)	(8,138,734)
Net Cash Used in Financing Activities (C)	108,556,646	(328,948,070)
Net Increase in Cash and Cash Equivalents (A+B+C)	54,422,560	(8,470,962)
Cash And Cash Equivalents		
As On 01.04.2009 (I)	92,938,561	101,409,522
As On 31.03.2010 (II)	147,361,121	92,938,561
Net Increase in Cash and Cash Equivalents (II-I)	54,422,560	(8,470,962)
Notes :		
a) Cash & Cash Equivalents represents cash & bank balances.(Schedule 9)		
b) Figures for the previous year have been regrouped/rearranged wherever considered necessary.		

As per our report of even date

For **Lodha & Co.**

Chartered Accountants

N. K. Lodha

Partner

Membership No. 85155

Place: New Delhi

Dated : 17th May, 2010

Samir Raheja

Company Secretary

R. K. Daga

Director

Shreekant Somany

Chairman & Managing Director

Balance Sheet Abstract and Company's General Business Profile as per Schedule VI, Part (IV) of the Companies Act, 1956

I Registration details	
Registration No.	L40200DL1968PLC005169
State Code	55
Balance Sheet Date	31.03.2010
II Capital raised during the year	
Public Issue	—
Right Issue	—
Private PLacement	—
Bonus Issue	—
III Position on mobilisation and deployment of funds	(Rs. in '000)
Total Liabilities	
Total Assets	
Sources of funds	
Paid up Capital	68,994
Reserves & Surplus	749,497
Deferred Tax Liability	232,005
Secured Loans	1,267,743
Unsecured Loans	354,555
Application of funds	
Net Fixed Assets	1,538,430
Investment	17,275
Net Current Assets	1,117,089
Miscellaneous Expenditure	—
Accumulated Losses	—
IV Performance of the Company	
Turnover including other incomes	5,398,602
Total Expenditure	5,093,039
Profit/(loss) before Tax	305,563
Profit/(loss) after Tax/Extraordinary items	204,546
Earning per share (Rs.)	29.65
Dividend Rate (%)	30%
V Generic names of principal products/services of the Company (as per monetary terms)	
Principal Product	Ceramic Glazed Wall, Floor and Vitrified porcelain tiles
Item Code No.(ITC Code)	69089009

As per our report of even date

For **Lodha & Co.**

Chartered Accountants

N. K. Lodha

Partner

Membership No. 85155

Place: New Delhi

Dated : 17th May, 2010

Samir Raheja

Company Secretary

R. K. Daga

Director

Shreekant Somany

Chairman & Managing Director

Auditors' Report

TO THE BOARD OF DIRECTORS OF **SOMANY CERAMICS LIMITED** ON THE CONSOLIDATED FINANCIAL STATEMENTS OF SOMANY CERAMICS LIMITED, ITS SUBSIDIARIES AND JOINT VENTURE

1. We have examined the attached consolidated Balance Sheet of Somany Ceramics Limited, its subsidiary and joint venture as at 31st March, 2010, and the consolidated Profit and Loss Account and also the consolidated Cash Flow Statement for the year then ended.
2. These financial statements are the responsibility of the Somany Ceramics Limited's management. 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. These 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 misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of subsidiary (namely SR Continental Ltd), whose financial statements reflect total assets of Rs. 235.61 lacs as at 31st March, 2010 and total revenues of Rs. 448.11 lacs for the year then ended. These financial statements have been audited by other auditor, whose report have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of the subsidiary, is based solely on the report of the other auditor.
4. We have relied on the unaudited financial statements of a Joint Venture wherein the Company's share of losses aggregate to Rs. 57.08 lacs. These financial statements have been certified by Management and have been furnished to us (read with note no. 13 of Schedule 18), and in our opinion, insofar as it relates to the amounts included in respect of a Joint Venture, are based solely on the these certified financial statements.
5. We report that the consolidated financial statements have been prepared by the

Company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements and other applicable Accounting Standards issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Somany Ceramics Limited, its subsidiaries and joint venture considered 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 on individual audited financial statements of Somany Ceramics Limited, its subsidiaries (attention is invited and read with note no.12 & 13 of Schedule 18) and joint venture included in the consolidated financial statements read together with Notes on Accounts of Consolidated Financial Statements, we are of the opinion that:

- (a) the consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of Somany Ceramics Limited, its subsidiaries and joint venture as at 31st March, 2010;
- (b) the consolidated Profit & Loss Account gives a true and fair view of the consolidated results of operations of Somany Ceramics Limited, its subsidiaries and joint venture for the year then ended; and
- (c) the consolidated Cash Flow Statement gives a true and fair view of the consolidated cash flows of Somany Ceramics Limited, its subsidiaries and joint venture for the year ended on that date.

For **Lodha & Co.**

Chartered Accountants

Firm Registration No. 301051E

N. K. Lodha

Partner

M. No. 85155

Place: New Delhi

Date: 17th May, 2010

Consolidated Balance Sheet As at 31st March, 2010

(Amount in Rs.)

	Schedule	31.03.2010	31.03.2009
SOURCES OF FUNDS			
Shareholder's Funds			
A. Share Capital	1	68,994,000	68,994,000
B. Reserves & Surplus	2	758,283,603	579,307,370
		827,277,603	648,301,370
Loan Funds			
A. Secured	3	1,267,744,816	1,290,341,471
B. Unsecured	4	352,229,038	85,311,727
		1,619,973,854	1,375,653,198
Deferred Tax Liability (Net)		231,164,513	250,996,902
Total		2,678,415,970	2,274,951,470
APPLICATION OF FUNDS			
Fixed Assets	5		
Gross Block		2,932,192,855	2,802,148,434
Less : Depreciation		1,622,012,575	1,491,244,767
Net Block		1,310,180,280	1,310,903,667
Add : Capital work in progress		237,395,578	852,577
		1,547,575,858	1,311,756,244
Investments	6	9,952,369	3,512,369
Current Assets, Loans & Advances			
A. Inventories	7	715,833,446	565,592,107
B. Sundry Debtors	8	1,015,190,125	811,492,751
C. Cash & Bank Balances	9	151,169,222	98,185,340
D. Loans & Advances	10	614,840,832	300,432,357
		2,497,033,625	1,775,702,555
Less : Current Liabilities & Provisions			
A. Liabilities	11	1,138,692,272	715,230,722
B. Provisions	12	237,453,610	100,928,116
		1,376,145,882	816,158,838
Net Current Assets		1,120,887,743	959,543,717
Miscellaneous Expenditure	13	—	139,140
Total		2,678,415,970	2,274,951,470
Significant Accounting Policies & Notes to Accounts	18		

As per our report of even date

For **Lodha & Co.**

Chartered Accountants

N. K. Lodha

Partner

Membership No. 85155

Place: New Delhi

Dated : 17th May, 2010

Samir Raheja
Company Secretary

R. K. Daga
Director

Shreekant Somany
Chairman & Managing Director

Consolidated Profit and Loss Account For the year ended 31st March, 2010

(Amount in Rs.)

	Schedule	31.03.2010	31.03.2009
INCOME			
Sales		5,684,844,244	4,670,143,370
Less: Excise Duty		261,706,980	207,646,374
Net Sales		5,423,137,264	4,462,496,996
Other Income	14	29,751,755	16,569,942
		5,452,889,019	4,479,066,938
Less : EXPENDITURE			
Manufacturing & Other Expenses	15	4,865,114,772	4,039,164,776
Interest & Finance Charges	16	134,120,618	161,116,409
Depreciation	5	147,231,216	142,863,295
		5,146,466,606	4,343,144,480
Profit/(Loss) Before Tax		306,422,413	135,922,458
Provision for Taxation :			
- Fringe Benefit Tax		—	5,910,433
- Current Tax		122,735,000	42,459,444
Income Tax for earlier years		(339,953)	199,104
- Deferred Tax Credit		(19,832,389)	(248,443)
Profit/(Loss) After Tax		203,859,755	87,601,920
Balance carried from earlier years (Refer note no. 13 of Schedule 18)		281,601,050	212,819,819
Balance of joint venture carried from earlier years (Refer note no. 13 of Schedule 18)		(2,851,692)	(1,896,271)
		482,609,113	298,525,468
APPROPRIATIONS			
Proposed Dividend on Equity Shares		20,698,200	10,349,100
Corporate Dividend Tax thereon		3,517,659	1,759,347
General Reserve		20,500,000	7,000,000
Surplus carried to balance sheet		437,893,254	279,417,021
		482,609,113	298,525,468
Earning Per Share (Basic)		29.55	12.70
Earning Per Share (Diluted)		29.55	12.70
(Refer note no. 11 of Schedule 18)			
Significant Accounting Policies & Notes to Accounts	18		

As per our report of even date

For **Lodha & Co.**

Chartered Accountants

N. K. Lodha

Partner

Membership No. 85155

Samir Raheja

Company Secretary

R. K. Daga

Director

Shreekant Somany

Chairman & Managing Director

Place: New Delhi

Dated : 17th May, 2010

Schedules to the Consolidated Balance Sheet

(Amount in Rs.)

		31.03.2010	31.03.2009
I	SHARE CAPITAL		
Authorised			
15,000,000	Equity Shares of Rs. 10 each	150,000,000	150,000,000
1,000,000	Preference Shares of Rs. 100 each	100,000,000	100,000,000
		250,000,000	250,000,000
Issued, Subscribed & Paid up			
6,899,400	Equity Shares of Rs. 10 each fully paid up (including 6,099,400 Equity Shares allotted as fully paid up Bonus Shares by Capitalisation of General Reserve, Share Premium and Capital Redemption Reserve)	68,994,000	68,994,000
		68,994,000	68,994,000
		31.03.2010	31.03.2009
2	RESERVES & SURPLUS		
Capital Reserve			
As per last accounts		4,500,250	4,500,250
Capital Redemption Reserve			
As per last accounts		3,000	3,000
General Reserve			
As per last accounts	295,387,099	288,387,099	
Transfer from Profit and Loss Account	20,500,000	315,887,099	7,000,000
			295,387,099
Profit and Loss Account			
Surplus as per Profit and Loss Account		437,893,254	279,417,021
		758,283,603	579,307,370
3	SECURED LOANS		
A) Term Loans			
a) Rupee Loans			
(i)	Export Import Bank of India (EXIM)	220,405,353	274,511,000
(ii)	Housing Development Finance Corpn.Ltd.(HDFC)	28,425,251	52,973,930
(iii)	State Bank of Bikaner & Jaipur Ltd. (SBBJ)	29,903,877	44,891,877
(iv)	Punjab National Bank Ltd. (PNB)	234,894,538	300,082,673
	(Including interest accrued & due Rs. 2,397,857 previous year Rs. Nil)		
(v)	Central Bank of India (CBI)	140,448,727	—
	(Including interest accrued & due Rs. 465,190 previous year Rs. Nil)		
(vi)	Deferred Suppliers Credit	114,443,548	—
(vii)	Standard Chartered Bank	—	12,000,000
b) Car Loans		18,817,280	12,222,904
B) Working Capital Facilities from Banks			
	Working Capital Demand Loan	80,000,000	353,420,440
	Buyers Credit	18,964,041	—
	Cash Credit	381,442,201	240,238,647
		1,267,744,816	1,290,341,471

Schedules to the Consolidated Balance Sheet

(Amount in Rs.)

	31.03.2010	31.03.2009
4 UNSECURED LOANS		
Loans from - Bodies Corporates	11,300,000	11,300,000
State Bank of India - Short Term Loan	250,000,000	—
Deposit from Agents and Franchisees	90,929,038	74,011,727
	352,229,038	85,311,727

5 FIXED ASSETS

Particulars	Gross Block				Depreciation/Impairment				Net Block	
	Cost as at 01.04.2009	Additions during the year	Sales / Adjustment	Total Cost as at 31.03.2010	Up to 31.03.2009	For the year	Adjustment / written back	Up to 31.03.2010	As at 31.03.2010	As at 31.03.2009
TANGIBLE ASSETS										
Land	10,511,944	34,630,165	—	45,142,109	631,893	70,208	—	702,101	44,440,008	9,880,051
Buildings	360,784,568	21,828,681	—	382,613,249	168,229,669	16,605,999	(18,264)	184,853,932	197,759,317	192,554,899
Plant & Machinery	2,320,516,909	64,965,407	21,646,724	2,363,835,592	1,259,558,495	115,713,885	11,602,099	1,363,670,281	1,000,165,311	1,060,958,414
Furniture, Fixture and Office Equipments	70,283,755	18,623,456	434,653	88,472,558	44,743,639	7,003,058	389,581	51,357,116	37,115,442	25,540,116
Vehicles	36,365,432	19,098,827	7,020,738	48,443,521	16,115,971	7,100,901	4,489,992	18,726,880	29,716,641	20,249,461
Sub Total	2,798,462,608	159,146,536	29,102,115	2,928,507,029	1,489,279,667	146,494,051	16,463,408	1,619,310,310	1,309,196,719	1,309,182,941
INTANGIBLE ASSETS										
Software	3,685,826	—	—	3,685,826	1,965,100	737,165	—	2,702,265	983,561	1,720,726
Capital Work-in-Progress									237,395,578	852,577
Total	2,802,148,434	159,146,536	29,102,115	2,932,192,855	1,491,244,767	147,231,216	16,463,408	1,622,012,575	1,547,575,858	1,311,756,244
Previous year	2,780,394,896	97,868,643	76,115,105	2,802,148,434	1,406,109,428	142,863,295	57,727,956	1,491,244,767	1,311,756,244	—

Note : 1. Land includes cost of leasehold land of Rs. 11,608,782 (previous year Rs. 4,481,852)

2. Plant and Machinery includes Machinery Gross Rs. 6,228,750 (previous year Rs. 6,228,750) lying with third parties pending confirmation. (note no. 4 of Schedule 18)

3. Building, Furniture & Fixture includes certain expenditure on lease hold premises which are amortised over the useful life the respective assets.

	31.03.2010	31.03.2009
6 INVESTMENTS (At Cost less provision for diminution)		
Long Term (Fully paid up)		
Quoted-Trade		
Equity Shares		
590,800 Schablona India Limited of Rs. 4 each	2,390,800	2,390,800
5,850 Orient Ceramics & Industries Limited of Rs. 10 each	58,211	58,211
Quoted-Other than trade		
Equity Shares of Rs. 10 each		
110 Punjab National Bank Limited	42,900	42,900
68,771 Soma Textiles & Industries Limited	626,346	626,346
19,500 Bhilwara Holdings Limited	394,112	394,112
In Mutual Fund		
37145.976 units (previous year Nil) HDFC Prudence Fund - Growth	6,440,000	—
	9,952,369	3,512,369

Market value of Quoted Investment Rs. 21,981,986 (previous year Rs. 12,370,911).



Schedules to the Consolidated Balance Sheet

(Amount in Rs.)

	31.03.2010	31.03.2009
7 INVENTORIES		
(As taken and certified by the Management)		
Stores & Spares	139,764,988	103,101,109
Raw Materials	82,142,814	78,323,727
Finished Goods	217,924,028	208,881,478
Trading Stock	255,994,505	155,512,891
Stock-in-process	20,007,111	19,772,902
	715,833,446	565,592,107
8 SUNDRY DEBTORS (Unsecured)		
Debts outstanding for a period exceeding six months		
Good	30,400,398	25,774,063
Doubtful	10,648,547	10,908,247
Less: Provision for Doubtful Debts	(10,648,547)	(10,908,247)
	30,400,398	25,774,063
Other Debts		
Good	984,789,727	785,718,688
	1,015,190,125	811,492,751
9 CASH & BANK BALANCES		
Cash in hand	1,070,354	612,239
Draft / Cheque in hand	88,796,741	49,614,315
With Scheduled Banks :		
In Current Accounts	19,397,015	16,187,723
In Fixed Deposit Accounts	41,689,000	31,689,000
In Margin Money Accounts	—	14,400
With Post Office in Saving Bank Accounts (lodged with Central Excise Department Rs. 2,000)	2,010	2,010
In Dividend Accounts	214,102	65,653
	151,169,222	98,185,340
10 LOANS & ADVANCES		
(Unsecured, considered good)		
Short Term Deposits :		
With Others	2,000,000	31,556
Advances recoverable in cash or in kind or for value to be received	199,325,519	102,963,657
Vat/Entry Tax Receivable	110,653,118	54,421,989
Balance with Central Excise in C/A	48,497,054	27,923,073
Advance Payment of Income Tax / FBT (net of provisions)	195,398,450	76,170,959
Security Deposits :		
With Government Departments and Others	58,966,691	38,921,123
	614,840,832	300,432,357

Schedules to the Consolidated Balance Sheet and Profit and Loss Account

(Amount in Rs.)

	31.03.2010	31.03.2009
11 CURRENT LIABILITIES		
Acceptances	338,475,069	162,543,098
Sundry Creditors :		
- Others	518,158,092	340,977,175
- Small & Micro Enterprises*	—	—
Customers credit balance	36,581,634	29,376,325
Unpaid dividend	214,102	65,654
Other liabilities	244,419,912	180,613,314
Interest accrued but not due	843,463	1,655,156
	1,138,692,272	715,230,722
*(Refer note no. 5 of Schedule 18)		
12 PROVISIONS		
Proposed Dividend	20,698,200	10,349,100
Provision for Corporate Dividend Tax	3,517,659	1,759,347
Provision for Fringe Benefit Tax	314,119	225,443
Provision for Income Tax	195,585,000	73,913,444
Provision for Leave	17,257,886	13,218,029
Provision for Gratuity	80,746	1,462,753
	237,453,610	100,928,116
13 MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Preliminary Expenditure	139,140	185,520
Less: Written Off	(139,140)	(46,380)
	—	139,140
14 OTHER INCOME		
Dividend from Long Term Investments:		
- Trade	366,555	299,755
Rent	408,069	545,039
Liabilities no Longer Required Written Back (Net)	519,855	1,015,402
Sundry Balance Written Off	193,083	—
Profit on Sale of Fixed assets	626,481	439,394
Profit on Sale of Current Investment	864,706	2,696,020
Provision for Doubtful Debt Written back	1,239,975	1,285,939
Gain on Foreign Exchange Fluctuation (Net)	3,925,983	—
SAD Refund	7,283,368	1,330,498
Insurance Claim/Recovered	9,008,745	6,099,233
Miscellaneous Receipts	5,314,935	2,858,662
	29,751,755	16,569,942



Schedules to the Consolidated Profit and Loss Account

(Amount in Rs.)

	31.03.2010	31.03.2009
15 MANUFACTURING & OTHER EXPENSES		
Purchases of Trading Stock	1,821,714,794	1,061,345,139
Raw Material consumed		
Opening Stock	78,693,727	105,977,990
Add : Purchases (including processing charges)	867,156,110	868,386,837
	945,849,837	974,364,827
Less : Closing Stock	82,142,814	78,693,727
Raw Material consumed	863,707,023	895,671,100
Stores, Spare parts & Packing Materials	373,409,235	415,265,892
Power & Fuel	633,706,737	638,607,097
Salary, Wages, Bonus, Gratuity etc.	400,816,680	305,884,682
Contribution to Provident Fund and Other Funds	21,720,233	18,318,017
Workmen & Staff Welfare	21,047,488	18,569,694
Insurance	3,326,782	5,670,455
Rent	35,824,848	29,417,447
Rates & Taxes	5,096,675	6,387,675
Repairs :		
Buildings	33,371,577	11,463,931
Plant & Machinery	13,268,972	14,686,993
Others	7,097,984	3,244,758
Miscellaneous Expenses	80,943,359	64,358,955
Loss on Foreign Exchange Fluctuation (Net)	—	2,260,567
Selling & Distribution Expenses	140,886,958	119,703,200
Discount	56,570,004	30,136,264
Freight Outward and handling charges	253,655,055	269,966,546
Miscellaneous Expenses Written Off	139,140	46,380
Export Expenses	3,871,325	3,620,337
Advertisement Expenses	57,526,497	40,994,556
Commission	39,183,236	25,485,142
Travelling & Conveyance Expenses	72,039,052	62,235,294
Directors' Fees	171,400	144,100
Directors' Commission	3,467,529	5,015,621
Turnover/Sales Tax Paid	674,276	1,518,234
Prior Period Adjustment (Net)	1,358,434	3,848,350
Sundry Balances Written Back (Net)	—	579,664
Loss on Sale of Fixed Assets	8,494,539	15,210,021
Fixed Assets Written Off	670	3,965
Service Tax Paid	15,388	—
Provision for Doubtful Debts	980,275	2,261,356
Bad Debts	—	187,831
	4,954,086,165	4,072,109,263
Less : (Increase)/Decrease in Stock (as per Schedule 17)	(88,971,393)	(32,944,487)
	4,865,114,772	4,039,164,776

Schedules to the Consolidated Profit and Loss Account

(Amount in Rs.)

	31.03.2010	31.03.2009
16 INTEREST & FINANCE CHARGES		
Interest on Debentures and Fixed Loans	61,704,985	86,129,898
Interest to Banks & Others	56,540,254	64,782,558
	118,245,239	150,912,456
Less: Interest Received	6,012,247	4,566,598
	112,232,992	146,345,858
Other Finance Charges	21,887,626	14,770,551
	134,120,618	161,116,409

17 (INCREASE)/DECREASE IN STOCK		
Opening Stock		
Finished Goods	208,881,478	210,969,940
Trading Stock	155,512,891	122,567,354
Stock-in-process	19,772,902	19,249,583
	384,167,271	352,786,877
Less : Closing Stock		
Finished Goods	217,924,028	208,881,478
Trading Stock	255,994,505	155,512,891
Stock-in-process	20,007,111	19,772,902
	493,925,644	384,167,271
Increase/(Decrease) in Stock	(109,758,373)	(31,380,394)
Less: Increase/(Decrease) in Excise Duty on Finished Goods	20,786,980	(1,564,093)
	(88,971,393)	(32,944,487)

Schedules to the Consolidated Financial Statement

of Somany Ceramics Limited, Its Subsidiaries and Joint Venture for the year ended 31st March, 2010

18 NOTES ON ACCOUNTS

I. Principles of Consolidation

- A. The consolidated financial statements include the accounts of Somany Ceramics Limited (Parent Company), its subsidiaries companies SR Continental Limited & Somany Global Limited (Formerly Somany Retail Limited) incorporated in India and wholly owned by the parent company and Joint Venture Company(JVC) Somany Keraben Private Limited (a 50:50 Joint Venture with Keraben S.A. of Spain).
- B. The financial statements of the parent company and its subsidiary companies have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra group balances and intra group transactions resulting in unrealized profits or losses, if any, as per Accounting Standard-21, Consolidated Financial Statements, issued by the Institute of Chartered Accountant of India. Interest in assets, liabilities, income and expenses of the Joint Venture Company have been consolidated using proportionate consolidation method. Intra Group balances, transactions and unrealized profits/losses have been eliminated to the extent of parent company's proportionate shares as per Accounting Standard-27, Financial Reporting of Interests in Joint Ventures, issued by the Institute of Chartered Accountants of India.
- C. As the subsidiary companies are wholly owned by the parent company there is no minority interest.
- D. All intra group balances and intra group transactions resulting into unrealized profits/losses are eliminated in full on consolidation.

(Amount in Rs.)

	31.03.2010	31.03.2009
2. Estimated amount of contracts remaining to be executed on capital account and not provided for [net of advances paid Rs. 74,033,820 (previous year Rs. 5,003,268)]	77,673,352	18,670,136
3 A) Contingent liabilities not provided for in respect of: (As certified by the Management)		
a) Claims and other demands against the Company not acknowledged as debts.	10,725,245	12,112,187
b) Sales Tax and Purchase Tax demands etc. against which the Company has preferred appeals.	4,742,669	4,743,155
c) Excise /Custom duty and Service Tax demands and show cause notices issued against which the Company/ Department has preferred appeals/ filed replies.	40,744,718	46,483,632
d) Custom duty, which may arise if obligation for exports is not fulfilled against import of capital under EPCG.	10,287,165	31,781,081
e) Disputed Income Tax & Wealth Tax Demand (Excluding Penalty if any)	11,378,798	—
f) Against the imposition of Local Area Development Tax (LADT) levied by Haryana Govt., the Hon'ble Supreme Court of India vide its order dated 10 th May, 2006 has accepted the Company's application for stay. Further Hon'ble Supreme Court vide their order dated 30 th October, 2009 stated the assesses to file the LADT returns, however no recovery of tax will be made till further order. Liability in this regard of Rs. 60 Lacs have been provided in the accounts up to year 2006-07. Pending, the final Order of the Hon'ble Supreme Court on the above matter, no further provision for the same have been considered necessary at this stage.	25,934,920	16,579,221
B) Bond executed in favour of Sales Tax/Custom Authorities.	25,00,000	25,00,000
C) Bond/ Guarantee given to banks	60,400,000	60,400,000
D) As against a term loan of Rs. 504 Lacs (previous year Rs. 504 lacs) by a Financial Institution to M/s. Schablona India Limited (SIL), the Company has given an undertaking to the former for non disposal of its shareholding in SIL.		

4. Other Liabilities include encashment of performance bank guarantee in earlier years amounting to Rs. 20,250,000 (previous year Rs. 20,250,000) provided by the supplier of machinery (read with note no. 2 of Schedule 5). The supplier of machinery has challenged the encashment of bank guarantee and the case is pending before Hon'ble High Court of Kolkata. Pending decision, no adjustment has been carried out in accounts.

Schedules to the Consolidated Financial Statement

of Somany Ceramics Limited, Its Subsidiaries and Joint Venture for the year ended 31st March, 2010

5. Under the Micro, Small and Medium Enterprises Development Act, 2006, which came into force from 2nd October, 2006, certain disclosures are required to be made relating to Micro, Small and Medium Enterprises. The Company has initiated the process obtaining relevant information from its suppliers about their coverage under the said act. Since the relevant information is not readily available, no disclosures have been made in the accounts. However, in view of the management, the impact of interest, if any, that may be payable in accordance with the provision of this act is not expected to be material.

6. **Earning Per Share:** The numerators and denominators used to calculate Basic and Diluted

		31.03.2010	31.03.2009
Profit /(Loss) Attributable to the Equity Shareholders (Rs.)	(A)	203,859,755	87,601,920
Weighted Average No. of Equity Shares outstanding during the year	(B)	6,899,400	6,899,400
Nominal Value of Equity Shares (Rs.)		10	10
Basic Earning per Share (Rs.)	(A/B)	29.55	12.70
Diluted Earning per Share (Rs.)	(A/B)	29.55	12.70

7. Balances of certain debtors, loans and advances and current liabilities are in process of confirmation/reconciliation.
8. The business activity of the Company falls within a single primary business segment viz. 'Ceramic Tiles and allied products' and basically sale of the product is within the country. Hence the disclosure requirement of Accounting Standard 17 of 'Segment Reporting' issued by the Institute of Chartered Accountants of India is not considered applicable.
9. (a) Foreign Exchange derivatives and exposures outstanding at the year end:

Nature	Amount In Foreign Currency 31/03/10	Amount (Rupee equivalent) 31/03/10	Amount In Foreign Currency 31/03/09	Amount (Rupee equivalent) 31/03/09
DERIVATIVES				
Option	EURO 875,000	53,898,946	—	—
Forward Contract	EURO 1,000,000	64,340,185	USD 5,400,000	276,426,000
Forward Contract	USD 3,110,556	143,965,214	—	—
OPEN EXPOSURES				
Receivables	—	—	USD 386,653	19,792,767
Payables	USD 1,063,863	47,788,735	USD 463,993	23,751,809
Payables	EURO 49,641	3,030,093	—	—

- (b) The Company uses derivative instruments for hedging and/or reducing finance cost.



Schedules to the Consolidated Financial Statement

of Somany Ceramics Limited, Its Subsidiaries and Joint Venture for the year ended 31st March, 2010

10. The net worth of Somany Global Limited (Subsidiary Company) and Somany Keraben Private Limited (JV Company-negative net worth) has been considerably eroded on account of losses.
11. In respect of the Joint Venture Company (Somany Keraben Private Limited), the auditors have drawn attention in their audit report for the year ended March, 2009 on the following:
 - a) In respect of implementation of internal controls and confirmation of debtors.
 - b) Pending reconciliation of inventory and there inability to comment on the valuation of the same.
12. Accounting policies and Notes on Accounts (including disclosure requirements of Accounting Standard 15 – Employee Benefits, Accounting Standard 18 - Related Party Disclosures and Accounting Standard 22 - Accounting for Taxes on Income issued by The Institute of Chartered Accountants of India) of the financial statement of the Parent Company and Subsidiary Company are set out in their respective financial statement.
13. The Financial statements of JVC (Somany Keraben Private Limited) are unaudited and are certified by the management. Subsequent to the approval of financial statement of previous year, Audited financial statement of JVC were made. Accordingly the effect of audited financial statements of the previous year has been given in the current year for the purposes of consolidation.
14. Figures for the previous year have been regrouped and rearranged wherever considered necessary.
15. Schedules 1 to 18 form an integral part of Balance Sheet and Profit and Loss Account.

As per our report of even date

For **Lodha & Co.**

Chartered Accountants

N. K. Lodha

Partner

Membership No. 85155

Place: New Delhi

Dated : 17th May, 2010

Samir Raheja

Company Secretary

R. K. Daga

Director

Shreekant Somany

Chairman & Managing Director

Consolidated Cash Flow Statement For the year ended 31st March, 2010

(Amount in Rs.)

	31.03.2010	31.03.2009
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) Before Tax & Exceptional Items	306,422,413	135,922,458
I. Adjustment for		
Depreciation	147,231,216	142,863,295
Interest and Finance Charges	140,132,865	165,683,007
Interest Received	(6,012,247)	(4,566,598)
Dividend Income	(366,555)	(299,755)
Diminution in the value of Investment (net)	—	480,283
Provision for Doubtful Debts (written back) (net)	(259,700)	975,417
Bad Debts	—	187,831
Liabilities no longer required written back (net)	(519,855)	(1,015,402)
Sundry Balances written off/(back) (net)	(193,083)	579,664
Preliminary Expenses Written off	139,140	46,380
(Profit)/Loss on Sale/Discard of Fixed Assets/Assets written off (net)	7,868,728	14,774,592
(Profit)/Loss on Sale of Long term Investment	(864,706)	(2,696,020)
Operating Profit Before Working Capital Changes	593,578,216	452,935,152
II. Changes in		
Trade & Other Receivable	(326,485,348)	(226,492,562)
Inventories	(148,752,210)	21,886,336
Trade Payable	415,527,655	176,641,066
Cash Generated from Operation	533,868,313	424,969,992
Income Taxes Refund/(paid)	(119,932,362)	(34,132,434)
Net Cash Flow From Operating Activities (A)	413,935,951	390,837,558
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(466,433,111)	(84,071,963)
Sale of Fixed Assets	4,769,979	3,471,537
Sale of Current Investment	202,485,801	5,059,120
Purchase of Current Investment	(208,061,096)	—
Interest Received	2,608,020	2,772,482
Dividend Received	366,555	299,755
Net Cash Used In Investing Activities (B)	(464,263,852)	(72,469,069)



Consolidated Cash Flow Statement (Contd.)

For the year ended 31st March, 2010

(Amount in Rs.)

	31.03.2010	31.03.2009
C. CASH FLOW FROM FINANCING ACTIVITIES		
Long Term Loans raised during the year	280,450,692	8,111,795
Repayment of Long Term Loans	(291,840,231)	(119,100,833)
Increase/(Decrease) in Short Term Loans	266,917,311	(38,689,281)
unpaid matured debenture paid	—	—
Interest Paid	(140,255,990)	(168,407,758)
Dividend Paid	(11,959,998)	(8,138,734)
Net Cash Used In Financing Activities (C)	103,311,783	(326,224,811)
Net Increase In Cash And Cash Equivalents (A+B+C)	52,983,882	(7,856,322)
CASH AND CASH EQUIVALENTS		
As on 01.04.2009 (I)*	98,185,340	106,041,662
As on 31.03.2010 (II)	151,169,222	98,185,340
Net Increase in Cash and Cash Equivalents (II-I)	52,983,882	(7,856,322)
Notes :		
a) Cash & Cash Equivalents represents cash & bank balances.(Schedule 9)		
b) Figures for the previous year have been regrouped/rearranged wherever considered necessary.		
* Include share Cash & Bank balance of Joint Venture (Refer note no. 13 of Schedule 18)		

As per our report of even date

For **Lodha & Co.**

Chartered Accountants

N. K. Lodha

Partner

Membership No. 85155

Place: New Delhi

Dated : 17th May, 2010

Samir Raheja

Company Secretary

R. K. Daga

Director

Shreekant Somany

Chairman & Managing Director

Directors' Report

Your Directors have pleasure in presenting the 31st Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2010.

Financial results

(Rs. in Lacs)

	2009-10	2008-09
Gross sales	415.88	262.76
Sales net of Excise	406.41	254.72
Other income/interest received	51.58	55.75
Profit before interest, depreciation and tax	65.22	28.99
Interest and finance charges (net)	0.34	0.69
Profit before depreciation	64.88	28.30
Less: Depreciation	2.14	2.18
Profit before tax	62.74	26.12
Less: Provision/adjustments for tax (Net)	15.46	9.46
Profit after tax	47.28	16.66
Add: Balance brought forward	89.63	72.97
Balance carried to balance sheet	136.91	89.63

Dividend

With a view to conserve and plough back its resources in the business of the Company, your Directors do not recommend any dividend on equity shares for the year under review.

Operating results

During the year under review the sales of own manufactured refractory/colors increased to Rs. 236.92 lacs from Rs. 229.26 lacs in previous year.

The traded sales of adhesives and grouts however increased to Rs. 178.96 lacs compared to Rs. 33.50 lacs in the previous year a growth of about 434%. Your Company sees good potential for further growth in this segment.

Overall growth in sales during the year over last year was 58.27%.

In view of overall increase in the volume of the Company's business, the profit before and after tax increased to Rs. 62.74 lacs and Rs. 47.28 lacs respectively as compared with Rs. 26.12 lacs and Rs. 16.66 lacs respectively in the previous year.

Auditors' Report

The report of Auditors read together with notes on accounts is self explanatory and, therefore, does not need any comments under Section 217 of the Companies Act, 1956.

Directors

Shri Rohit Kumar Somany, Director, retires by rotation, at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

Directors' responsibility statement

As required under Section 217(2AA) of the Companies Act, 1956 your Directors confirm and state that:

■ In the preparation of the Annual Accounts, the applicable accounting standards have been followed.

■ The Company selected such accounting policies, applied them consistently, made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit/loss of the Company for that period.

■ The Directors have taken proper and sufficient care to maintenance of adequate accounting records in accordance with provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

■ The Company has prepared the attached annual statement of Accounts for the year ended 31st March, 2010 on going concern basis.

Auditors

M/s. A. K. Maheshwari & Associates, Chartered Accountants, Auditors of the Company, retire at the conclusion of ensuing Annual General Meeting and are eligible for reappointment. The Company received letter from them to the effect that their re-appointment, if made, would be within the prescribed limits under Section 224(1)(B) of the Companies Act, 1956.

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

The information 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 is annexed and forms part of this report.

Particulars of Employees

The Company had no employee in the category specified under Section 217 (2A) of the Companies Act, 1956.

Compliance under Section 383A of the Companies Act, 1956

The Company obtained the Compliance Certificate as required under Section 383A of the Companies Act, 1956 and the rules made thereunder.

Industrial relations

The industrial relations continue to be harmonious and cordial as before.

For and on behalf of the Board

Place: New Delhi
Date: 17th May, 2010

Shreekant Somany
Director

R. K. Daga
Director

Annexure to the Directors' Report

Information pursuant to Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosures of Particulars in the Report of Directors) Rules, 1988 forming part of Directors' Report for the year ended 31st March, 2010.

A. Conservation of energy

- Energy conservation measures taken - fuel and electricity were saved by installing efficient and low cost appliances.
- Additional investments and proposals, if any, being implemented for reduction of consumption of energy – Nil
- Impact of (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

The above measures resulted into reduction in energy costs.

- The details of total energy consumption and consumption per unit of production is as follows:

Form A

A. Power and fuel consumption	31.03.2010	31.03.2009
I. Electricity		
i) Purchase Unit (Kwh)	253,455	244,844
Total amount (Rs.)	1,135,426	1,082,037
Rate/unit (Rs.)	4.48	4.42
ii) Own generation	–	–
Unit (Kwh)	–	–
Cost/unit (Rs.)	–	–
2. Furnace oil / HSD		
i) Quantity (Kilo Litre)	47.234	25.30
Total amount (Rs.)	1,447,407	1,036,168
Rate per kilo (Rs.)	30,643	40,955
ii) Consumption per unit of production		
Production in MT	430.74	449.23
Electricity Unit/MT	588.42	545.03
Furnace Oil /HSD Kilo Litre/ MT	0.11	0.06

B. Technology absorption

Research and Development

- Following R&D measures were carried out by the Company during the year:
 - Development of two new colours.
 - Development of Zircon coated refractory for Ferrite Industries.
- Benefits derived as a result of R&D - Introduction of new products and cost saving.
- Future plan of action - This is an ongoing process
- Expenditure on R&D: No separate records are maintained for such expenditure

Technology absorption, adaptation and innovation

- Efforts made towards technology absorption, adaptation and innovation:

Continuous efforts are being made to check the actual performance against the standards.
- Benefits derived as a result of above:

It has resulted in reduction in cost and improvement of quality.
- There was no import of technology.

C. Foreign exchange earnings and outgo

The Company has not incurred or earned any foreign exchange during the year.

For and on behalf of the Board

Place: New Delhi
Date: 17th May, 2010

Shreekant Somany
Director

R. K. Daga
Director

Compliance Certificate

CIN NO of the Company: U55101WB1979PLC032095

Nominal Capital: Rs. 50,00,000

Paid up Capital: Rs. 18,50,000

To,
The Members
SR CONTINENTAL LIMITED
2, Red Cross Place, Kolkata - 700 001

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

1. The Company has kept & maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act & 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 (West Bengal) under the Companies Act, 1956 and the rules made there under. However, no forms or returns were required to be filed with the Regional Director, Central Government, Company Law Board or other authorities.
3. The Company being a Public Limited Company, provisions of Section 3(1)(iii) are not applicable, so comments are not required.
4. The Board Of Directors duly met four times respectively on 20th May, 2009, 30th July, 2009, 30th October, 2009 & 18th January, 2010 in respect of which meetings proper notices were given and proceedings were properly recorded and signed in the Minutes Book maintained for the purpose. The Company has passed one Board resolution by circulation on 1st December, 2009.
5. The Company has not closed its register of Members for transfer or any other purposes during the above financial year.
6. The Annual General Meeting for the financial year ended on 31st March, 2009 was held on 19th September, 2009 after giving due notice to the Members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the aforesaid financial year.
8. The Company has not advanced any loan to its Director and/or person or Firm or Company referred in the Section 295 of the Act.
9. The Company has not entered into any contract falling within the purview of Section 297 of the Act as and where necessary.
10. The Company has made necessary entries in the register maintained under

Section 301 of the Act.

11. As there are no instances falling within the purview of Section 314 of the Act, the Company has not obtained approvals from the Board of Directors, Members or Central Government.
12. The Company has not issued any duplicate Share Certificate during the financial year under review.
13. The Company has:
 - (a) not made allotment of any Equity Share during the year under review.
 - (b) not received any instrument for transfer/transmission or any other purposes during the above financial year.
 - (c) not required to deposit any amount in a separate bank account for dividend as no dividend was declared during the above financial year.
 - (d) not required to post dividend warrants to any of its Member as no dividend was declared during the above financial year.
 - (e) no amount lying outstanding in unpaid Dividend account or under any other head for more than seven years, which are required to be transferred to IEPF under Section 205C of the Act.
 - (f) duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There was no appointment of Additional Director, Alternate Director or Director to fill casual vacancy during the above financial year.
15. The Company has not appointed any Managing Director/Whole time Director/Manager during the above financial year.
16. The Company has not appointed any Sole-selling Agent during the above year under review.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies and/or such other authorities 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 Share/Debenture/other Security during the above financial year.



Compliance Certificate (Contd.)

20. The Company has not bought back Share during the above financial year.
21. The Company has neither issued nor redeemed any redeemable preference Share and/or Debenture.
22. There was no transaction necessitating the Company to keep in abeyance the right to dividend, rights shares and bonus shares pending registration of transfer of Shares.
23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A of the Act during the above period under review.
24. The amount borrowed during the above financial year by the Company from Bank within the limit prescribed under Section 293(1)(d) of the Act.
25. The Company has granted loans and advances to other Bodies Corporate under Section 372A of the Act.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the above financial year.
27. The Company has not altered the provisions of Memorandum with respect to the objects of the Company during the above financial year.
28. The Company has not altered the provisions of Memorandum with respect to name of the Company during the above financial year.
29. The Company has not altered the provisions of Memorandum with respect to Share Capital of the Company during the above financial year.
30. The Company has not altered its Articles of Association during the above financial year.
31. There was no prosecution initiated against or show cause notices received by the Company during the above year for offence under the various provisions of the Act.
32. The Company has not received any money as security from its employees during the above financial year.
33. The Company has deposited both employee's and employer's contribution to Provident Fund with appropriate authorities pursuant to Section 418 of the Act during the aforesaid financial year.

Register as maintained by the Company

ANNEXURE – 'A'

Sl. No.	Particulars	Section
1.	Register of Members	150
2.	Directors Minutes Book	193
3.	Shareholders Minutes Book	193
4.	Register of Directors	303
5.	Register of Transfer	–
6.	Register of Director's Shareholding	307
7.	Register of Contracts	301
8.	Register of Charges	143
9.	Register of Investments	372A

ANNEXURE – 'B'

Sl. No.	Form No./Return	Filed under Section	Date of filing	Whether filed within Statutory Period
1.	Balance Sheet & Profit and Loss as at 31 st March, 2009 in Form No. 23AC & 23ACA	220	06/10/2009	Yes
2.	Compliance Certificate for the year ended 31 st March, 2009 in Form No. 66	383A	06/10/2009	Yes
3.	Annual Return made upto 19 th September, 2009 in Form No. 20B	159	06/11/2009	Yes

For Drolia & Company

(Company Secretaries)

(P.K. Drolia)

Proprietor

CP: 1362

Place: 9, Crooked Lane, Kolkata-700 069

Date: 17th May, 2010

Auditors' Report

To the Members of
SR CONTINENTAL LIMITED

1. We have audited the attached Balance Sheet of SR CONTINENTAL LIMITED as at 31st March, 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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 in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 & 5 of the said order, as applicable to the Company.
4. Further to our comments in the Annexure referred to in paragraph 3 above:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - 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 those Books;
 - c) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with books of account;
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in compliance with the Accounting

Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 to the extent applicable.

- e) On the basis of written representations received from the Directors of the Company as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the Director 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 together with the significant Accounting Policies and notes thereon 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 Balance Sheet of the state of affairs of the Company as at 31st March, 2010;
 - ii) in the case of Profit and Loss Account of the profit of the Company for the year ended on that date; and
 - iii) in the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

As per our report of even date

For **A. K. Maheshwari & Associates**
Chartered Accountants
(Firm Registration No. 500106N)

(CA A. K. Maheshwari)
Proprietor
Membership no.: 073875

Place: New Delhi
Date: 17th May, 2010



Annexure to Auditors' Report

Referred to in Paragraph "3" of the Auditors' Report to the Members of "SR Continental Limited" on the Accounts for the year ended 31st March, 2010.

- i) a) The Company has maintained proper records showing full particulars including quantitative details and situations of fixed assets except in case of certain locations where records are in process of updation/compilation.
- b) As explained to us, all the fixed assets have been physically verified by the management in a phased periodically manner; which in our opinion is reasonable, having regard to the size of the Company and nature of its Assets. No material discrepancies have been noticed on such physical verification.
- c) As per record and information and explanation provided to us, no substantial part of the fixed assets has been disposed off during the year and the going concern status of the Company is not affected.
- ii) a) As per the information and explanation provided to us, the inventories (except stocks with third parties and in transit) have been physically verified by the management at reasonable intervals during the year.
- b) In our opinion and according to information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate having regard to the size of the Company and nature of its business.
- c) On the basis of our examination of the record of inventory, the Company has maintained the proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventories as compared to book records.
- iii) a) As per the information and records made available to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties except to one Company covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year is Rs. 9,436,000 and year-end balance of such loan is Rs. 2,500,000.
- b) In our opinion, the rate of interest and other terms and condition of loan granted are not prime facie prejudicial to the interest of the Company.
- c) As informed to us in respect of the aforesaid loans, the principal amount are repayable on demand and there is no repayment schedule. The interest is payable on demand.
- d) As per the information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register; maintained under Section 301 of the Companies Act, 1956.
- e) In our opinion the rate of interest and other terms and conditions on which loans have been granted to companies, firms or other parties listed in the registers maintained under Section 301 are not, prima facie, prejudicial to the interest of the Company.
- f) The parties are repaying the principle amount as stipulated and have been regular in payment of interest to the Company.
- g) There is no overdue amount of loans granted to companies, firms and other parties listed in the register maintained under Section 301 of Companies Act, 1956.
- iv) In our opinion and according to the information and explanations provided to us, it appears that there are adequate internal control procedures commensurate with the size and nature of business for the purchase of raw materials and components, plant & machinery, equipment, other assets and for the sale of goods.
- v) a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- b) According to information and explanations given to us, the transaction of purchase and sale of goods, material and services made in pursuance of contracts or agreements entered in the register maintained under Section 301 of the Companies Act, 1956 aggregating during the year to Rs. 5, 00,000 or more in respect of each party have been made at prices which are generally reasonable having regard to prevailing market prices at the relevant time.
- vi) According to the information and explanations given to us, the Company has not accepted any deposits from the public. Therefore, the provisions of Clause (vi) of paragraph 4 of the Order are not applicable to the Company.
- vii) According to the information and explanations given to us, the Company has adequate internal audit system which in our opinion, is commensurate with the size of the Company and nature of its business.

Annexure to Auditors' Report (Contd.)

- viii) As per information and explanations given to us, maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 has not been prescribed by the Central Government for the Company.
- ix) a) According to information and explanations given to us and as per records maintained by the Company, the Company is generally regular in depositing the statutory dues with appropriate authorities.
- b) According to information and explanations given to us and as per records of the Company, there are no undisputed amount on account of Provident Fund, Investor Education and Protection Fund, Employee State Insurance, Income Tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty, Service Tax and Cess outstanding as at 31st March, 2010.
- c) According to the records and information and explanations given to us, there are no dues in respect of Income Tax, Wealth Tax, Excise Duty, Custom Duty, Service Tax and Cess that have not been deposited with appropriate authorities on account of disputes and the dues in respect of sales tax that have not been deposited with the appropriate authority on account of disputes and the forum where the dispute is pending is as given below:

Name of Statute	Nature of Dues	Period to which it relates	Amount	Forum where dispute is pending
Sales Tax Act	Sales Tax	2002-03	Rs. 160,165	Haryana Sales tax tribunal

- x) The Company has no accumulated losses at the end of the financial year and has not incurred any cash loss during the year or in the financial year immediately preceeding the year under report.
- xi) The Company has not defaulted during the year in repayment of dues to banks. The Company has not obtained any further loans from Financial Institution/Bank and has not issued any debentures; hence paragraph 4 (xi) of the order is not applicable.
- xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/societies are not applicable to the Company.
- xiv) As the Company is not dealing or trading in share securities, debentures or in other Investment therefore, reporting under this clause is not desired.
- xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bankers or financial institutions.
- xvi) According to the information and explanations given to us and on the basis of an overall examination of the books and records of the Company, there is no term loan in the Company at all.
- xvii) According to the information and explanations given to us and on the basis of an overall examination of the books and records of the Company, there are no funds raised on a short-term basis, which have been used for long-term investments and vice-versa.
- xviii) The Company during the year has not made any preferential allotment of shares to parties and Companies covered in the register maintained under Section 301 of the Act.
- xix) Since no debentures have been issued by the Company during the year, no security was required to be created.
- xx) The Company has not raised money by way of public issue during the year.
- xxi) According to the information given to us, no fraud on or by the Company has been noticed or reported during the year.
- As per our report of even date
- For **A. K. Maheshwari & Associates**
Chartered Accountants
(Firm Registration No. 500106N)
- (CA A. K. Maheshwari)**
Proprietor
Membership no.: 073875
Place: New Delhi
Date: 17th May, 2010



Balance Sheet As at 31st March, 2010

(Amount in Rs.)

	Schedule	31.03.2010	31.03.2009
SOURCES OF FUNDS			
Shareholder's Funds			
Share Capital	1	1,850,000	1,850,000
Reserves & Surplus	2	21,596,709	16,868,489
Loan Funds			
Secured Loan	3	—	561,799
Deferred Tax Liability		114,831	114,059
Total		23,561,540	19,394,347
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	4	12,259,175	12,230,665
Less: Accumulated Depreciation		10,037,737	9,824,088
		2,221,438	2,406,577
Investment	5	7,257,645	817,645
Current Assets, Loans & Advances			
Inventories	6	5,763,468	6,108,759
Cash & Bank Balances	7	3,036,159	3,968,862
Sundry Debtors	8	6,105,784	3,500,549
Loans & Advances	9	8,130,796	8,631,529
Total Current Assets		23,036,207	22,209,699
Less: Current Liabilities & Provisions			
Current Liabilities	10	6,198,250	4,079,820
Provisions	11	2,755,500	1,959,754
Total Current Liabilities		8,953,750	6,039,574
Net Current Assets		14,082,457	16,170,125
Total		23,561,540	19,394,347
Notes to the Accounts	19		

As per our Audit Report of even date Attached

For **A. K. Maheshwari & Associates**
Chartered Accountants

Anand Maheshwari
Proprietor
Membership No.: 073875

Place: New Delhi
Dated : 17th May, 2010

Shreekant Somany
Director

R. K. Daga
Director

Profit and Loss Account For the year ended 31st March, 2010

(Amount in Rs.)

	Schedule	31.03.2010	31.03.2009
INCOME			
Sales		41,587,782	26,275,687
Less: Excise Duty		946,787	804,107
		40,640,995	25,471,580
Interest Received	12	1,006,349	898,435
Other Income	13	4,152,086	4,677,056
(Decrease)/Increase in Stocks	14	(988,196)	788,217
		44,811,234	31,835,288
EXPENSES			
Raw Material Consumed	15	15,893,299	16,331,727
Manufacturing & other Expenses	16	3,703,124	2,623,568
Purchase		11,643,989	2,422,169
Personnel Expenses	17	6,308,346	5,715,955
Administrative & other Expenses	18	365,627	400,992
Selling & Distribution Expenses		374,706	1,441,184
Interest		34,455	68,592
Depreciation	4	213,649	218,372
		38,537,195	29,222,559
Profit before Tax		6,274,039	2,612,729
Less: Provision for Fringe Benefit Tax		—	20,500
Less: Provision for Income Tax		1,885,000	850,000
Profit after Tax		4,389,039	1,742,229
Add: Provision for Deferred Taxes (Refer note no. 5 of Schedule 19)		(772)	123,436
		4,388,267	1,865,665
(Add)/Less: Income Tax & FBT for earlier years		(339,953)	199,104
Balance available for appropriation		4,728,220	1,666,561
Add: Balance brought forward from earlier years		8,963,464	7,296,903
Balance carried to Balance Sheet		13,691,684	8,963,464
Earnings per Share		25.56	9.01
Reference note no. "4" of Schedule 19			
Notes to the Accounts	19		

As per our Audit Report of even date Attached

For **A. K. Maheshwari & Associates**
Chartered Accountants

Anand Maheshwari
Proprietor
Membership No.: 073875

Place: New Delhi
Dated : 17th May, 2010

Shreekant Somany
Director

R. K. Daga
Director



Schedules to the Balance Sheet

(Amount in Rs.)

	31.03.2010	31.03.2009
1 SHARE CAPITAL		
Authorised		
500,000 Equity Shares of Rs. 10 each	5,000,000	5,000,000
Issued, Subscribed & Paid-Up		
185,000 Equity Shares of Rs. 10 each fully paid up in cash	1,850,000	1,850,000
(The entire paid up Equity Share capital is held by Somany Ceramics Limited, the holding company and its nominees)		
	1,850,000	1,850,000

2 RESERVES & SURPLUS		
General Reserve		
Balance as per Last Year	7,905,025	7,905,025
Profit & Loss Account	13,691,684	8,963,464
	21,596,709	16,868,489

3 SECURED LOANS		
From Central Bank of India, Bahadurgarh		
Cash Credit	—	561,799
(Secured against hypothecation of Stocks of Raw Material, Stock in Trade, Finished Products and Consumable Stores)		
	—	561,799

4 FIXED ASSETS										
Particulars	Gross Block				Depreciation			Net Block		
	Cost as on 01.04.2009	Additions during the year	Deletion during the year	As at 31.03.2010	Upto 31.03.2009	For the year	Upto 31.03.2010	As on 31.03.2010	As on 31.03.2009	
Land	99,900	—	—	99,900	—	—	—	99,900	99,900	
Building	5,390,596	—	—	5,390,596	3,988,772	82,660	4,071,432	1,319,164	1,401,824	
Plant & Machinery	6,612,521	14,560	—	6,627,081	5,725,630	124,055	5,849,685	777,396	886,891	
Furniture & Equipment	102,688	13,950	—	116,638	92,540	3,808	96,348	20,290	10,148	
Computers	24,960	—	—	24,960	17,146	3,126	20,272	4,688	7,814	
Total	12,230,665	28,510	—	12,259,175	9,824,088	213,649	10,037,737	2,221,438	2,406,577	
Previous year	12,026,665	204,000	—	12,230,665	9,605,716	218,372	9,824,088	2,406,577	2,420,949	

Schedules to the Balance Sheet

(Amount in Rs.)

		31.03.2010	31.03.2009
5 INVESTMENTS (AT COST)			
Long Term- Other than Trade			
Quoted			
In Fully paid up Equity Shares	Paid up (Rs.) No. of Shares		
Bhilwara Holdings Limited	10 19,500	394,112	394,112
Soma Textiles & Industries Limited	10 2,073	32,733	32,733
Schablona India Limited	4 390,800	390,800	390,800
In Mutual Fund			
HDFC Prudence Fund - Growth	10 37,145,976	6,440,000	—
		7,257,645	817,645
Market Value of Shares		16,163,661	7,738,500
6 INVENTORIES			
(As taken, valued & certified by the Management)			
Raw Material		3,039,572	2,557,678
Stock in Process		395,000	719,888
Finished Goods		773,627	1,436,935
Stores & Spares		1,555,269	1,394,258
		5,763,468	6,108,759
7 CASH & BANK BALANCES			
Cash in Hand		43,783	45,780
Balance with Scheduled Banks			
- in Current Accounts		2,992,376	3,923,082
		3,036,159	3,968,862
8 SUNDRY DEBTORS			
(Unsecured, considered good)			
Debts outstanding for a period exceeding six months		185,087	105,700
Other Debts		5,920,697	3,394,849
		6,105,784	3,500,549



Schedules to the Balance Sheet and Profit and Loss Account

(Amount in Rs.)

	31.03.2010	31.03.2009
9 LOANS & ADVANCES		
(Unsecured, considered good)		
Loan to Body Corporate	4,500,000	6,436,000
Advances recoverable in cash or in kind or for value to be received	846,879	125,509
Advance Payment of Income Tax including Tax Deducted at Source	2,353,797	1,711,494
Advance Fringe Benefit Tax	20,235	56,500
Deposit with Excise Department	70,403	57,321
Service Tax Recoverable	115,442	20,665
Security Deposited with Government Department	224,040	224,040
	8,130,796	8,631,529

10 CURRENT LIABILITIES		
Advance against Supplies	762,890	223,561
Sundry Creditors	4,650,533	3,481,975
Other Liabilities	784,827	374,284
	6,198,250	4,079,820

11 PROVISIONS		
for Income Tax	2,735,000	1,904,000
for Fringe Benefit Tax	20,500	55,754
	2,755,500	1,959,754

12 INTEREST RECEIVED		
Interest on Loan	968,009	898,300
(Gross: Tax deducted at Source Rs. 96,801, previous year Rs. 185,325)		
Interest on Income Tax Refunds	38,340	135
	1,006,349	898,435

Schedules to the Profit and Loss Account

(Amount in Rs.)

	31.03.2010	31.03.2009
13 OTHER INCOME		
Rent Received	132,000	132,000
(Gross-Tax Deducted at source Rs. Nil, previous year Rs. 27,494)		
Rounding off Adjustment	–	8
Scrap Sales	284,881	–
Job Work Charges (Gross- Tax Deducted at Source Rs. 80,867, previous year Rs. 107,808)	3,500,250	4,239,950
Profit on Sale of Investment	–	82,608
Dividend Received	234,480	195,400
Miscellaneous Income	–	22,824
Liabilities no longer required written back	475	4,266
	4,152,086	4,677,056
14 (DECREASE)/INCREASE IN STOCKS		
Opening Stock		
Finished Goods-Mfg	932,688	14,278
Stock in Process	719,888	1,354,328
Finished Goods-Trading	504,247	–
	2,156,823	1,368,606
Less: Closing Stock		
Finished Goods-Mfg	326,407	932,688
Stock in Process	395,000	719,888
Finished Goods-Trading	447,220	504,247
	1,168,627	2,156,823
(Decrease)/Increased in Stock	(988,196)	788,217
15 RAW MATERIAL CONSUMED		
Opening Stock	2,557,678	3,460,481
Add : Purchases Incl Freight Inward	16,375,193	15,428,924
	18,932,871	18,889,405
Less : Closing Stock	3,039,572	2,557,678
	15,893,299	16,331,727
16 MANUFACTURING & OTHER EXPENSES		
Stores & Spares	815,464	378,896
Power & Fuel	2,582,833	2,118,205
Repairs & Maintenance		
Plant & Machinery	211,759	46,781
Building	90,137	68,761
Others	2,931	10,925
	3,703,124	2,623,568



Schedules to the Balance Sheet and Profit and Loss Account

(Amount in Rs.)

	31.03.2010	31.03.2009
17 PERSONNEL EXPENSES		
Salaries, Wages & Bonus	5,576,687	5,035,162
Workmen & Staff Welfare Expenses (Including ESI Contribution Rs. 107,467, previous year Rs. 94,882)	341,655	335,718
Contribution to Provident Fund, Pension Fund, DLI and PF Administrative Charges	390,004	345,075
	6,308,346	5,715,955

18 ADMINISTRATIVE & OTHER EXPENSES		
Rent, Rates & Taxes	55,629	50,684
Insurance	11,324	14,570
Legal & Professional Charges	23,190	22,071
Miscellaneous Expenses	211,254	282,655
Director's Sitting Fee	1,400	1,600
Filing Fee	1,500	1,500
Sundry Balances Written Off	9,506	—
Membership & Subscription	11,618	11,676
Payment to Auditors		
- Audit Fee	22,500	15,000
Service Tax Paid	17,706	1,236
	365,627	400,992

19 NOTES TO THE ACCOUNTS

A. Significant Accounting Policies

a) Method of Accounting

The Financial Statements are prepared on historical cost basis and in accordance with generally accepted accounting principles.

The Company follows accrual system of accounting in the preparation of accounts except where otherwise stated.

b) Fixed Assets & Depreciation

Fixed assets are stated at cost net of CENVAT/Value Added Tax, rebates, less accumulated depreciation and impairment of loss if any.

Depreciation on Fixed Assets has been provided at the rates in accordance with Schedule XIV of the Companies Act, 1956 as notified by the Department of Company Affairs vide notification no. GSR. 756(E) dated 16.12.1993 using Written Down Value method.

c) Investments

Investments, being long-term, are stated at cost.

Schedules to the Balance Sheet and Profit and Loss Account

d) Inventories

Finished stocks are valued at lower of cost or net realizable value except waste or scrap, which is valued at Net realizable value. Stock in process is taken at raw material cost. Cost of raw material, stores and spare parts are computed on weighted average basis. Cost of finished goods includes excise duty.

e) Interest on Borrowings

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

f) Excise & Customs Duty

Excise duty has been accounted on the basis of both payments made in respect of goods cleared and also provision made for goods lying in bonded warehouse.

g) CENVAT Credit

The CENVAT credit available on purchase of raw material, other eligible inputs and capital goods is adjusted against excise duty payable on clearance of goods produced. The un-availed CENVAT credit is shown under the head "Loans & Advances".

h) Earning Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average numbers of equity shares outstanding during the period are adjusted for events of bonus issue and share split. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

i) Taxes on Income

Provision for tax for the year comprises estimated current income-tax determined to be payable in respect of taxable income and deferred tax being the tax effect of timing differences representing the difference between taxable and accounting income that originate in one period and are capable of reversal in one or more subsequent periods and is calculated in accordance with the relevant domestic tax laws. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

j) Impairment of Assets

The Company on an annual basis makes an assessment of any indicator that may lead to impairment of assets. If any such indication exists, the Company estimates the recoverable amount of the assets. If such recoverable amount is less than the carrying amount, then the carrying amount is reduced to its recoverable amount by treating the difference between them as impairment loss and is charged to profit and loss account.

k) Gratuity and Other Retirement Benefits

(a) Defined Contribution Plan :

Employee benefits in the form of Provident Fund (with Government Authorities) are considered as defined contribution plan and the contributions are charged to Profit and Loss Account of the year when the contributions to the respective funds are due.

(b) Defined Benefit Plan :

Retirement benefits in the form of Gratuity, Long Term compensated leaves and Provident Fund (multi-employer plan) are considered as defined benefit obligations and are provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet.

(c) Other short term absences are provided based on past experience of leave availed.

(d) Actuarial gain/losses, if any, are immediately recognized in the Profit and Loss account.

l) Sales

Sales are inclusive of Excise duty.



Schedules to the Balance Sheet and Profit and Loss Account

B. Notes on Accounts

(Amount in Rs.)

	31.03.2010	31.03.2009
1. Contingent Liability not provided for		
i) In respect of Co-surety given on behalf of Somany Ceramics Limited (Holding Company)	1,250,000	1,250,000
ii) In respect of Sales Tax Demand for A.Y. 2002-03 contested by the Company before The Tribunal, Haryana	160,165	160,165
2. Maximum outstanding from the Holding Company at any time during the year ended 31.03.2010		
a. in respect of loan granted	Rs. 9,436,000	—
b. in respect of sales made	Rs. 9,944,078	—

3. Related party disclosure in accordance with the Accounting Standard "18" issued by The Institute of Chartered Accountants of India:

A. Related Party and Nature of relationship

Somany Ceramics Limited: Holding Company and its nominees (holds 100% of the equity share capital of the Company)

B. Transaction that have taken place during the period 1st April, 2009 to 31st March, 2010 with related parties by the Company:

S. No.	Particulars of Transactions	(Amount in Rs.)
i	Rent paid by the Company	6,000
	Outstanding balance as at 31 st March, 2010	—
ii	Rent Received by the Company	108,000
	Outstanding balance as at 31 st March, 2010	—
iii	Loan given by the Company	8,797,000
	Outstanding balance as at 31 st March, 2010	2,500,000
iv	Interest income on the above loan	921,982
	Outstanding balance as at 31 st March, 2010	—
v	Sale of goods by the Company (Incl. Job Work, Net of Discounts)	22,939,435
	Outstanding balance as at 31 st March, 2010 (Included in Sundry Debtors)	777,519
vi	Purchase of goods by the Company	137,411
	Outstanding balance as at 31 st March, 2010 (Included in Sundry Creditors)	1,118
vii	Repayment of Loan received by the Company	12,733,000
viii	Reimbursement of Electricity Expenses	1,135,426

C. Amount written off or written back in respect of debts

Due from or to related parties is

—

4. Earnings Per Share (EPS)

	31.03.2010	31.03.2009
Profit attributable to the equity shareholders (Rs.)	4,728,220	1,666,561
Weighted Average No. of Equity Shares outstanding during the year	185,000	185,000
Nominal Value of Equity shares (Rs.)	10.00	10.00
Basic/Diluted EPS (Rs.)	25.56	9.01

Schedules to the Balance Sheet and Profit and Loss Account

5. In terms of Accounting Standard 22 issued by The Institute of Chartered Accountants of India, the Company has recognized a net deferred tax liability of Rs. 114,831 (previous year liability of Rs. 114,059) on a reasonable and conservative basis out of brought forward tax losses and depreciation estimate which would be available for set off against the future profits of the Company.

(Amount in Rs.)

	31.03.2010	31.03.2009
Deferred Tax Asset/Liability		
A. Deferred Tax Liability	114,059	237,495
B. Deferred Tax Asset	(772)	123,436
C. Net Deferred Tax (Asset)/Liability	114,831	114,059

6. In the opinion of Board of Directors, Current Assets, Loan & Advances if realised in ordinary course of business will amount to the value stated in the Balance Sheet except where stated otherwise and the provisions have been made for all known liabilities and that no personal expenses have been charged in the accounts.
7. Pursuant to Notification No. G S R 129(E) dated 22nd February, 1999 issued by Ministry of Law & Justice and Company Affairs, the name(s) of the small scale industrial undertaking(s) to whom the Company owe a sum exceeding Rs. 1.00 Lac which is outstanding for more than 30 days as on 31-03-2010 have not been furnished in view of insufficient information from the suppliers regarding their status as SSI unit. Amount overdue to small-scale industrial undertakings as on 31-03-2010 cannot be ascertained. However, no specific claims have been received for interest from suppliers with reference to the "Interest on Delayed Payments Small Scale Ancillary Industrial Undertakings Act, 1993".

8. Payment to Auditors:

(Amount in Rs.)

	31.03.2010	31.03.2009
Audit Fee	15,000	10,000
Tax Audit Fee	7,500	5,000

9. Balances in Sundry Debtors, Creditors and Loans & Advances in some cases are subject to confirmation/ reconciliation/ adjustment if any. The effect of such adjustments shall be determined and accounted for in the year of determination.
10. Additional Information as required by Paragraph 3-4 and 4D of Part ii of Schedule VI of Companies Act, 1956 for the year ended 31st March, 2010.

A. Capacity/Production/Purchases

Class of Goods	Unit	*Capacity				Production	
		Licensed		Installed			
Manufacturing		2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Special Refractories	MT	NA	NA	1400	1400	377.167	407.837
Ceramic Colours	MT	NA	NA	NA	NA	53.575	41.394

*As Certified by the Management and relied upon by Auditor being a technical matter.

B. Stock & Sales

	2009-10		2008-09	
	Quantity(MT)	Value(Rs.)	Quantity(MT)	Value(Rs.)
Special Refractories (Mfg)				
Opening Stock	16.952	374,867	0.865	8,186
Closing Stock	0.160	3,765	16.952	374,867
Sales	393.959	9,344,008	391.075	8,204,837
Ceramic Colours (Mfg)				
Opening Stock	1.580	557,821	0.011	6,092
Closing Stock	1.085	322,642	1.580	557,821
Sales	54.070	14,347,565	39.825	14,720,583



Schedules to the Balance Sheet and Profit and Loss Account

B. Stock & Sales (Contd.)

	2009-10		2008-09	
	Quantity (MT)	Value (Rs.)	Quantity (MT)	Value (Rs.)
Adhesives & Grouts (Trading)	–	–	–	–
Opening Stock	NA	504,247	NA	–
Closing Stock	NA	447,220	NA	504,247
Sales	NA	17,896,209	NA	3,350,267

C. Raw Material Consumed

Class of Goods	2009-10		2008-09	
	Quantity (MT)	Value (Rs.)	Quantity (MT)	Value (Rs.)
Clay & Minerals	415.874	4,153,066	428.551	4,696,733
Oxides & Others	67.707	11,740,233	47.559	11,634,994
		15,893,299		16,331,727

D. Value of Imported & Indigenous Raw Materials and Spares Consumed during the year

	Raw Materials				Stores & Spares			
	2009-2010		2008-2009		2009-2010		2008-2009	
	Value (Rs.)	%	Value (Rs.)	%	Value (Rs.)	%	Value (Rs.)	%
Indigenous	15,893,299	100	16,331,727	100	815,464	100	378,896	100
	15,893,299	100	16,331,727	100	815,464	100	378,896	100

	31.03.2010	31.03.2009
E. CIF Value of Import	–	–
F. FOB Value of Exports	–	–
G. Expenditure in Foreign Currency (Cash Basis)	–	–
H. Earnings in Foreign Currency (Cash Basis)	–	–

11. Schedule "I" to "I9" form an integral part of Balance Sheet and Profit & Loss Account.

12. Figures for the previous year have been regrouped / rearranged wherever considered necessary.

As per our Audit Report of even date Attached

For **A. K. Maheshwari & Associates**

Chartered Accountants

Anand Maheshwari

Proprietor

Membership No.: 073875

Place: New Delhi

Dated : 17th May, 2010

Shreekant Somany

Director

R. K. Daga

Director

Cash Flow Statement For the year ended 31st March, 2010

(Amount in Rs.)

	31.03.2010	31.03.2009
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before Tax and extra-ordinary items	6,274,039	2,612,729
Adjustment for		
- Depreciation	213,649	218,372
- Dividend Received	(234,480)	(195,400)
- Interest Expenses	34,455	68,592
- Profit on Sale of Investment	—	(82,608)
- Sundry Balance Written Off	9,506	—
- Liability no Longer Required Written Back	(475)	(4,266)
- Interest Received	(1,006,349)	(898,436)
	(983,694)	(893,746)
Operating profit before Working capital changes	5,290,345	1,718,983
Adjustment for		
- Inventories	345,291	(110,045)
- Trade Receivables	(2,605,235)	(2,144,937)
- Other Receivables	(838,735)	(81,176)
- Trade Payables	2,119,850	509,116
	(978,829)	(1,827,042)
Cash generated from operations	4,311,516	(108,059)
Less:-Direct Tax Paid	(1,317,944)	(685,061)
Cash flow from operating activities	2,993,572	(793,120)
B. CASH FLOW FROM INVESTING ACTIVITIES		
- Purchase/ Sale of Fixed Assets (Incl Cap WIP)	(28,510)	(204,000)
- Sale/Purchase of Investments (Net)	(6,440,000)	152,510
- Loans & Advances	1,936,000	(16,000)
- Interest Received	968,009	898,436
- Dividend Received	234,480	195,400
Net cash used in Investing activities	(3,330,021)	1,026,346
C. CASH FLOW FROM FINANCING ACTIVITIES		
- (Increase)/Decrease on Working Capital Limit	(561,799)	(100,776)
- Interest Paid	(34,455)	(68,592)
Cash flow from Financing activities	(596,254)	(169,368)
Net increase/(Decrease) in Cash & Cash equivalents	(932,703)	63,858
Cash & Cash Equivalents as Opening	3,968,862	3,905,004
Cash & Cash Equivalents as Closing	3,036,159	3,968,862

As per our Audit Report of even date Attached

For **A. K. Maheshwari & Associates**

Chartered Accountants

Anand Maheshwari

Proprietor

Membership No.: 073875

Place: New Delhi

Dated : 17th May, 2010**Shreekant Somany**

Director

R. K. Daga

Director

**Balance Sheet Abstract and Company's General Business Profile
as per Schedule VI, Part (IV) of the Companies Act, 1956**

I Registration details	
Registration No.	U55101WB1979PLC032095
State Code	21
Balance Sheet Date	31.03.2010
II Capital raised during the year	(Rs. in '000)
Public Issue	—
Right Issue	—
Private PLacement	—
Bonus Issue	—
III Position on mobilisation and deployment of funds	(Rs. in '000)
Total Liabilities	23,562
Total Assets	23,562
Sources of Funds	
Paid Up Capital	1,850
Reserves & Surplus	21,597
Deferred Tax Liability	115
Secured Loans	—
Unsecured Loans	—
Application of Funds	
Net Fixed Assets	2,221
Investments	7,258
Net Current Assets	14,083
Miscellaneous Expenditure	—
Accumulated Losses	—
IV Performance of the Company	
Turnover Incl. other Income	44,811
Total Expenditure	38,537
Profit before Tax/Extra-ordinary items	6,274
Earnings per share (Rs.)	25.56
Dividend Rate (%)	—
V Generic Names of Principal Products/ Services of the Company (As per Monetary Terms)	
Product Description	Refractories
Item Code No. (ITC Code)	6902

For **A. K. Maheshwari & Associates**
Chartered Accountants

Anand Maheshwari
Proprietor
Membership No.: 073875

Place: New Delhi
Dated : 17th May, 2010

Shreekant Somany
Director

R. K. Daga
Director

Directors' Report

Your Directors have pleasure in presenting the fourth Annual Report together with the audited accounts of the Company for the year ended 31st March, 2010.

Financial results

Despite dip in sales to Rs. 434.29 lacs from Rs. 485.16 lacs in the previous year, the Company earned a nominal profit of Rs. 3.10 lacs compared with loss of Rs. 15.36 lacs in the previous year. This was mainly due to reduction in the recurring overheads on rent of showrooms.

Operations

During the year under review, two new showrooms were opened in Pune and Indore. With this the total number of Company owned showrooms increased to eight.

Change of name

With a view to substantially focus on the sale of imported ceramic tiles and sanitaryware along with indigenous products in line with the internationally acknowledged designs, the name of the Company was changed to Somany Global Limited.

Share capital

The Company has increased its authorised share capital to Rs. 100 lacs and raised additional share capital of Rs. 30 lacs during the year to meet its financial requirements.

Auditors' Report

All the items on which the Auditors commented in their report are self-explanatory.

Directors

In accordance with the provisions of Companies Act, 1956, Shri G. L. Sultania, Director retire at the ensuing Annual General Meeting of the Company and is eligible for re-appointment.

Dividend

In view of accumulated losses, the Directors did not recommend any Dividend for the period ended 31st March, 2010.

Directors' responsibility statement

As required under Section 217 (2AA) of the Companies Act, 1956, your Directors confirm and state that:

■ In the preparation of Annual Accounts, the applicable accounting standards have been followed.

■ The Company has selected such accounting policies, applied them consistently, made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the loss of the Company for that period.

■ The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

■ The Company prepared the attached annual statement of accounts for the year ended 31st March, 2010 on going concern basis.

Auditors

M/s. Lodha & Company, Chartered Accountants, statutory auditors of your Company retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received a letter from them to the effect that their reappointment, if made, would be within the prescribed limits under Section 224(I-B) of the Companies Act, 1956.

Information pursuant to Section 217(1) (e) of the Companies Act, 1956

The information as above read with Companies (Disclosure of Particulars) Rules, 1988 is not applicable as the Company is engaged into the business of retail trade.

Particulars of Employees

Information as required under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is not applicable as there was no employee covered under this clause.

Compliance under Section 383A of the Companies Act, 1956

The Company obtained the Compliance Certificate as required under Section 383A of the Companies Act, 1956 and the rules made thereunder:

For and on behalf of the Board

Place: New Delhi
Date: 17th May, 2010

Shreekant Somany
Director

A. K. Beejawat
Director



Compliance Certificate

Corporate Identity Number: U51909DL2006PLC156990

Authorized Share Capital: Rs.100.00 Lacs

To
The Members
SOMANY GLOBAL LTD.
M-41/2, Speedbird House,
Connaught Circus, New Delhi-110001

I have examined the registers, records, books and papers of SOMANY GLOBAL LTD as required to be maintained under the Companies Act, 1956, (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 31st March, 2010 (the financial year). In our opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I hereby certify that:

1. The Company has kept and maintained all registers as stated in **Annexure 'A'** to this certificate as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns on the dates as stated in **Annexure 'B'** to this certificate with the Registrar of Companies, NCT of Delhi & Haryana under the Companies Act, 1956 and rules made thereunder. However, no forms or returns were required to be filed with the Regional Director, Central Government, Company Law Board or other authorities.
3. The Company being a public limited Company, provisions of Section 3(1) (iii) are not applicable, so comments are not required.
4. The Board of Directors duly met 6 (Six) times respectively on 20th May, 2009, 10th June, 2009, 30th July, 2009, 30th October, 2009, 9th December, 2009 and 15th January, 2010 in respect of which meetings proper notices were given and proceedings were duly recorded and signed in minutes books maintained for the purpose. The Company has not passed any Board resolution by circulation.
5. The Company has not closed its Register of Member for transfer or any other purpose during the above financial year.
6. The Annual General Meeting for the financial year ended 31st March, 2009 was held on 19th September, 2009 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. Three (3) Extra Ordinary General Meetings were held during the financial year on 10th April, 2009, 4th July, 2009 and 1st August, 2009 at a shorter notice after obtaining consent of the members of the Company holding more than 95% of the paid up share capital of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.

8. The Company has not advanced any loans, provided security & given guarantee to the directors or their relative under Section 295 of the Companies Act, 1956.
9. As per information and explanation given by management and after checking the records, the Directors have disclosed their interest with respect to the transactions/contracts falling within the preview of Section 297 and Section 299 of the Act,
10. All contracts has been entered into pursuant to Section 297 and Section 299 of the Act, 1956, has duly made in the Register maintained under Section 301 of the Act.
11. As explained to me, there were no instances falling within the purview of Section 314 of the Act and as such the Company was not required to obtain any approvals from the Board of Directors, Members or Central Government, as the case may be.
12. The Company has not issued any duplicate share certificate during the financial year.
13. The Company has:
 - (i) not received any instrument for transfer/transmission or any other purposes during the financial year.
 - (ii) Not required to deposit any amount in a separate bank account for dividend as no dividend was declared during the financial year.
 - (iii) Not required to post dividend warrants to any of its member as no dividend was declared during the above financial year.
 - (iv) No amount lying outstanding in Unpaid Dividend account or under any other head for more than seven years, which are required to be transferred to Investor Education & Protection Fund, under Section 205C of the Act.
 - (v) duly complied with the requirements of Section 217 of the Act.
14. During the financial year under review, there has been no change in the Directors of the Company. The Board of Directors of the Company is duly constituted.
15. The Company has not appointed any Managing Director / Whole time Director/ Manager during the above financial year.
16. The Company has not appointed any sole-selling agents during the financial year under review.

Compliance Certificate (Contd.)

17. The Company has obtained all necessary approvals of the Central Government, Company Law Board, Regional Director, Registrar or such authorities as may be prescribed under various provisions of the Act as detailed below:
 - Under Section 21 of the Act, pursuant to change of name of the Company from Somany Retail Limited to Somany Global Limited.
 - Under Section 17 of the Act, pursuant to alteration of main objects of the Company.
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. During the financial year under review, the Company has made further allotment of 3,00,000 Equity Shares of Rs. 10 each.
20. The Company has not bought back any shares during the financial year.
21. As the Company has not issued any preference shares, there was no redemption of preference shares or debentures during the financial year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited the deposits including unsecured loans falling within the purview of Sections 58A and 58AA of the Act read with Companies (Acceptance of Deposit) Rules, 1975 during the financial year.
24. The Company has borrowed under the provisions of Section 293 (1) (d) of the Act.
25. The Company has not made any loan or investments or given guarantee or provided securities to other Bodies Corporate, under the provisions of Section 372A of the Act. Hence no entries have been required to be made in the register kept for this purpose.
26. The Company has not altered the provisions of the Memorandum of Association with respect to Situation of the registered office of the Company from one state to another during the financial year.
27. The Company has altered the provisions of the Memorandum of Association with respect to the Objects of the Company during the financial year.
28. The Company has altered the provisions of the Memorandum of Association with respect to name of the Company during the financial year.
29. The Company has altered the provisions of the Memorandum of Association with respect to Share Capital of the Company during the financial year.
30. The Company has altered its Articles of Association with respect to change of name of the Company during the financial year.
31. As explained to me, there was no prosecution initiated against or show cause notices received by the Company during the financial year for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has not constituted any Provident Fund Trust for its employees and as such the provisions of Section 418 of the Act are not applicable.

For Jyoti R. & Associates

(Company Secretaries)

Jyoti Rani

Proprietor

C.P.No 7500

Place: New Delhi

Date: 17/05/2010



Compliance Certificate (Contd.)

Registers as maintained by the Company: **ANNEXURE – 'A'**

S. No.	Name of Register(s)	Under Section
1.	Register of Members	150
2.	Register & Returns	163
3.	Minutes Book of General Meetings, Board Meetings	193
4.	Books of Accounts	209
5.	Register of particulars of contracts in which directors are interested	301
6.	Register of Director; Managing Director; Manager; Secretary	303
7.	Register of Directors' Shareholdings	307

ANNEXURE – 'B'

Forms and Returns as filed by the Company with Registrar of Companies, Regional Director, Central Government or any other Authorities during the financial year ended 31st March, 2010.

S. No.	Forms & Returns	U/s	For	Filed on	Filed within time limit or not
1.	Form-1A	21	Availability of Name	08/04/2009	Yes
2.	Form-5	94	Increase in Authorized Share Capital	22/04/2009	Yes
3.	Form-2	75	Return of Allotment	29/04/2009	Yes
4.	Form-1A	21	Availability of Name	21/07/2009	Yes
5.	Form-23	192	Registration of resolution	14/07/2009	Yes
6.	Form-1B	21	Change of Name	23/07/2009	Yes
7.	Form-23	192	Registration of resolution	17/08/2009	Yes
8.	Form -23AC & 23ACA	220	Notice of General Meeting, Balance Sheet, Profit & Loss Account together with Auditors & Directors' Report thereon.	12/10/2009	Yes
9.	Form-66	383A	Submission of Compliance Certificate	12/10/2009	Yes
10.	Form-32	303	Particulars of Directors	14/10/2009	Yes
11.	Form-20B	159	Annual Return	16/11/2009	Yes
12.	Form-2	75	Return of Allotment	02/01/2010	Yes

Auditors' Report

To the members of

Somany Global Limited

(Formerly Known as Somany Retail Limited)

We have audited the attached Balance Sheet of Somany Global Limited (Formerly Known as Somany Retail Limited) as at 31st March, 2010, the Profit & Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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 those books;
- c) The Balance Sheet, Profit & 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, Profit & 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 of the Company and taken on record by the Board of Directors, we report that none of the directors of the Company 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) Without qualifying our opinion attention is invited in note no. 14 of Schedule 15 regarding erosion in the net worth of the Company as stated in said note.
- g) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - b) in the case of Profit & Loss Account, of the profit of the Company for

the year ended on that date; and

- c) in the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

As required by the Companies (Auditor's Report) Order, 2003 (The Order) (as amended) issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 (The Act), on the matters specified in paragraphs 4 and 5 of the said Order, We further report that:

- i.
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) As per the information and explanations given to us, certain fixed assets have been physically verified by the management according to a regular programme of periodic verification in a phased manner which in our opinion is reasonable having regard to the size of the Company and nature of fixed assets. The discrepancies noticed on such physical verification were not material.
 - c) As per records and information and explanation given to us, no substantial part of fixed assets has been disposed off during the year.
- ii.
 - a) As per the information and explanations given to us, the inventories have been physically verified by the management at reasonable intervals.
 - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on such physical verification of inventory as compared to book records were not material which have been properly dealt with.
- iii.
 - a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of The Act. Accordingly, the clauses 4 (iii) (b) to (d) of the order are not applicable.
 - b) As per the information and records made available, the Company has not taken any loans, secured or unsecured, to companies, firms or other parties except from one company in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the year end balance of such loan is Rs. 1,62,72,086 and Rs. 43,49,654 respectively.
 - c) In our opinion, the rate of interest and other terms and condition of loan taken are not prima facie prejudicial to the interest of the Company.



Auditors' Report (Contd.)

- d) In accordance with the information and explanations given to us in respect of the aforesaid loans, there is no as such stipulated schedule for payment of principal and the same are payment on demand.
- iv. In our opinion and according to the information and explanations given to us adequate internal control procedure commensurate with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of goods except in case of certain items which are of specialized nature, comparative sources/ quotations are not being invited. Further on the basis of our examination of the books and records of the Company and according to the information and explanations given to us, we have neither come across nor have been informed of any instances of any major weaknesses in the aforesaid internal control procedures.
- v. a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 have been so entered.
b) In our opinion and according to information and explanation given to us, the transactions made in pursuance of such contracts or arrangements (exceeding the value of Rs.5 lacs in respect of any party during the financial year) have been made at prices which are generally reasonable having regard to prevailing market prices at the relevant time.
- vi. In our opinion and according to the information and explanation provided to us, the Company has not accepted any deposits to which provision of Section 58A and 58AA of the Companies Act, 1956 and rules framed there under are applicable.
- vii. According to the information and explanations given to us, the provision of Clause 4 (vii) of the Order regarding internal audit system is not applicable to the Company.
- viii. We are informed that the Central Government has not prescribed to maintain Cost Records under Section 209(1)(d) of the Companies Act, 1956 for the products of the Company.
- ix. a) According to information and explanation given to us and as per records of the Company, the Company is generally regular in depositing the statutory dues with appropriate authorities.
b) According to the records and information and explanation given to us, there are no dues in respect of income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess that have not been deposited with the appropriate authorities on account of any dispute.
- x. Since the Company has been incorporated for less than five years. Accordingly the provision of clause 4 (x) of the order is not applicable to the Company.
- xi. According to the information and explanations given to us, there were no dues of banks, financial institutions and debenture holders outstanding during the year.
- xii. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The Company is not a chit fund or a nidhi / mutual benefit fund / society, therefore the provisions of clause 4 (xiii) of the said Order are not applicable to the Company.
- xiv. According to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments.
- xv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi. In our opinion and according to the information and explanations given to us, no term loan has been taken by the Company during the year.
- xvii. According to the information and explanations given to us and on an overall examination of the financial statements of the Company, funds raised on short term basis have, prima-facie, not been used for long term investment.
- xviii. During the year, the Company has not made any preferential allotment of shares to any parties or companies covered in the register maintained under Section 301 of the Act. However, during the year the Company has issued and allotted equity shares to Holding Company (refer note no. 5(b) of Schedule 15).
- xix. The Company has neither issued nor had any outstanding debentures during the year.
- xx. According to the information given to us, the Company has not raised any money by way of public issues during the year and hence the said clause 4(xx) of the said order is not considered applicable.
- xxi. To the best of our knowledge and belief, based on the audit procedure performed and on the basis on information and explanations provided by the management, no material fraud on or by the Company has been noticed or reported during the course of our audit.

For **Lodha & Co.**
Chartered Accountants
Firm Registration No. 301051E

N. K. Lodha
Partner
M. No. 85155
Place: New Delhi
Date : 17th May, 2010

Balance Sheet As at 31st March, 2010

(Amount in Rs.)

	Schedule	31.03.2010	31.03.2009
SOURCES OF FUNDS			
Shareholder's Funds			
Share Capital	I	5,000,000	2,000,000
		5,000,000	2,000,000
Loan Funds			
Unsecured	2	4,349,654	15,772,086
		4,349,654	15,772,086
Total		9,349,654	17,772,086
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	3	10,160,240	10,160,240
Less : Gross Depreciation		4,046,699	2,383,213
Net Block		6,113,541	7,777,027
Current Assets, Loans & Advances			
A. Inventories	4	601,528	503,026
B. Sundry Debtors	5	2,811,948	1,580,795
C. Cash & Bank Balances	6	721,274	1,161,411
D. Loans & Advances	7	2,489,187	4,772,305
		6,623,937	8,017,537
Less : Current Liabilities & Provisions			
A. Liabilities	8	7,492,812	2,437,496
B. Provisions	9	129,490	129,490
		7,622,302	2,566,986
Net Current Assets		(998,365)	5,450,551
Profit & Loss Account		4,234,478	4,544,508
Total		9,349,654	17,772,086
Significant Accounting Policies & Notes to Accounts	15		

As per our Report of even date

For **Lodha & Co.**

Chartered Accountants

N. K. Lodha

Partner

Membership No.: 85155

Place: New Delhi

Dated : 17th May, 2010

Shreekant Somany

Director

A. K. Beejawat

Director



Profit and Loss Account For the year ended 31st March, 2010

(Amount in Rs.)

	Schedule	31.03.2010	31.03.2009
INCOME			
Sales of Trading goods		43,429,393	48,515,693
Other Income	10	400,799	395,584
		43,830,192	48,911,277
Less : EXPENDITURE			
Cost of Trading goods	11	36,254,614	36,880,039
Other Expenses	12	4,100,952	10,450,065
Interest & Finance Charges	13	1,501,110	998,301
Depreciation	3	1,663,486	2,028,516
		43,520,162	50,356,921
Profit/(Loss) Before Tax		310,030	(1,445,644)
Provision for Taxation :			
- Fringe Benefit Tax		—	89,933
Profit/(Loss) After Tax		310,030	(1,535,577)
Balance carried from earlier years		(4,544,508)	(3,008,931)
Surplus carried to balance sheet		(4,234,478)	(4,544,508)
Earning Per Share (Basic)		1.06	(30.21)
Earning Per Share (Diluted)		1.06	(30.21)
(Refer note no. 7 of Schedule 15)			
Significant Accounting Policies & Notes to Accounts	15		

As per our Report of even date

For **Lodha & Co.**

Chartered Accountants

N. K. Lodha

Partner

Membership No.: 85155

Place: New Delhi

Dated : 17th May, 2010

Shreekant Somany

Director

A. K. Beejawat

Director

Schedules to the Balance Sheet

(Amount in Rs.)

	31.03.2010	31.03.2009
1 SHARE CAPITAL		
Authorised		
1,000,000 (previous year 200,000) Equity Shares of Rs. 10 each	10,000,000	2,000,000
	10,000,000	2,000,000
Issued, Subscribed & Paid up Share Capital		
500,000 (previous year 200,000) Equity Shares of Rs. 10 each held by Somany Ceramics Limited, the Holding Company	5,000,000	2,000,000
	5,000,000	2,000,000

2 UNSECURED LOANS		
Loan from Holding Company	4,349,654	15,772,086
(Including Interest accrued & due Rs. 1,349,654, previous year Rs. 772,086)		
	4,349,654	15,772,086

3 FIXED ASSETS								
Particulars	Gross block			Depreciation			Net Block	
	Cost as at 01.04.2009	Additions during the year	Total Cost As at 31.03.2010	Up to 31.03.2009	For the year	Up to 31.03.2010	As at 31.03.2010	As at 31.03.2009
Leasehold Improvement	8,776,415	—	8,776,415	2,232,195	1,462,736	3,694,931	5,081,484	6,544,220
Furniture, Fixture and Office Equipments	1,383,825	—	1,383,825	151,018	200,750	351,768	1,032,057	1,232,807
Total	10,160,240	—	10,160,240	2,383,213	1,663,486	4,046,699	6,113,541	7,777,027
Previous year	5,209,165	4,951,075	10,160,240	354,697	2,028,516	2,383,213	7,777,027	—

	31.03.2010	31.03.2009
4 INVENTORIES		
(As taken and certified by the management)		
Trading Stock (including GIT Rs. 226,892, previous year GIT Rs. 71,394)	601,528	503,026
	601,528	503,026



Schedules to the Balance Sheet

(Amount in Rs.)

	31.03.2010	31.03.2009
5 SUNDRY DEBTORS (UNSECURED)		
Debts outstanding for a period exceeding six months		
Good	37,491	180,237
Doubtful	124,647	—
Less: Provision for Doubtful Debts	(124,647)	—
Other Debts		
Good	2,774,457	1,400,558
	2,811,948	1,580,795

6 CASH & BANK BALANCES		
Cash in hand	43,042	212,920
With Scheduled Banks :		
In Current Accounts	678,232	948,491
	721,274	1,161,411

7 LOANS & ADVANCES		
(Unsecured, considered good)		
Advance to parties	11,316	2,163,078
Advances recoverable in cash or in kind or for value to be received	78,438	57,805
Advance Income Tax	308,887	269,158
Advance Fringe Benefit Tax	129,371	96,089
Security Deposit with Government Department and Others	1,961,175	2,186,175
	2,489,187	4,772,305

8 CURRENT LIABILITIES		
Sundry Creditors :		
Micro & Small Enterprises*	—	—
Others#	6,341,501	785,423
Advance from customers	513,099	377,335
Other liabilities	638,212	1,274,738
	7,492,812	2,437,496

*Pursuant to amendments to Schedule VI to the Companies Act, 1956 vide Notification No.GSR 719(E) dt.Nov.16, 2007, the amounts due to Micro & Small Enterprises only have been disclosed (Refer note no. 4 of Schedule 15)

Includes due to Holding Company Rs. 4,705,241

9 PROVISIONS		
Provision for Fringe Benefit Tax	129,490	129,490
	129,490	129,490

Schedules to the Profit and Loss Account

(Amount in Rs.)

	31.03.2010	31.03.2009
10 OTHER INCOME		
Commission	312,288	213,175
Liabilities no longer required written back	68,295	—
Miscellaneous Income	20,216	182,409
	400,799	395,584
11 COST OF TRADING GOODS		
Purchases of Trading Goods	36,353,116	37,174,735
Less : (Increase)/Decrease in Stock (as per Schedule 14)	(98,502)	(294,696)
	36,254,614	36,880,039
12 OTHER EXPENSES		
Salaries & Wages	160,560	204,306
Employees Welfare	308,311	414,586
Insurance	47,106	26,109
Rent (Refer note no. 10 of Schedule 15)	26,513	5,100,198
Rates & Taxes	121,158	29,030
Office Repairs/Maintenance	171,172	185,100
Travelling & Conveyance	166,555	449,706
Freight Outward & Handling	111,549	155,360
Electricity and Water Expenses	884,406	1,079,959
Miscellaneous Expenses	1,433,978	1,423,324
Advertisement Expenses	86,506	538,433
Selling & Distribution Charges	401,382	775,713
Commission	57,109	68,241
Provision for Doubtful debts	124,647	—
	4,100,952	10,450,065
13 INTEREST & FINANCE CHARGES		
Interest on loans	1,501,110	998,301
	1,501,110	998,301
14 (INCREASE)/DECREASE IN STOCK		
Opening Stock (including GIT Rs. 71,394)	503,026	208,330
	503,026	208,330
Less : Closing Stock		
Stock (Including GIT Rs. 226,892)	601,528	503,026
	601,528	503,026
(Increase)/Decrease in Stock	(98,502)	(294,696)



Schedules to the Balance Sheet and Profit and Loss Account

15 NOTES ON ACCOUNTS

I. Significant Accounting Policies

a) Accounting Concepts

The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956. The Company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis except where otherwise stated.

b) Fixed Assets

- (i) Fixed Assets are shown at cost of acquisition and/or construction less accumulated depreciation and impairment losses.
- (ii) Intangible assets are stated at cost less amortization.

c) Transaction in Foreign Currency Items

Transactions denominated in foreign currencies are recorded at exchange rate prevailing at the time of transactions. Monetary items denominated in foreign currencies at the year end translated at exchange rates prevailing on the balance sheet date. Exchange differences arising on settlement of monetary items at rates different from those at which they arise were initially recorded are recognized as income or expenses in the year in which they arise.

d) Inventories

Inventories are valued at lower of cost and net realizable value. Cost of finished goods is computed on weighted average basis.

e) Interest on Borrowings

Interest on borrowings is charged to the Profit and Loss Account for the year in which it is incurred except interest on borrowings for capital assets which is capitalized till the date of commencement use of the asset.

f) Depreciation, Amortization And Impairment Loss

- (a) Fixed assets are depreciated at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956.
- (b) Individual Assets costing up to Rs. 5,000 are fully depreciated in the year of purchase
- (c) Expenditure on leasehold building has been depreciated over the useful life or lease period whichever is less.

g) Provision for Current and Deferred Tax

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

Deferred Tax is recognized subject to the consideration of prudence on timing differences being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

h) Contingent Liability, Contingent Assets & Provisions

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

- 2. Estimated amount of contracts remaining to be executed on capital account and not provided for - Nil (previous year Nil).
- 3. Contingent Liability not provided for (as certified by management) – Nil (previous year Nil).
- 4. Under the Micro, Small and Medium Enterprises Development Act, 2006, which came into force from 2nd October, 2006, certain disclosures are required to be made relating to Micro, Small and Medium Enterprises. The Company is in the process of obtaining relevant information from its suppliers about their coverage under the said act. However, in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of this act is not expected to be material.
- 5. a) During the year Company has applied for name change, consequently name has been changed to Somany Global Limited (formerly known as Somany Retail Limited).
b) During the year 300000 nos. equity shares of Rs. 10 each at par have been issued and allotted to the Holding Company and the money received has been fully utilized for the purpose of the Issue.

Schedules to the Balance Sheet and Profit and Loss Account

6. Related Party Transactions:

A. Names of related parties where control exists and nature of relationship:

Holding Company: M/s. Somany Ceramics Limited

B. Other related parties: Nil

C. Detail of Transactions with M/s. Somany Ceramics Limited

(Amount in Rs.)

	31.03.2010	31.03.2009
Shares Capital Issued	3,000,000	1,500,000
Purchase of Goods	18,524,058	25,202,526
Rent Paid	–	1,200,000
Inter corporate loans - Received	500,000	10,000,000
Repaid	12,500,000	–
Interest paid	772,086	145,832
Expenses incurred on our behalf	250,896	16,851
Expenses incurred on their behalf	–	911,405
Reimbursement of Expenses	6,349,091	–
Outstanding at the year end:		
Sundry Creditors	2,707,469	–
Sundry Creditors (Exp)	1,997,772	–
Advance to Supplier	–	(2,859,293)
Unsecured Loans	3,000,000	15,000,000
Interest accrued and Due	1,349,654	772,086
Reimbursement of expenses payable at year end	–	–
Reimbursement of expenses receivable at year end	–	786,934
Rent to be paid at the year end	–	1,624,140

7. Earning Per Share: The numerators and denominators used to calculate Basic and Diluted Earning Per Share:

		31.03.2010	31.03.2009
Profit /(Loss) Attributable to the Equity Share Holders (Rs.)	(A)	310,030	(1,535,577)
Weighted Average No. of Equity Shares outstanding during the year:	(B)	292,055	50,822
Nominal Value of Equity Shares (Rs.)		10	10
Basic EPS (Rs.)	(A/B)	1.06	(30.21)
Diluted EPS (Rs.)	(A/B)	1.06	(30.21)

8. In the opinion of the management, Current Assets and Loans & Advances have a value on realisation in ordinary course of business at least equal to the amount at which they are stated.
9. Balances of certain debtors, loans and advances and current liabilities are in process of confirmation/reconciliation.
10. Rent expenditure is net off sublet income amounting to Rs. Nil (previous year Rs. 600,000) and of reimbursement of Rs. 6,349,091 (previous year Rs. Nil)
11. The Company has a single primary business segment viz. 'Retail Trade Business'.
12. Unsecured Loans repayable on demand is Rs. 3,000,000 (previous year Rs. 15,000,000).



Schedules to the Balance Sheet and Profit and Loss Account

13. In view of uncertainty to have a taxable profit in near future, Deferred Tax Assets(net) in accordance with AS-22 (Accounting for Taxes on Income) issued by the Institute of Chartered Accountants of India has not been recognized/considered presently.

14. Net worth of the Company has been significantly eroded. However, in view of continuous support from the Holding Company, accounts have been made on going concern basis.

15. Payments to Auditors (Exclusive of Service Tax)

(Amount in Rs.)

	31.03.2010	31.03.2009
i) Audit Fees	12,000	12,000
ii) Tax Audit	5,000	5,000

16. Additional information pursuant to the provisions of paragraph 3 and 4 of Schedule VI of the Companies Act, 1956.

	2009-10		2008-09	
	SQM	Rupees	SQM	Rupees
Opening Stock of				
- Tiles	586	417,102	1,148	208,330
- Others	354	85,924	—	—
Purchases				
- Tiles	43,480	25,131,231	74,515	35,938,836
- Others	87,330	11,221,885	62,994	1,227,306
Sales				
- Tiles	43,613	30,995,068	75,077	43,353,325
- Others	86,631	12,434,325	62,640	5,162,368
Closing Stock of				
- Tiles	453	495,947	586	417,102
- Others	1053	105,581	354	85,924

17. Figures for the previous year have been regrouped and rearranged wherever considered necessary.

18. Schedule I to 15 form an integral part of Balance Sheet and Profit and Loss Account.

As per our Report of even date

For **Lodha & Co.**

Chartered Accountants

N. K. Lodha

Partner

Membership No.: 85155

Place: New Delhi

Dated : 17th May, 2010

Shreekant Somany

Director

A. K. Beejawat

Director

Cash Flow Statement For the year ended 31st March, 2010

(Amount in Rs.)

	31.03.2010	31.03.2009
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/Loss before tax	310,030	(1,445,644)
i Adjustment for		
Depreciation	1,663,486	2,028,516
Interest	1,501,110	998,301
Provision for Doubtful Debts	124,647	—
Sundry Balances written off	54,922	—
Liabilities no longer required written back	(68,295)	—
Operating Profit before working capital changes	3,585,900	1,581,173
ii Changes in		
Trade & others receivable	945,407	(3,312,851)
Inventories	(98,502)	(294,696)
Trade payable	5,123,611	(3,881,393)
Income tax paid	(73,011)	—
	5,897,505	(7,488,940)
Cash generated from operation (A)	9,483,405	(5,907,767)
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	—	(4,951,075)
Net cash used in investing activities (B)	—	(4,951,075)
C CASH FLOW FROM FINANCING ACTIVITIES		
Loan Received	—	10,000,000
Loan Repaid	(12,000,000)	—
Less : Interest paid	(923,542)	(145,831)
Share Capital received	3,000,000	1,500,000
Net Cash used in Financing Activities (C)	(9,923,542)	11,354,169
Net increase in cash & cash equivalents (A+B+C)	(440,137)	495,327
Cash and cash equivalents as on 31.03.2009	i 1,161,411	666,084
Cash and cash Equivalents as on 31.03.2010	ii 721,274	1,161,411
Net increase in cash & cash equivalents (ii-i)	(440,137)	495,327

As per our Report of even date

For **Lodha & Co.**

Chartered Accountants

N. K. Lodha

Partner

Membership No.: 85155

Place: New Delhi

Dated : 17th May, 2010

Shreekant Somany

Director

A. K. Beejawat

Director



Balance Sheet Abstract and Company's General Business Profile as per Schedule VI, Part (IV) of the Companies Act, 1956

I Registration Details

Registration No.	U51909DL2006PLC156990
State Code	55
Balance Sheet Date	31.03.2010

II Capital raised during the year

	31.03.2010 (Rs.)	31.03.2009 (Rs.)
Public Issue	—	—
Right Issue	—	—
Private Placement	3,000,000	1,500,000

III Position of Mobilisation and Development of Funds

Total Liabilities	12,737,478	15,794,564
Total Assets	12,737,478	15,794,564

Sources of Funds

Paid up Capital	5,000,000	2,000,000
Reserve & Surplus	—	—
Unsecured Loan	4,349,654	15,772,086

Application of Funds

Net Fixed Assets	6,113,541	7,777,027
Net Current Assets/(Liabilities)	(998,365)	5,450,551
Accumulated Losses	4,234,478	4,544,508

IV Performance of the Company

Turnover including other income	43,830,192	48,911,277
Total Expenditure	43,520,162	50,356,921
Profit before Tax/Extra ordinary items	310,030	(1,445,644)
Earning per Share	1.06	(30.21)
Dividend Rate (%)	—	—

V Generic Name of Principal Products Service of the Company (as per Monetary terms)

Products description	Retail Trade	Retail Trade
Item Code No. (ITC Code)	N.A	N.A

As per our Report of even date

For **Lodha & Co.**

Chartered Accountants

N. K. Lodha

Partner

Membership No.: 85155

Place: New Delhi

Dated : 17th May, 2010

Shreekant Somany

Director

A. K. Beejawat

Director

Business Network

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COMPANY OWNED DISPLAY CENTRES

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SOMANY EXCLUSIVES

UTTAR PRADESH

1. Coronation Lifestyle

LGF, Coronation IV Court,
11-J.C.Marg, Lal Bagh,
Lucknow - 226001, Uttarpradesh
Ph : 9839019791

GOA

2. Duclo Bobo Sales Corporation
154-Damodar Prasad, Off M.G. Road
Governor Pestana Road, Panaji
Ph : 9822102703

NEW DELHI

3. Ganesh Marble Traders
WZ-29, Mansarovar Garden,
Opp. Rajouri Garden, Ring Road
New Delhi
Ph : 011-25412813

4. Jamdagni Traders

I, Rati Ram Park, Main Shivaji Marg
Nazafgarh, New Delhi - 110043
Ph : 9810030244

J & K

5. H.K. Home Solution
Nowgam Bye Pass, Srinagar
Ph : 9697000560

6. Delhi Building Material Corporation

229-A, Last Morh
Gandhi Nagar, Jammu-180004
Ph : 0191-2454767

7. M.A Traders

General Bus Stand
Anantnag - 192101
Ph : 01932-223621

ASSAM

8. Intanki Construction

V. Mehta Building,
Nyaro Latha Road, Dimapur
Nagaland
Ph : 03862-233664

ORISSA

9. Swati Marble

127, Sec-A, Mancheswar Ind. Area
Bhubaneshwar - 751010
Ph : 0674-2571664, 2571412

10. Shiv Marble

Near Joda Bus Stand
Joda Market, Dist - Joda
Keonjhar, Orissa - 758034
Ph : 09437070676

JHARKHAND

11. Shyam Tile

New Kalimati Road, Sakchi
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Ph : 09431131827

12. Jagdamba Agencies

R. K. Chatterjee lane, Bye pass road
Bokaro, Jharkhand
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13. Tirupati Steel

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Ph : 0651-2206933

KARNATAKA

14. Shree Ceramics

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15. Meenakshi Enterprises

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Nagashetty Halli, Badrappa Layout,
Outer Ring Road, Hebbal Post,
Bangalore - 560032
Ph : 9448290000

16. Koliwad Marbles

P. B. Road, Beside Manickbagh
Vidyanagar, Hubli - 580031
Ph : 0836-2372580

17. Smart Ceramics

#12, 1st Floor
Kaikondara Halli, Sarjupura Road
Bangalore
Ph : 080-28441938 /8441950



ANDHRA PRADESH

18. Anusha Ceramics

8-3-988/34/11, S.B.H. Colony
Srinagar Colony, Hyderabad
Ph : 040-66736403 / 65542365

UTTARANCHAL

19. R. S. Traders

Bazpur Road, U. S. Nagar,
Kashipur, Uttaranchal
Ph : 9412090378

BIHAR

20. Nalanda Ceramics

Near Nalanda Medical College
Kankarbagh, Main Road, Patna
Ph : 0612-2350273, 9431016116

KERALA

21. Pee Kay Enterprises

34/13, Bypass Road, Edappally (Cochin)
Kerala - 670101
Ph : 0490-2343624

22. Laxmi Ceramics

63, Krishnasamy Road
Brooke Bond Road, Coimbatore
Ph : 0422-540625, 545421

23. Kurikkal Tile Centre

Soubhagya Shopping Complex
Mavoor Road, Calicut - 4
Ph : 0483-3048101-04

RAJASTHAN

24. Nectar Infra

162, Ganpati Ngr, Katta Farm, Nr Bajri
Mandi, Triveni Ngr Bridge, Gopalpura, Jaipur
Ph : 0141-2391841, 9314504501

PORT BLAIR

25. Shree Om Traders

Near - TCI Seaways, Jungalighat
Port Blair - 744103
Ph : 9434280774

GUJARAT

26. Bansidhar Ceramics

20/25 New Jagnath,
Near Dr: S.V. Mori's Clinic,
Rajkot - 360001
Ph : 9974092473/ 9427206231

27. Arihant Ceramics

Near S. G. Highway
Opp. Kodyar Temple, Gota Gam,
Ahmedabad - 81, Gujarat
Ph : 9426072561 / 079 - 65422561

TAMIL NADU

28. Devaki Traders

No.58, Kaveri Nagar
(Opp. to Presidency High School)
Reddiar - Palayam, Pondicherry - 605 010
Ph : 9345428342 / 0413-2293102

29. Vaigai Sanitation

No. 14 Musirisubramaniam (Oliver) Salai,
Mylapore, Chennai
Ph : 044-24993820

SOMANY STUDIO

1. Aishwarya Marbles

31/986C, Subhash Chandra Bose Road,
Chettichara Vyttila, Cochin

2. Golden Marble

Ring Road, near Santosi Nagar
Raipur, Chattisgarh
Ph : 09300404049

3. Sri Ram Sanitation

4-I-549, Troop Bazar
Hyderabad - 500001
Ph : 040-4612180, 512180

4. Sanitary House

Gautam Buddh Marg
Bansmandi, Lucknow
Ph : 0522-2205075

5. Rajasthan Lime Udyog

16 A Dhanuka Complex, Athgaon
Guwahati
Ph : 0361-2631823

6. Krishna Agencies

284 A I Bairahna, Near CMP Degree Collage
Allahabad, Uttarpradesh - 211003
Ph : 0532-2503918

7. Rajeev Distributors

P.S. Road, Gangtok, Sikkim
Ph : 9434024001, 0359-2203779

SOMANY GLOBAL STUDIO

1. Shree Swastik Granites & Plywood

555-GA/74/1, Jafar Khara
Barabirwa, Alambagh, Lucknow
Ph : 9415022217



Coming together is a beginning.
Keeping together is progress.
Working together is success.



Henry Ford

COMPANY SECRETARY

Samir Raheja

MANAGEMENT TEAM

G. G. Trivedi, *Chief Executive Officer*

A. K. Beejawat, *President*

T. K. Jena, *Joint President (Sales & Marketing)*

R. K. Lakhotia, *Vice President (Finance)*

Ketan Dave, *Vice President (Technical)*

R. P. Mittal, *Vice President (Corporate Affairs)*

L. Sunder Rajan, *Vice President (Commercial)*

D. K. Arora, *General Manager (Materials)*

Biju Sebastian, *General Manager (Corporate, HR)*

Manoj AP, *General Manager (Sales & Marketing)*

Shyam Maheshwari, *General Manager (Strategic Business Operation)*

Satyendra Gautam, *General Manager (Tile Master)*

Dalip Dudani, *General Manager (Aquaware & CP Fittings)*

BANKERS

Punjab National Bank

IDBI Bank Limited

AUDITORS

Lodha & Company

REGISTERED OFFICE

82/19, Bhakerwara Road, Mundka

New Delhi – 110041

email: marketing@somanyceramics.com

WEBSITE

www.somanyceramics.com

PLANTS

Gujarat

KADI WORKS

14, G.I.D.C. Indl. Estate,

Distt. Mehsana, Kadi, Gujarat – 382715

Tel: 02764-242153/54/ 242630

Fax: 02764-242169/70/ 263011/326408

Email: marketing.ahd@somanytiles.co.in

Haryana

KASSAR WORKS

P.O – Kassar – 124507,

Bahadurgarh, Distt. Jhajjar (Haryana)

Tel: 01276-241001/0005

Fax: 01276-241006/1011

Board of Directors



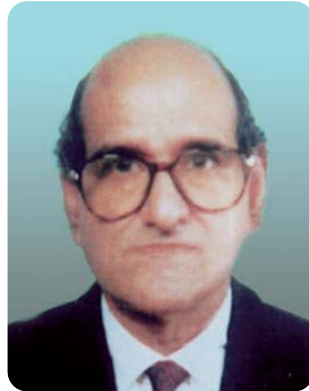
Shreekant Somany
Chairman and Managing Director



Abhishek Somany
Joint Managing Director



G. L. Sultania



R. L. Gaggar



R. K. Daga



Salil Singhal



Ravinder Nath



Dr. Y. K. Alagh



Sunil Tirkha

