

# Board's Report

Dear Members,

Yours Directors have pleasure in presenting the 52<sup>nd</sup> Annual Report together with the Annual Audited Financial Statements of the Company for the year ended March 31, 2020.

## FINANCIAL SUMMARY

(₹ In Lakhs)

Particulars	Standalone		Consolidated	
	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019
Revenue	1,59,525.06	1,69,554.98	1,61,007.10	1,71,505.40
Profit Before Depreciation, Interest and Taxes	9,160.13	13,638.62	14,412.30	18,251.03
Profit before Tax (after Exceptional item)	117.02	7,185.51	958.03	8,009.51
Tax Expenses	(1,209.20)	2,555.84	(992.25)	2,684.46
Profit After Tax	1,326.22	4,629.67	1,950.28	5,325.05
Non-controlling Interests	-	-	450.03	693.39
Profit After Tax (attributable to controlling interest)	1,326.22	4,629.67	1,500.25	4,631.66
Transferred to General Reserve	-	-	-	-

## FINANCIAL REVIEW

(The financial discussion is based on Standalone Financial Statements)

The year under review (FY20) continued to be a challenging year for your Company because of the overall economic slowdown. However, the year was further impacted due to the outbreak of the novel corona virus (COVID-19) in March 2020 in the country. This resulted in a significant impact on the financial performance of your Company in general and for the quarter ended March 31, 2020 in particular.

Due to this unprecedented global pandemic, our revenue decreased to ₹1,59,525.06 Lakhs in FY20 from ₹1,69,554.98 Lakhs in FY19. The Earnings before Interest, Depreciation and Tax (EBIDTA), Profit before Tax (PBT), excluding Exceptional items and Profit after Tax (PAT) for the year under review, were ₹9,160.13 Lakhs, ₹2,735.28 Lakhs and ₹1,326.22 Lakhs respectively. Compared to the previous fiscal, EBITDA came down by 32.8% mainly due to lower sales; PBT (before Exceptional Item) reduced by 65.4% on account of lower sales and higher depreciation on a larger gross block. The Company's PAT reduced by 71.3% compared to the previous year, standing at ₹1,326.22 Lakhs.

On the Balance Sheet front, your Company's Net Worth decreased to ₹58,374.76 Lakhs in FY20 compared to ₹59,208.80 Lakhs in FY19. The

Company's total debt remained at similar level at ₹28,051.63 Lakhs compared to ₹28,398.19 Lakhs during FY20. The Net block (including capital work-in-progress) of your Company increased to ₹44,137.22 Lakhs during FY20 as compared to ₹39,640.39 Lakhs during FY19, primarily due to the investments made in the plant and equipment and recognition of right of use assets. The long-term investment increased marginally to ₹6,468.01 Lakhs in FY20 from ₹6,368.01 Lakhs in FY19 due to additional investment in a subsidiary. The Company's net current assets decreased to ₹39,322.70 Lakhs during FY20 from ₹44,482.28 Lakhs during FY19, mainly due to a decrease in total receivables.

### GLOBAL HEALTH PANDEMIC FROM COVID-19

In view of the Novel Coronavirus pandemic (COVID-19), social distancing was enforced, as a result of which our factories, offices and showrooms operated with minimal staff. In keeping with its employee-safety first approach, the Company instituted measures to trace all employees and assure them of their well-being. Our HR and IT teams reacted with speed and efficiency and leveraged technology to shift the workforce to an entirely new 'work-from-home' model wherever practicable. Proactive preparations were done in our

work locations during this transition to ensure that our factories, offices and showrooms remained safe.

Policy changes related to working from home and IT infrastructure support were rolled out to help our employees shift to this new work paradigm. Continuous communication on the latest updates played a key role in enabling our employees to stay on top of the evolving situation.

Several initiatives were rolled out to make teams and managers effective while working from different locations. Our HR launched a series of initiatives related to COVID-19 awareness and a new remote way of working, with a focus on the health and wellness of employees. The Company has been implementing phased and safe return-to-work place as per the relaxations during the lockdown.

As a responsible member of the communities that it operates in, the Company contributed to various COVID-19 relief and monitoring programs.

There was a significant impact, on account of demand destruction, in the short term. However, the management believes that there may not be a significant impact of Covid-19 pandemic on the financial position and performance of the Company in the long term. Further, the Company's focus on liquidity and acceleration in cost optimization initiatives, would help in navigating any near-term challenges in the demand environment.

## CORPORATE HIGHLIGHTS

### Access to Capacity

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

### Capital Expenditure

Your Company continued to invest in expanding and upgrading its plant and machinery and infrastructure. During the year under review, one old line at Kadi plat was revamped completely, resulting in a conversion of existing low value-added capacity into value-added. Gross block increased by ₹10109.50 Lakhs (previous year ₹3,682.75 Lakhs) on account of addition in fixed assets.

### Branding and Distribution

Your company maintained a positive brand index. Mr. Salman Khan was

introduced as Brand ambassador and a new TV campaign was launched with a tagline 'Zameen Se Judey' on August 31, 2019 and subsequently three TV campaigns were launched across the year, each spanning 4-5 weeks. The TV campaigns had spots aired across leading GEC – Star Plus, Colors, Sony, News – Aajtak, ABP News, News 18 India, Zee News and regional news channels Asianet News, Polimer News, Mathrubhumi News and many more.

To grab more eyeballs, certain spots were taken in key prime time shows like Kapil Sharma Show, KBC and Bigg Boss. Additionally, we sponsored big ticket properties in Hindi News like 'Special Report' and 'DNA'.

In print advertising more than 130 print advertisements were taken in FY 2019-20. The average circulation being 75000+ across various publications namely Architectural Digest, BBC Good Homes, Elle Décor, India Today Homes, Jagran Sakhi, Femina, Forbes, Veedu and many more.

In line with changing consumer behaviour, your company updated and maintained all SKUs on the Somany app and website. It reached out to customers through push notifications and added new features in the tile visualizer. Further, the company engaged with consumers on digital platforms through banner ads on high traffic websites like YouTube, Cricbuzz, Zee News and NDTV. Along with this, sponsored ads were run on search and display networks (campaign based, brand-based and product-based). The Google My Business (Somany Experience Center listing on Google) and the Zameen Se Judey Campaign was promoted on YouTube, Social Media, Website and other online platforms. Lead generation campaigns were run on Indiamart along with showroom walkthroughs.

Moving ahead in strengthening the distribution network and expanding your Company's footprints, we now have 362 franchise outlets. Your Company recently opened company-owned-company-operated (COCO) at Morbi spread over 20,000-sq ft, comprising the display of the entire Tiles and Bathware products.

For brand visibility the company covered approximately 2000 dealers and more than 7000 sub dealers counters with ZSJ campaign Branding, POSM and standees. Your company conducted several dealer meets including new product launch across locations. To capture customers and create top-of-mind recall, airport advertising was continued .

Your company launched Water Heaters in the Bathware division during the year, which got a good response from the market. The range comprised varied offerings like Instant water heaters and Storage water heaters with capacity ranging from 3 to 50 litres.

## INDIAN ECONOMY & INDUSTRY SCENARIO AND OUTLOOK

### Economy

During FY20 overall economic growth remained under pressure, which was aggravated due to the outbreak of COVID-19 towards the end of financial year. The Indian economy slowed to 4.2% growth during the year compared to 6.1% growth in FY19. However, the government took numerous measures like the announcement of various infrastructure projects (National Infrastructure Pipeline), capital infusion into the banking sector and reduction in corporate tax rates etc. to counter the slowdown.

Going forward, the economic scenario likely to be impacted in short term even though the government has taken various steps in terms of stimulus and economic reforms to boost the economy against the COVID-19 effect including the ambitious mission of self-reliant India (Atmanirbhar Bharat).

### Industry

Manufacturers within the tiles, sanitaryware and bathroom fittings industry have been facing continuous a challenge due to sluggish demand and muted performance. The proposed improvements towards the implementation of GST by implementing e-invoicing could act as a game-changer and consequently reduce tax evasion by unorganized players and aid the market share of organised players by creating a level playing field.

Although the short-term outlook seems gloomy your company is optimistic of medium to long term prospects in view of several government initiatives for encouraging infrastructure development and favourable demographics including increasing urbanization expected to drive the offtake in the tiles, sanitaryware and bathroom fittings industry .

## DIVIDEND

During the year, based on the Company's performance, your Board of Directors declared and paid interim dividend of 100% i.e. ₹2.00 per equity share on March 13, 2020. The Board do not recommend any final dividend for the Financial Year 2019-20.

## DIVIDEND DISTRIBUTION POLICY

Pursuant to Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the dividend declared by the Company is as per the dividend distribution policy adopted by the Company in the year 2016-17 which is as follows:

- The Company was incorporated on January 20, 1968 and started its commercial production in 1972. The company has been paying dividend continuously since 1974 except for the year 2002-03 to 2006-07.
- Dividend pay-out is decided on the basis of macro-economic factors, expected future cash flows and future capital needs for expansion of production capacities of the company from time to time and keeping in view contingencies for meeting unforeseen financial obligation of the Company.

The Dividend Distribution policy is also available on the website of the Company at the web link:

[https://www.somanyceramics.com/pub/media/investorrelation/d/i/dividend\\_distribution\\_policy\\_scl.pdf](https://www.somanyceramics.com/pub/media/investorrelation/d/i/dividend_distribution_policy_scl.pdf)

## UTILISATION OF PROCEEDS ON ISSUE OF SHARES

Out of ₹11,999.97 Lakhs raised through qualified institutions placement of equity shares in December, 2015, the Company has so far utilized ₹7,170.66 Lakhs (including issue expenses of ₹307.34 Lakhs) for the purpose the funds were so raised and balance ₹4,829.31 Lakhs has been temporarily invested mainly in debt instruments/funds.

## PUBLIC DEPOSITS

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

## SCHEME OF AMALGAMATION

A Scheme of Amalgamation of Bhilwara Holdings Limited, Sarvottam Vanijya Limited and Scope Vinimoy Private Limited with Somany Ceramics Limited ("the Company") and their respective Shareholders from the appointed date April 1, 2018 was filed with National Company Law Tribunal, Kolkata("NCLT") in the previous year. The said scheme was sanctioned by NCLT on September 4, 2019, accordingly impact of the same has been considered in the financials of current year. Further, figures for the previous year have been recasted giving effect to the said scheme w.e.f. above appointed date, which has no material impact.

Further the Board at its meeting held on August 22, 2019 approved scheme of amalgamation of Schablona India Limited with the company from the appointed date April 1, 2019. SEBI has approved the said scheme. Necessary application is in process to file before Hon'ble National Company Law Tribunal (NCLT) for its approval to the said scheme.

## SUBSIDIARY / ASSOCIATE / JOINT VENTURE COMPANIES

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

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

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

at Annexure – 1 to this report, which comprises performance and financial position of each of subsidiaries, associates and joint venture.

### **PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES**

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

Related Party Transactions Policy as approved by the Board has been uploaded on the Company's website [www.somanyceramics.com](http://www.somanyceramics.com) at the web link: [https://www.somanyceramics.com/pub/media/investorrelation/p/o/policy\\_related\\_party\\_revised\\_2019.pdf](https://www.somanyceramics.com/pub/media/investorrelation/p/o/policy_related_party_revised_2019.pdf)

### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

Loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 are given in the notes to Financial Statements (Standalone) forming a part of this annual report.

### **RISK MANAGEMENT**

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

During the year, Mentor Financial Services Private Limited ("Mentor") issued a cheque of ₹2618.26 Lakhs, against amounts due. This cheque bounced owing to insufficient funds. Your Company has issued demand notices to Mentor, its directors and authorized signatories for repayment. In view of the continued default, the Company has also filed criminal complaint against Mentor and its directors. As an abundant caution, the Company has accounted for the cheque bouncing event in the financial statements.

### **INVESTOR EDUCATION & PROTECTION FUND (IEPF)**

The Company is required to transfer dividends which remained unpaid/unclaimed for a period of seven years to the IEPF established by the Central Government. The unpaid/ unclaimed dividend for the year ended March 31,

2013 is due for transfer to IEPF on or after October 7, 2020.

During the period under review, the Company transferred 15,065 Equity shares of ₹2/- each, dividends of which remained unclaimed for a consecutive seven years i.e. from 2011-12 to 2018-19, to Investor Education and Protection Fund (IEPF) pursuant to Section 124 (6) of the Companies Act, 2013 within the scheduled time.

### **STATEMENT ON COMPLIANCES OF APPLICABLE SECRETARIAL STANDARDS**

In requirement of para 9 of revised Secretarial Standards on Board Meeting i.e. SS-1, your Directors states that they have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively.

### **AUDITORS' REPORT**

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

### **DIRECTORS' RESPONSIBILITY STATEMENT**

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

- a) In the preparation of the annual accounts for the year ended March 31, 2020, the applicable accounting standards read with requirements set out under Schedule III to the Act, had been followed with proper explanation and there are no material departures from the same;
- b) The Directors' had selected such accounting policies, applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2020 and of the profit of the Company for the year ended on that date.
- c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) The Directors had prepared the annual accounts on a going concern basis.
- e) The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls were adequate and are operating effectively; and
- f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## CONSOLIDATED FINANCIAL RESULTS

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

The consolidated net profit of your Company was ₹1,500.25 Lakhs in the year under review compared to ₹4,631.66 Lakhs in the corresponding previous year.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. Ghanshyam Girdharbhai Trivedi, retires by rotation at the ensuing Annual General Meeting and being eligible has offered himself for re-appointment.

Mr. R. K. Daga and Dr. Y. K. Alagh, Independent Directors of the Company ceased to be the directors of the Company w.e.f. April 1, 2019, owing to attaining the age of 75 years. The Board places on record contributions made during their tenure of directorship in the Company.

Mr. Tuljaram Maheshwari, Chief Executive Officer and Key Managerial Personnel of the Company resigned from the Company w.e.f. April 16, 2019.

During the period under review, the Company has appointed Mr. Vineet Agarwal, as an Independent Director and Mr. Tuljaram Maheshwari, Non-Executive Non Independent Director both with effect from May 1, 2019.

Mr. Tuljaram Maheshwari, Non- Executive Non Independent Director of the Company resigned from the Directorship of the Company w.e.f. June 9, 2020. The Board places on record contribution made during his tenure of Directorship in the Company.

## DECLARATION OF INDEPENDENCE

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under sub-section (6) of section 149 of the Companies Act, 2013 and Regulation 16(1) (b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and also a declaration Rule 6 of the Companies (Appointment and Qualifications of Directors) Rules, 2014, amended as on date.

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

Further, as required under section 150(1) of the Companies Act, 2013 they have registered themselves as Independent Directors in the independent director data bank. They shall pass the proficiency self-assessment test in due course in terms of Companies (Appointment and Qualifications of Directors), Rules 2014 (as amended).

## BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 evaluation is carried out by the Board, Nomination Remuneration Committee (NRC) and by the

Independent Directors. The Board has carried out an annual performance evaluation of its own, individual Directors including Independent Directors (excluding the director being evaluated) and its Committees.

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

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

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

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

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

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

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

## NOMINATION AND REMUNERATION POLICY

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

Management and other employees of the Company.

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

Nomination and Remuneration policy covered the Nomination/ appointment of Directors, Key Managerial Personnel and Senior Management and other employees of the Company, Remuneration to Directors and Key Managerial Personnel, Remuneration to Executive Directors and Key Managerial Personnel of the Company, Remuneration to Non-Executive Directors and Remuneration to Senior Management and other employees of the Company.

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

## MEETINGS OF THE BOARD

Ten (10) meetings of the Board of Directors, Three (3) meetings of Nomination and Remuneration Committee, Four (4) meetings of Stakeholders Relationship Committee and Five (5) meetings of Audit Committee were held during the year under review, the details of which are given in the Corporate Governance Report forming part of this Annual Report.

## AUDIT COMMITTEE

Mr. R. K. Daga and Dr. Y. K. Alagh, Independent Directors ceased to be the directors of the Company w.e.f. April 1, 2019 owing to attaining age of 75 years..

During the year under review, the Audit Committee was reconstituted w.e.f. May 1, 2019 by the Board of Directors in their meeting dated April 30, 2019, and Mr. Rameshwar Singh Thakur was appointed as the Chairman of the Committee and Mr. Vineet Agarwal was inducted as member of the Committee.

The Audit Committee was again reconstituted by the Board of Directors in their meeting held on November 6, 2019 upon resignation of Mr. Siddharath Bindra from membership of Audit Committee. Thus, the present constitution of the Audit Committee is Mr. Rameshwar Singh Thakur, Chairman of the Committee and Mr. Salil Singhal, Mr. Vineet Agarwal and Mr. Ghanshyam Girdharbhai Trivedi are other members of the Audit Committee.

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

## AUDITORS

M/s. Singhi & Co., Chartered Accountants, having Firm Registration No.302049E were appointed as Statutory Auditors of the Company for a period of 5 (Five) consecutive years at the 49<sup>th</sup> Annual General Meeting

(AGM) held on August 25, 2017, to hold office till the conclusion of the 54<sup>th</sup> AGM of the Company, subject to ratification of their appointment at every AGM, in terms of first proviso to Section 139 of the Companies Act, 2013, read with Rule 3(7) of the Companies (Audit and Auditors) Rules, 2014.

Further, the members of the Company ratified the appointment of the Statutory Auditor for their remaining term of 4 consecutive years i.e. from the conclusion of the 50<sup>th</sup> Annual General Meeting till the conclusion of the 54<sup>th</sup> Annual General Meeting of the Company without any further ratification by the Members in terms of the provisions of the Companies Act, 2013 at the 50<sup>th</sup> Annual General Meeting of the Company.

## SECRETARIAL AUDITOR AND THEIR REPORT

The Board had appointed M/s Pinchaa & Co., Company Secretaries having registration number P2016RJ051800 to conduct Secretarial Audit under the provisions of Section 204 of the Companies Act, 2013 for the financial year 2019-20. The Secretarial Audit Report for the financial year ended March 31, 2020 is annexed and marked as Annexure – 2 to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

## EXTRACT OF ANNUAL RETURN

In accordance with Section 134(3)(a) of the Companies Act, 2013, an extract of the annual return in the prescribed format is appended as Annexure-3 to this report and is also available in on the website of the Company at <https://www.somanyceramics.com>

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

CSR Committee undertakes CSR activities in accordance with its Corporate Social Responsibility Policy (CSR Policy) uploaded on the Company's website at [www.somanyceramics.com](http://www.somanyceramics.com/pub/media/investorrelation/s/c/scl-corporate-social-responsibility-policy.pdf) at the web link: <https://www.somanyceramics.com/pub/media/investorrelation/s/c/scl-corporate-social-responsibility-policy.pdf>

The CSR Committee comprises of four members namely Mr. Abhishek Somany, Managing Director is Chairman of the Committee and Mr. Salil Singhal, Mr. Siddharath Bindra and Mr. Ravinder Nath Independent Directors of the Company are other members of the Committee.

The Company works primarily through H.L Somany Foundation, to support projects in the areas of protecting / conserving national heritage, restoration of historical sites, promotion of art and culture, animal welfare, destitute care and rehabilitation, environmental sustainability and ecological balance, promoting education, enhancing vocational skills and promoting healthcare including preventive health care.

In fiscal 2020, the Company's CSR efforts included COVID-19 relief also. The 2% of the average net profit of the Company, made during the three immediately preceding financial years comes out to be ₹198.42 Lakhs. A report on CSR activities is provided in Annexure – 4 to this report.

### **INTERNAL CONTROL SYSTEMS**

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

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

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

### **INTERNAL FINANCIAL CONTROL**

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

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

### **HUMAN RESOURCE (HR)**

In the past year, Somany invested efforts in strengthening its employer brand by consistently improvising its various people practices, creating e-channels for information sharing and established its employer brand presence by participating and by winning one of the India's most prestigious award: Significant Excellence in HR practices by Confederation of Indian Industry (CII). This hard-earned recognition not only gave us confidence and trust in our people philosophy and processes but also encouraged us to reach milestones of Somany's journey of people excellence. As people are the real essence of our competitiveness, this award has indeed taken us very closer to our long –aspired vision of Being the best employer in the Ceramics Industry'. This moment hasn't come in a few days, months or years. This came after an era of consistent transformation led by our best-in-class talent force, their innovative mind-sets, technology, learning excellence and strong focus on our team's common vision.

We deeply analysed the demand of business and aligned our L&D goals to address the existing skill gaps and business requirements. Regressive

product know-how building through well-planned online learning series, made our learning program receptive and impactful. Technology acted as a great business tool by enabling us to offer latest product updates or new business strategies to our large multi-locational employee base. With our increasing focus on data collection and analysis, we have been able to develop key HR metrics based on business goals. These metrics display clear outcomes of our efforts in terms of business productivity, process effectiveness, individual performance and overall business results.

Based on valuable eye-opening business insights the Big Data generates, we will invest more time and efforts in enriching awareness and insights of modern analytical tools and approaches in future. Going ahead in the near future, we look forward for building an integrated HR module, where each incoming and outgoing data of HR processes is seamlessly connecting with the business strategy and finally merging with business outcomes.

### **WHISTLE BLOWER POLICY/ VIGIL MECHANISM**

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

The Policy provides adequate safeguards against victimization of Director(s)/ employee(s) and enable direct access to the Chairman of the Audit Committee in exceptional cases. The protected disclosures, if any, reported under this Policy are appropriately and expeditiously investigated by the Chairman. The details of the Whistle Blower Policy is also explained in the Corporate Governance Report and is also available on the website of the Company at the weblink: [https://www.somanyceramics.com/pub/media/investorrelation/s/c/scL\\_whistle\\_blower\\_policy-revised.pdf](https://www.somanyceramics.com/pub/media/investorrelation/s/c/scL_whistle_blower_policy-revised.pdf)

### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

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

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

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

### **PARTICULARS OF EMPLOYEES**

Disclosures pertaining to remuneration and other details as required under

Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided at Annexure – 6.

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

### **CORPORATE GOVERNANCE**

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

Corporate Governance requirements forms part of this Report as Annexure – 7.

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

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

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

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



# BUSINESS RESPONSIBILITY REPORT

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	Corporate Identity Number (CIN) of the Company	L40200WB1968PLC224116			
2.	Name of the Company	Somany Ceramics Limited			
3.	Registered address	2, Red Cross Place, Kolkata - 700 001			
4.	Website	www.somanyceramics.com			
5.	E-mail id	sclinvestors@somanyceramics.com			
6.	Financial Year reported	April 1, 2019 to March 31, 2020			
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Code as per NIC – 23929 - Ceramic/Vitrified Wall & Floor Tiles, Sanitaryware and Bath Fittings.			
8.	List three key products/services that the Company manufactures/provides (as in balance sheet)	Ceramic/Vitrified Wall & Floor Tiles, Sanitaryware & Bath Fittings.			
9.	Total number of locations where business activity is undertaken by the Company	A	Number of International Locations	NIL	
		B	Number of National Locations		
		i	Manufacturing Locations		
			Own	2	
			Subsidiaries/Associates/JVs	12	
		ii	Sales Depot	6	
			Showrooms/ Display centers	328	
		iv	Registered Office	1	
			Corporate Office	1	
		10.	Markets served by the Company	Local	State
→	→			→	→

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	Paid up Capital	₹ 847.59 Lakhs
2.	Total Turnover	₹ 1,59,525.06 Lakhs
3.	Total profit after taxes	₹ 1,326.22 Lakhs
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	The Company has spent ₹ 201.16 Lakhs (2% of the average net profit after taxes in the previous three financial year) towards CSR activities during the year.
5.	List of activities in which expenditure in 4 above has been incurred:-	<ul style="list-style-type: none"> <li>• Healthcare</li> <li>• Skill Development</li> <li>• Promoting Education including special education</li> <li>• Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund</li> <li>• Animal Welfare</li> <li>• Support to Charities/ NGOs</li> </ul>

## SECTION C: OTHER DETAILS

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

## SECTION D: OTHER DETAILS

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

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

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

#### b) Details of the BR Head

S. No.	Particulars	Details
1.	DIN (if Applicable)	NA
2.	Name	Mr. Saikat Mukhopadhyay
3.	Designation	Chief Financial Officer
4.	Telephone number	0120-4627900
5.	E-mail id	saikat.mukhopadhyay@somanyceramics.com

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

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

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

S. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/ policies for .....	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y

3.	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Company has adopted various national and international standards viz: 1 ISO 9001: 2015 for Quality Management System 2 ISO 14001: 2015 for Environment Management System 3 BS OHSAS 18001: 2007 Occupational Health and Safety Management System. 4 ISO 22000: 2005 for Food Safety Management System.								
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online?	<a href="https://www.somanyceramics.com/investor-relation/?ajax=1&amp;category=21">https://www.somanyceramics.com/investor-relation/?ajax=1&amp;category=21</a>								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	The policies have been posted on the Company's website for information of all stakeholders.								
8.	Does the company have in-house structure to implement the policy/policies.	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

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

(Tick up to 2 options): N/A

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

### 3. Governance related to BR

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

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

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

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

**SECTION E: PRINCIPLE-WISE PERFORMANCE****Principle 1 - Business should conduct and govern themselves with Ethics, Transparency and Accountability.**

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

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

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

During the year 10 complaints were received from the investors. All these investor's complaints were properly attended and necessary actions were taken. In addition, the company received customer complaints which were addressed suitably from time to time.

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

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.
  - a. Hydrophobic Ceramic Tile
  - b. Germ Shield VC Tile
  - c. Training and Certification to Masons through Tile Master Programme
2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):
  - a. Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?
  - b. Reduction during usage by consumers (energy, water) has been achieved since the previous year?

**Energy efficient process:**

- i. (1) During the period under review, Solar Plant generated more than 10.37 Lakhs units and optimised use of the renewable energy. (2) Conversion of higher capacity (KW) motors with Lower Capacity (KW) motors (3) Installation of LED lights (4) Installation of variable frequency drives in fans, blowers & pumps of kilns & cooling towers (5) Stopped idle running of some lines/equipment's by automation (6) optimization of Grid power for power cost reduction and (7) optimization of power trading for the power cost reduction
- ii. Energy efficient motors used in Kilns & Horizontal Dryers to reduce electrical power consumption.

- iii. Saved energy consumption by reducing the maximum working air pressure of air compressors.

- iv. Industrial Effluent (Water): Treatment of all effluents through ETP's to separate the water and solids. The Solid waste is used as a raw material in the process and water is reused in the process.

- v. Domestic Effluents: The domestic effluent is treated through STP unit to remove all the impurities (COD & BOD) and to reuse the water in process. Sludge generated is used as a manure for gardening. Our Industry is zero water discharge.

- vi. Process Waste: All in-process wastes are recycled and re-used in process.

The overall reduction cannot be quantified keeping in view the several activities done by the company for energy conservation.

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

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

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

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

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

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

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

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

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

i. Please indicate the total number of employees.

The total number of permanent employees are 2032 as on March 31, 2020.

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

Total temporary/contractual/casual employees are 916 as on March 31, 2020.

iii. Please indicate the number of permanent women employees.

There were 42 permanent women employees as on March 31, 2020.

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

There was 1 permanent employee with disabilities as on March 31, 2020.

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

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

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

N.A

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

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

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

I	Permanent Employees	79.16%
II	Permanent Women Employees	86%
III	Causal/Temporary/Contractual Employees	74.4%
IV	Employees with Disabilities	100%

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

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

Yes.

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

Yes.

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

Our CSR approach focuses on the development of communities around the vicinity of our plants and covers area of animal welfare, destitute care and rehabilitation, promoting education, enhancing vocational skills also developed innovative programmes that leverage our capabilities as a tile manufacturer.

Our "Tile Master" initiative has cumulatively trained more than 4912 masons/workers on tile laying techniques and improved their productivity and livelihood.

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

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

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

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

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

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

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

The Policy on environment covers the Company only.

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

Yes. The Company has an Environmental Policy which guides the organization to continually mitigate the impact on climate change

and global warming as a result of our operations. The company works continuously to reduce the waste and is focused on creating green infrastructure designed for better energy efficiency and efficient operations. The policy is on the website of the Company at the weblink: [https://www.somanyceramics.com/pub/media/investorrelation/e/n/environmental\\_policy.pdf](https://www.somanyceramics.com/pub/media/investorrelation/e/n/environmental_policy.pdf)

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

Yes.

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

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

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

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

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

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

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

None.

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

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

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

- a) Indian Council of Ceramic Tiles and Sanitary ware (ICCTAS)
- b) Confederation of Indian Industry (CII)

- c) PHD Chamber of Commerce
- d) Merchant Chamber of Commerce and Industry
- e) The Associate Chamber of Commerce of India
- f) American Ceramic Society

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

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

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

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

The Company has taken a holistic approach towards the development of the deprived groups of the society. The Company work in the areas of education, healthcare, animal welfare and contributed to PM Care Fund. To oversee implementation of various initiatives, Company has formed a Board Level Committee called Corporate Social Responsibility (CSR) Committee.

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

The Company undertakes various CSR projects either directly or through CSR Foundation of the Company /registered trust and/or by making contribution to the Fund(s) created by the Government from time to time and NGOs undertaking CSR activities.

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

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

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

The Company has spent an amount of ₹201.16 Lakhs in various CSR activities during the financial year 2019-20. The details of the amount incurred on areas covered are given in Annexure to the report on Corporate Social Responsibility forming part of this Report.

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

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

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

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

The Company has an effective system for addressing customer complaints. The customer complaints filed against the Company for defects in the products of the Company are not significant in number compared with annual sales volume.

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

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

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

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

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

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

## OTHER DISCLOSURES

- I. There were no significant material orders passed by the Regulators / Courts during the financial year 2019-20 which would impact the going concern status of the Company and its future operations.
- II. There were no significant material changes and commitments in terms of Section 134(3) (l) of the Companies Act, 2013, affecting the financial position of the Company.
- III. As per the Order of Hon'ble National Company Law Tribunal, Kolkata ("NCLT") dated September 4, 2019 for amalgamation of Bhilwara Holdings Limited ('BHL'), Sarvottam Vanijya Limited ('SVL') and Scope Vinimoy Private Limited ('SVPL') with Somany Ceramics Limited ('SCL') was completed.
- IV. SEBI has given its NOC dated April 22, 2020 for the merger of Schabolna India Limited with the company subject to the necessary approval of NCLT.
- V. The maintenance of cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 is not applicable to the company.
- VI. During the reporting period no new company has become or cease to its subsidiary, joint venture or associate company.

## ACKNOWLEDGEMENT

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

For and on behalf of the Board

Place: Noida  
Dated: June 25, 2020

**Shreekant Somany**  
Chairman and Managing Director  
DIN:00021423