

CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Good Corporate Governance Practices are strength of any successful enterprise. The Company's visionary founder had laid the foundation for good governance and made it an integral part of the Company's philosophy which has characteristics of fairness, accountability, disclosure and transparency. This has enabled your Company to achieve sustainable growth on its journey to continue success, thereby meeting the expectations of the stakeholders. The Company places emphasis on business ethics and responsible conduct and to disclosures of operating performance and other key events on timely basis to its shareholders and the stakeholders. The Company views its role as trustees of its shareholders, stakeholders and society at large.

2. REPLACEMENT OF LISTING AGREEMENT BY SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 (LISTING REGULATIONS)

Listing Agreement entered into by the Company with the Stock Exchanges, i.e. National Stock Exchange of India Limited (NSE) and BSE Limited (BSE), where the shares of the Company are presently listed and continued to be listed, was replaced by execution of fresh uniform Listing Agreements with NSE and BSE, whereby the Company, agreed to abide by the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR, 2015), effective from 1st December, 2015. During the year under review, Clause 49 of the Listing Agreement was applicable to the Company upto 30th November, 2015, thereafter (LODR, 2015) was applicable to the Company.

3. BOARD OF DIRECTORS

The Board comprises of ten Directors as on 31st March, 2016. None of the Non-Executive Directors of the Company has any pecuniary relationship or transaction with the Company, except Mr. G.L. Sultania, Non-Executive Non-Independent Director of the Company, who is in receipt of consultancy fees of ₹ 600,000/- (Rupees Six Lacs Only) per annum, as approved by the Shareholders at their 47th Annual General Meeting of the Company held on 4th September, 2015. 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 the Regulation 17 of the SEBI (LODR, 2015).

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 Meetings held during the tenure of the Member	No. of Board Meetings attended	Attended last AGM	Number of Directorships in other companies (\$)	@ No. of Committee positions held in other companies		No. of shares held
						Chairman	Member	
Mr. Shreekant Somany	P	4	4	Yes	6	-	3	161,385
Mr. Abhishek Somany	P	4	4	Yes	2	-	-	85,500
Mr. R. K. Daga	I	4	4	Yes	2	3	1	5,000
Mr. G. L. Sultania	N	4	4	-	8	-	3	1,250
Mr. Salil Singhal	I	4	2	-	6	-	3	-
Mr. Ravinder Nath	I	4	2	-	3	1	2	-
Dr. Y. K. Alagh	I	4	2	-	2	-	4	-
Mr. Siddharath Bindra	I	4	3	-	0	-	-	-
Mr. Narayan Anand	N&O	4	2	-	2	-	-	-
Mrs. Anjana Somany	P	4	3	-	2	-	-	94,150

Category: P=Promoter, I=Independent, N= Non-Executive & Non-Independent Director, O= Nominee Director, NA= Not Applicable

(§) Excludes Directorships in Indian Private Limited Companies other than subsidiaries of Public Limited Companies and memberships of various Chambers and other non-corporate organizations.

@ Includes the membership/chairmanship in Audit Committee and Stakeholders Relationship Committee only of Public Limited Companies.

INTER-SE RELATIONSHIP OF DIRECTORS

Mr. Shreekant Somany, Chairman & Managing Director of the Company is spouse of Mrs. Anjana Somany, Whole time director and father of Mr. Abhishek Somany, Managing Director of the Company.

BOARD FUNCTIONS

Apart from review and consideration of matters referred to under Regulation 17 of the SEBI (LODR), 2015, 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 behavior;
- ♦ 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 held during the year 2015-16 i.e. on 18th May, 23rd July, 26th October in 2015 and on 25th January in 2016.

4. CODE OF CONDUCT

The Board of Directors has adopted a Code of Conduct for all Board members and senior personnel of the Company after suitably incorporating duties of Independent Directors as laid down under Schedule IV to the Companies Act, 2013 and the same is being abided by all on annual basis in terms of Regulation 26(3) of the SEBI (LODR, 2015). 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 i.e. "www.somanyceramics.com"

5. CEO/CFO CERTIFICATION

The CEO and CFO of the Company have issued a certificate in terms of Regulation 17(8) of the SEBI (LODR, 2015), certifying that the financial statements do not contain any materially untrue statement and these statements represent

a true and fair view of the Company's affairs. The said certificate is annexed and forms part of the Annual Report.

6. COMMITTEES OF THE BOARD

AUDIT COMMITTEE

Composition

The Audit Committee comprises of four members at present, with majority of Independent Directors, as members of the Committee. Mr. R.K. Daga is the Chairman of the Committee. The other members of the committee are Mr. Salil Singhal, Mr. G. L. Sultania and Dr. Y.K. Alagh. All members of the Audit Committee are financially literate. The Audit Committee members are accomplished professionals from the corporate and academic world. The Committee meets its constitution requirements, in terms of Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (LODR, 2015). The Company Secretary of the Company acts as the Secretary to the Committee. Minutes of each Audit Committee Meeting are placed and discussed in the next meeting of the Board. The terms of reference of the audit committee cover the areas as contemplated under Part C of Schedule II of SEBI (LODR, 2015) and Section 177 of the Companies Act, 2013, 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 system,
- Review of the annual and quarterly financial statements with management before submission to the Board,
- Compliance with Listing and other legal requirements relating to financial statements,

- Review related party transactions,
- Review the functioning of Vigil Mechanism, qualifications in the audit report, if any,
- Carry out any other functions as may be specified by the Board from time to time.

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, Dy. Chief Executive Officer & Chief Financial Officer, President (Sales & Marketing), Vice-President (Finance) & other departmental heads.

FREQUENCY OF MEETINGS

During the year 2015-16, four Audit Committee meetings were held on 18th May, 23rd July, 26th October in 2015 and on 25th January in 2016.

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. G. L. Sultania (Member)	4
Mr. Salil Singhal (Member)	2
Dr. Y. K. Alagh (Member)	2

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 8250 shares were transferred (including transmission) and dispatched within the stipulated time period specified under the laws, documents for which found valid in all respects. There were no pending transfers as on 31st March, 2016.

STAKEHOLDER'S RELATIONSHIP COMMITTEE

The Company has a Stakeholder's Relationship Committee to oversee redressal of shareholders'/Investors' grievances relating to transfers, transmissions, issue of duplicate share certificate(s) and all other matters concerning shareholders' complaints. Mr. R. K. Daga, Non-Executive Independent Director of the Company is heading the Committee along with Mr. G. L. Sultania, Non-Executive Non-Independent Director, as a member of the Committee. Mr. Ambrish Julka,

Deputy General Manager (Legal) and Company Secretary of the Company is the Compliance Officer. Total Four meetings of this Committee were held during the year 2015-16, i.e. on 07th May, 23rd July, 26th October in the year 2015 and on 25th January in the year 2016. During the year 16 complaints were received and resolved. There were no complaints of Shareholders pending as on 31st March, 2016.

NOMINATION AND REMUNERATION COMMITTEE

The Company has a Nomination and Remuneration Committee comprising of three Non-executive directors, of which more than half are Independent Directors. Mr. R.K. Daga, Non-executive Independent Director is the Chairman of the Committee. Mr. G. L. Sultania, Non-executive Non-Independent Director and Mr. Siddharath Bindra, Non-executive Independent Director, are the other Members of the Committee.

During the year 2015-16, four Committee meetings were held i.e. on 18th May, 2015, 23rd July, 2015, 26th October, 2015 and on 25th January, 2016.

The attendance of the Nomination & Remuneration Committee Meetings is given below:

Name of Member Director	No. of Meetings held during the tenure of the Member	No. of Meetings attended
Mr. R. K. Daga (Chairman)	4	4
Mr. G. L. Sultania (Member)	4	4
Mr. Siddharath Bindra (Member)	4	3

TERMS OF REFERENCE

Terms of reference of the Nomination and Remuneration Committee are as per the guidelines set out in the Listing Agreement/ SEBI (LODR, 2015), as and when applicable and Section 178 of the Companies Act, 2013, that inter-alia includes:

- Identifying and selection of candidates for appointment as Directors/ Independent Directors, Key Managerial Personnel (KMP) and as Senior Management employees, based on certain criteria laid down;
- Formulate and review from time to time the Policy for selection and appointment of Directors, KMP and senior management employees and their remuneration;
- Review and evaluate the performance of the Board of Directors and Senior Management Employees based on certain criteria as approved by the Board. In reviewing the overall remuneration of the Board of Directors and Senior Management, the Committee ensures that the remuneration is reasonable and sufficient to attract, retain and motivate the best managerial talent, the relationship of remuneration to performance is clear and meets appropriate performance benchmarks and that the remuneration involves a balance between fixed and incentive pay reflecting short term and long term objectives of the Company.

- Succession planning of the Board of Directors and Senior Management Employees.
- Such other matters as may be prescribed in the Nomination and Remuneration Policy of the Company.

PERFORMANCE EVALUATION CRITERIA FOR INDEPENDENT DIRECTORS AND THE BOARD:

The Independent Directors and the Board are evaluated on the basis of the following criteria's i.e. whether they:

- Act objectively and constructively while exercising their duties;
- Exercise their responsibilities in a bona fide manner in the interest of the Company;
- Devote sufficient time and attention to their professional obligations for informed and balanced decision making;
- Do not abuse their position to the detriment of the Company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- Refrain from any action that would lead to loss of his independence;
- Inform the Board immediately when they lose their independence;
- Assist the Company in implementing the best corporate governance practices;
- Strive to attend all meetings of the Board of Directors and the Committees;
- Participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- Strive to attend the general meetings of the Company;
- Keep themselves well informed about the Company and the external environment in which it operates;
- Do not to unfairly obstruct the functioning of an otherwise proper Board or Committee of the Board;
- Moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between management and shareholder's interest;
- Abide by Company's Memorandum and Articles of Association, Company's Policies and procedures including code of conduct, insider trading guidelines etc.

The performance of Executive Directors shall also be evaluated on the basis of Targets/ Criteria met by them, as given by the Board from time to time.

Details of the Remuneration paid to Directors during the year 2015-16 are as follows:

Directors	Salary & perquisites (₹)	Commission for 2014-15 (₹)	Sitting Fees (₹)	Total (₹)
Mr. Shreekant Somany*	22,716,064**	9,224,017	--	31,940,080
Mr. Abhishek Somany*	22,547,115**	14,690,255	--	37,237,370
Mr. R. K. Daga	--	500,000	125,000	6,25,000
Mr. G. L. Sultania	--	500,000	120,000	6,20,000
Mr. Salil Singhal	--	500,000	70,000	5,70,000
Mr. Ravinder Nath	--	500,000	35,000	5,35,000
Dr. Y.K. Alagh	--	500,000	45,000	5,45,000
Mr. Siddharath Bindra	--	500,000	105,000	6,05,000
Mr. Narayan Anand***	--	500,000	30,000	5,30,000
Mrs. Anjana Somany	--	10,959	45,000	55,959

During the year under review, fee of ₹ 6,00,000/- (Rupees Six Lacs only) was paid in lieu of consultancy services provided by the Proprietorship Firm, M/s. G.L. Sultania & Co. of which Shri G.L. Sultania, Non-Executive Non-Independent Director of the Company, is the Proprietor.

* Whole time Directors are not entitled for sitting fee.

** The remuneration includes Company's contribution to Provident Fund and leave encashment and the same is being paid in accordance with Schedule V to the Companies Act, 2013. The value of perquisites has been calculated in accordance with the rules framed under the Income Tax Act, 1961.

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The services of Chairman & Managing Director and 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 terms of resolution passed by the Shareholders of the Company at their Annual General Meeting held on 2nd September, 2013 subject to maximum of ₹ 5,00,000/- (Rupees five lacs only) to each Non-Executive Director of the Company.

*** Mr. Narayan Anand was appointed as Nominee Director of M/s Latinia Limited, and he is liable to retire by rotation.

CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

Your Company has a CSR Committee, in terms of Section 135 of the Companies Act, 2013. The Chairman of the Committee is Mr. Abhishek Somany, Managing Director of the Company. Mr. Salil Singhal and Mr. Ravinder Nath, Non-Executive Independent Directors of the Company are the other members of the Committee. During the year ended 31st March, 2016, two Committee meetings were held i.e. on 23rd July, 2015 and 02nd February, 2016, which were attended by the members as under :

Director	Category	No. of meetings held during the tenure of the Member	No. of meetings attended
Mr. Abhishek Somany	Non-Independent	2	2
Mr. Salil Singhal	Independent	2	2
Mr. Ravinder Nath	Independent	2	-

COMPANY ADMINISTRATIVE COMMITTEE

Your Company has a Company Administrative Committee for considering matters routine in nature and matters falling between two Board Meetings of the Company. Mr. Shreekant Somany, Chairman and Managing Director of the Company, is the Chairman of the Committee. Mr. Abhishek Somany, Managing Director, Mr. Salil Singhal and Mr. Siddharath Bindra, Non-Executive Independent Directors of the Company are other members of the Committee. During the year ended 31st March, 2016, Nine Committee meetings were held i.e. on 30th July, 4th September, 23rd November, 17th December, 18th December, 22nd December in the year 2015 and on 02nd January, 02nd February and 07th March in the year 2016 which were attended by the members as under:

Director	Category	No. of meetings held during the tenure of the Member	No. of meetings attended
Mr. Shreekant Somany	Non-Independent	9	8
Mr. Abhishek Somany	Non-Independent	9	9
Mr. Salil Singhal	Independent	9	3
Mr. Siddharath Bindra	Independent	9	9

7. SEPARATE MEETING OF INDEPENDENT DIRECTORS

As stipulated by the Code for Independent Directors under Schedule IV to the Companies Act, 2013 and Regulation 25 (3) of the SEBI (LODR, 2015), a separate meeting of the Independent Directors of the Company was held and attended by the Independent Directors except Mr. Siddharath Bindra on 25th January, 2016 to review the performance of Non-Independent Directors (including the Chairman) and the Board as a whole. The Independent Directors also reviewed the quality, content and timeliness of the flow of information between the management and the Board and its Committees which is necessary to effectively and reasonably perform and discharge their duties.

8. INDUCTION AND TRAINING OF INDEPENDENT DIRECTOR

Independent Directors are familiarised with their roles, rights and responsibilities in the Company as well as the nature of industry in which the Company operates through induction programmes at the time of their appointment as Directors. On appointment, the concerned Director is issued a Letter of Appointment setting out in detail, the terms of appointment, duties, responsibilities and expected time commitments. Each newly appointed Independent Director is taken through a formal induction programme giving brief description on Company's manufacturing, marketing, finance and other important aspects. The Company Secretary, briefs the Director

about their legal and regulatory responsibilities as a Director. The induction for Independent Directors include interactive sessions with Business and Functional heads. The details of familiarisation programmes for Independent Directors are uploaded on the website of the Company, i.e. www.somanyceramics.com at the weblink: <https://www.somanyceramics.com/training-directors/>

9. EVALUATION OF THE BOARD'S PERFORMANCE

One of the key functions of the Board is to monitor and review the Board evaluation framework. During the year, the Board adopted a formal mechanism for evaluating its performance and as well as that of its Committees and individual Directors, including Chairman of the Board. The exercise was carried out through a structured evaluation process covering various aspects of Board's functioning such as composition of Board & its Committees, experience and competencies, performance of specific duties & obligations, governance issues etc. Separate exercise was carried out to evaluate the performance of individual Directors, including the Board, Chairman, who were evaluated on parameters such as attendance, contribution at the meetings and otherwise, independent judgment, safeguarding of minority shareholder's interest etc.

10. WHISTLE BLOWER POLICY/ VIGIL MECHANISM

With the rapid expansion of business in terms of volume, value and geography, various risks associated with the business have also increased considerably. One such risk identified is the risk of fraud & misconduct. The Audit Committee is committed to ensure fraud free work environment and to this end the Committee has laid down a Whistle Blower Policy, duly approved by the Board, providing a platform to all the employees, vendors and customers to report any suspected fraud or error or confirmed incident of fraud /misconduct. The Board has adopted the Policy on Vigil Mechanism and uploaded the same on the Company's website i.e. www.somanyceramics.com at the weblink: <https://www.somanyceramics.com/wp-content/uploads/pdfs/policies/whistel-blower-policy.pdf>

11. SUBSIDIARY COMPANIES

The Company does not have any material subsidiary whose net worth exceeds 20% of the consolidated net worth of the holding company in the immediately preceding accounting year or has generated 20% of the

consolidated income of the Company during the previous financial year. The Audited Annual Financial Statements of Subsidiary Companies are tabled at the Audit Committee and Board Meetings of the Company. Copies of the Minutes of the Board Meetings of Subsidiary Companies are individually given to all the Directors and are tabled at the subsequent Board Meetings of the Company. The Board has approved and adopted a policy for determining Material Subsidiaries which has been uploaded on the Company's website i.e. www.somanyceramics.com and at the web link i.e. <https://www.somanyceramics.com/wp-content/uploads/pdfs/policies/policy-on-material-subsiary.pdf>

12. RELATED PARTY TRANSACTIONS

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and Listing Agreement/Regulation 23 of the SEBI (LODR, 2015) during the financial year were in the ordinary course of business and on an arms length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013. There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company. Suitable disclosure as required by the Accounting Standards (AS18) has been made in the notes to the Financial Statements. The Board has approved a policy for related party transactions which has been uploaded on the Company's website i.e. www.somanyceramics.com at the weblink i.e. <https://www.somanyceramics.com/wp-content/uploads/pdfs/policies/related-party-transaction-policy.pdf>

13. GENERAL BODY MEETINGS

The details of all the General Body Meetings conducted in the past 3 years and all held at LakshmiPat Singhania Auditorium at PHD Chamber of Commerce and Industry, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi-110 016:

Year	Date	Time	Venue
2015-16	04.09.2015	10.30 A.M.	47 th Annual General Meeting
2014-15	04.09.2014	10.30 A.M.	46 th Annual General Meeting
2013-14	10.02.2014	10:00 A.M.	Extra-Ordinary General Meeting
2013-14	02.09.2013	10.30 A.M.	45 th Annual General Meeting

14. SPECIAL RESOLUTIONS PASSED IN THE PREVIOUS THREE AGMs/EOGMs:

Date of Meeting held	AGM/EOGM	Subject matter of the resolution
4 th September, 2015	AGM	• Adoption of new set of Article of Association of the Company.
4 th September, 2014	AGM	• Re-appointment of Shri Shreekant Somany (DIN 00021423) as Chairman & Managing Director of the Company with effect from 1 st September, 2014 till 31 st August, 2017. • Re-appointment of Shri Abhishek Somany (DIN 00021448) with effect from 1 st June, 2015 till 31 st May, 2018 and re-designated as Managing Director of the Company with effect from such re-appointment.
10 th February, 2014	EOGM	• Issue and allotment of equity shares of the Company on preferential basis.
2 nd September, 2013	AGM	• Remuneration by way of commission to Non- Executive Directors of the Company.

15. POSTAL BALLOT

Pursuant to the provisions of Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014 and any other applicable provisions of the Companies Act, 2013, as amended from time to time, the Company has passed two Special Resolutions through Postal Ballot conducted during the year 2015-16 as per Postal Ballot notice dated 24th March, 2015, the result of which were announced on 2nd May, 2015, details of which are as follows:.

Agenda	To consider and approve issue of further securities						
Resolution Required	Special						
Mode of Voting	E-voting/Physical Postal Ballot						
Remarks	Passed with requisite majority						

Promoter/ Public	No. of Shares held	No. of Votes polled	% of Votes polled on outstanding shares	No. of Votes-in favour	No. of Votes-against	% of Votes in favour on votes polled	% of Votes against on votes polled
	(1)	(2)	(3)= [(2)/(1)]* 100	(4)	(5)	(6) = [(4)/(2)]* 100	(7)= [(5)/(2)]* 100
Promoter and Promoter Group	21839360	21839360	100.00	21839360	NIL	100.00	0.00
Public- Institutional holders	3451292	1192824	34.56	1192824	NIL	100.00	0.00
Public - Others	13554174	4389058	32.38	4389058	NIL	100.00	0.00
Total	38844826	27421242	70.59	27421242	NIL	100.00	0.00

Agenda	To increase the aggregate limit for investment by the Foreign Institutional Investors / Foreign Portfolio Investors and Non Resident Indians in equity share capital of the Company.						
Resolution Required	Special						
Mode of Voting	E-voting/Physical Postal Ballot						
Remarks	Passed with requisite majority						

Promoter/ Public	No. of Shares held	No. of Votes polled	% of Votes polled on outstanding shares	No. of Votes -in favour	No. of Votes -against	% of Votes in favour on votes polled	% of Votes against on votes polled
	(1)	(2)	(3)= [(2)/(1)]* 100	(4)	(5)	(6) = [(4)/(2)]* 100	(7)= [(5)/(2)]* 100
Promoter and Promoter Group	21839360	21839360	100.00	21839360	NIL	100.00	0.00
Public- Institutional holders	3451292	1192824	34.56	1192824	NIL	100.00	0.00
Public - Others	13554174	4388993	32.38	4388993	NIL	100.00	0.00
Total	38844826	27421177	70.59	27421177	NIL	100.00	0.00

Mr. Pravin Kumar Drolia of M/s. Drolia & Company, Practicing Company Secretaries, Kolkata (FCS: 2066, COP:1362) was appointed as the Scrutinizer by the Board of Directors of the Company to conduct the aforesaid Postal Ballot process in fair and transparent manner.

Resolutions, if any, to be passed through Postal Ballot during the current financial year will be taken up as and when necessary.

THE PROCEDURE FOR POSTAL BALLOT:

In compliance with Clause 35B of the Listing Agreement and Sections 108, 110 and other applicable provisions of the Companies Act, 2013, read with the related Rules, the Company provides electronic voting facility to all its members, to enable them to cast their votes electronically. The Company engages the services of CDSL for the purpose of providing e-voting facility to all its members. The members have the option to vote either by physical ballot or e-voting.

The Company dispatches the postal ballot notices and forms along with postage prepaid business reply envelopes to its members whose names appear on the register of members / list of beneficiaries as on a cut-off date. The postal ballot notice is sent to members in electronic form to the email addresses registered with their depository participants (in case of electronic shareholding) / the Company's registrar and share transfer agents (in case of physical shareholding). The Company also publishes a notice in the newspaper declaring the details of completion of dispatch and other requirements as mandated under the Act and applicable Rules.

Voting rights are reckoned on the paid-up value of the shares registered in the names of the members as on the cutoff date. Members desiring to exercise their votes by physical postal ballot forms are requested to return the forms duly completed and signed, to the scrutinizer on or before the close of voting period. Members desiring to exercise their votes by electronic mode are requested to vote before close of business hours on the last date of e-voting. The scrutinizer submits his report to the Chairman, after the completion of scrutiny, and the consolidated results of the voting by postal ballot are then announced by the Chairman / authorized officer. The results are also displayed on the website of the Company, www.somanyceramics.com, besides being communicated to the stock exchanges, depository and registrar and share transfer agent. The date of declaration of the results by the Company is deemed to be the date of passing of the resolutions.

16. DISCLOSURES

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

The Company complies with all the mandatory requirements of Clause 49 of the Listing Agreement/ Regulation 17 to 27 and Clause (b) to (i) to sub-regulation (2) of Regulation 46 of the SEBI (LODR, 2015).

The Independent Directors have confirmed that they meet the criteria of 'Independence as stipulated under Regulation 16(1)(b) of the SEBI (LODR, 2015).

There were no pecuniary relationships or transactions of Non-Executive Directors vis-à-vis the Company, which may have potential conflict with the interests of the Company at large, except that of Mr. G.L. Sultania, Non-Executive Non-

Independent Director of the Company, who is in receipt of consultancy fees of ₹ 600,000/- (Rupees Six Lacs Only) per annum, as approved by the Shareholders at their 47th Annual General Meeting of the Company held on 4th September, 2015.

During the year under review, no employee of the Company has been denied access to the Audit Committee in respect of suspected fraud or error, if any, under the vigil mechanism adopted by the Board.

The Company has in place a mechanism to inform the Board Members about the risk assessment and mitigation plans and periodical reviews to ensure that the critical risks are controlled by the executive management.

17. MEANS OF COMMUNICATION

The annual, half yearly and quarterly results of the Company are generally published in Economic Times (Delhi, Mumbai), (English edition), Economic Times (Mumbai, Gujarati edition), The Financial Express (English Edition), Business Standard (English Edition) and Jansatta (Hindi Edition) newspapers at New Delhi. The results of the Company are submitted to the Stock Exchanges in accordance with the Listing Agreement/ SEBI (LODR, 2015) and posted on its website: www.somanyceramics.com. The presentations made to Institutional investors/ analysts is available at website of Company i.e. www.somanyceramics.com at the weblink at <https://www.somanyceramics.com/presentations/>

18. "MANAGEMENT DISCUSSION AND ANALYSIS" IS A PART OF THE ANNUAL REPORT.

19. GENERAL SHAREHOLDER'S INFORMATION

Registered Office

82/19, Bhakerwara Road, Mundka
New Delhi – 110 041
Phone : 011-28341085, Fax : 011-28341085
Email : cs@somanytiles.co.in

Plant locations

- i) V & P.O Kassar, Bahadurgarh
Distt. Jhajjar, Haryana - 124507
Phone: 01276-223300 Fax : 01276-241011
Email: cs@somanytiles.co.in
- ii) GIDC Industrial Area,
Distt. Mehsana, Kadi,
Gujarat 382715
Ph : 02764-242153/54, Fax : 02764-263011

20. DATE AND VENUE OF ANNUAL GENERAL MEETING

The 48th Annual General Meeting of the Company will be held on, Friday, the 02nd September, 2016 at LakshmiPat Singhania Auditorium at PHD Chamber of Commerce and Industry, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi-110016 at 10.30 A.M.

21. FINANCIAL CALENDAR: 1ST APRIL TO 31ST MARCH

Financial Reporting for 2016-2017 is as follows:

First Quarter	: Fourth week of July, 2016
Second Quarter	: Third week of October, 2016
Third Quarter	: Fourth week of January, 2017
Fourth Quarter	: Fourth week of May, 2017

22. BOOK CLOSURE DATE

23rd August, 2016 to 02nd September, 2016 (both days inclusive)

23. DIVIDEND

The Board of Directors of Company has recommended a dividend of ₹ 2.30 per share on equity shares of ₹ 2/- each for the year ended 31st March, 2016 subject to approval of the Shareholders at the ensuing 48th Annual General Meeting of the Company and the amount of dividend will be credited or Dividend warrants will be dispatched by 07th September, 2016.

Market Price Data:

Month	National Stock Exchange of India Limited*			BSE Limited*		
	High (₹)	Low (₹)	No. of Shares Traded	High (₹)	Low (₹)	No. of Shares Traded
Apr-15	535.20	380.15	311,680	499.90	382.00	70,649
May-15	453.75	363.95	348,223	445.00	369.00	81,667
Jun-15	389.80	333.00	140,572	390.00	335.50	26,837
Jul-15	440.00	367.20	366,033	439.50	367.50	50,193
Aug-15	383.00	308.00	142,474	380.00	303.50	32,270
Sep-15	365.00	326.00	233,963	365.00	330.00	269,961
Oct-15	400.15	323.05	220,901	399.90	324.10	539,846
Nov-15	388.00	320.25	226,516	388.50	321.20	178,637
Dec-15	447.15	328.10	1,029,824	413.00	328.00	208,086
Jan-16	407.95	338.00	625,581	409.70	335.00	54,729
Feb-16	377.80	320.00	306,536	380.00	321.90	23,668
Mar-16	395.00	335.30	119,647	396.70	338.00	57,468

*Source : Official website of BSE and NSE

24. LISTING ON STOCK EXCHANGE:

Shares of the Company are listed at National Stock Exchange of India Limited (NSE) and BSE Limited (BSE). The Company has paid annual listing fees to both the Exchanges for the financial year 2016-2017.

National Stock Exchange of India Limited (NSE)

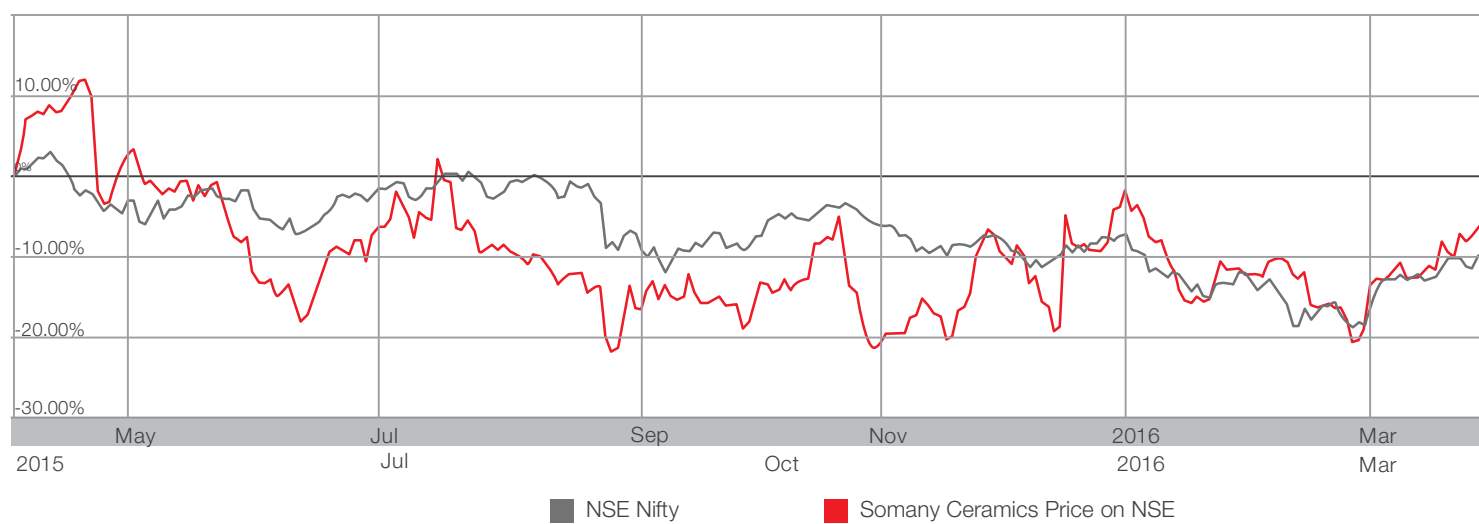
“Exchange Plaza”,
Bandra-Kurla Complex,
Bandra (E), Mumbai – 400 051
Trading Symbol :- SOMANYCERA

BSE Limited (BSE)
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400 001
Scrip Code : 531548

Demat ISIN Number for NSDL and CDSL: INE 355A01028

PERFORMANCE IN COMPARISON TO BROAD BASED INDICES

Somany Ceramics Limited Price on NSE & NSE NIFTY



*Source: Official website of NSE

25. REGISTRAR & SHARE TRANSFER AGENT

(Both for physical and demat segment)
Maheshwari Datamatics Pvt. Ltd.
6, Mangoe Lane, Kolkata – 700 001
Phone No. 033-2243 5809/2248 2248
E-mail: mdpldc@yahoo.com

26. 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 SEBI(LODR, 2015).

27. DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2016

No. of Equity Shares	Number of Shareholders	Percentage of Shareholders	No. of Shares	Percentage of Shareholding
1 to 500	6,494	83.21	693,182	1.64
501 to 1000	621	7.96	482,169	1.14
1001 to 2000	267	3.42	409,161	0.97
2001 to 3000	102	1.30	260,635	0.61
3001 to 4000	45	0.58	167,851	0.40
4001 to 5000	64	0.82	298,560	0.70
5001 to 10000	88	1.13	633,283	1.49
10001 and Above	123	1.58	39,434,585	93.05
Total	7804	100.00	42379426	100.00

Categories of Shareholding as on 31st March, 2016

Category	Number of Shares	Percent
Indian Promoters	21,839,360	51.53
Mutual Funds & UTI, Alternate Investment Funds	3,996,479	9.43
Banks, Financial Institutions, Insurance Companies	15,816	0.04
NBFCs Registered with RBI	12	0.00
Foreign Portfolio Investors	643,027	1.52
Foreign Institutional Investors	2,273,602	5.36
Corporate Bodies	1,329,822	3.14
Indian Public	6,536,504	15.43
NRIs/Foreign Companies	5,612,964	13.24
Trusts	69,210	0.16
Clearing Members	62,630	0.15
Total	42,379,426	100.00

28. DEMATERIALISATION OF SHARES

The Company's equity shares enjoy the DEMAT facilities with NSDL as well as CDSL. The shares held on dematerialised form in CDSL are 1025067 (2.42%) and in NSDL are 40660599 (95.94 %) representing 41685666 (98.36%) Equity shares of the paid-up capital of the Company as on 31st March, 2016. The total shares held in physical format are 693760(1.64%).

29. OUTSTANDING GDRS / ADRS / WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY

During the year 2015-16, there were no outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date, which would have an impact on the equity of the Company.

30. COMMODITY PRICE/FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES

During the year 2015-16, there are no significant commodity price risk, further necessary steps are being taken to minimize foreign exchange risks.

31. CONTACT FOR CLARIFICATION ON FINANCIAL STATEMENTS:

Individuals may contact

Mr. R.K. Lakhotia, Vice President (Finance) at:
V & P.O Kassar – 124507, Bahadurgarh
Distt. Jhajjar, Haryana, India
Phone : 01276-223300 Fax : 01276-241011
Email : fin@somanytiles.co.in

Shareholder's Enquiries: Individuals may contact

Mr. Shyamalendu Banerjee at:
2, Red Cross Place, Kolkata – 700 001
Phone : 033-22487406/7 Email : sclinvestors@somanytiles.co.in

Pursuant to the Uniform Listing Agreement entered by the Company with Stock Exchanges, the Company has created email-id for the redressal of investor grievances viz; sclinvestors@somanytiles.co.in

32. PARTICULARS IN RESPECT OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE ENSUING 48TH ANNUAL GENERAL MEETING OF THE COMPANY, PURSUANT TO REGULATION 36(3) OF THE SEBI (LODR, 2015)

Mrs. Anjana Somany

Mrs. Anjana Somany (DIN: 00133542) was appointed as a Director of the Company at the 47th Annual General Meeting of the Company, held on 4th September, 2015, in New Delhi. She is aged about 63 years is a holder of Bachelor of Arts degree from Calcutta University, and has done her training Diploma in Ceramic Creation and Porcelaine Painting from Switzerland, a year long Diploma in Textile Designing from New Delhi Polytechnic and a full year Diploma in Art History from London University. She brings forth her strengths, learning and commitment through thirty years in the field of building entrepreneurship among various groups of people and has also worked for the empowerment of women in business. She has also been a trainer for Entrepreneurship Development Programs at grass roots levels across India. She has a rich working experience in the field of designing and development in the Ceramic Industry and brings her design experience to the family business. She at present, is holding 94,150 shares of the Company and occupies Directorship's and Committee positions in the following Companies:

Sl. no.	Name of the Public Limited Company in which she is a Director	Chairman/ Director	Position held in		
			Audit Committee	Nomination & Remuneration Committee	Stakeholder's Relationship Committee
1	Somany Ceramics Ltd.	Director	-	-	-
2	Sarvottam Vanijya Ltd.	Director	-	-	-
3	Bhilwara Holdings Ltd.	Director	-	-	-

It would be in the interest of the Company to appoint her as a Key Managerial Personnel, designated as a 'Whole-time Director' of the Company for a period of three consecutive years w.e.f. 21st May, 2016 till 20th May, 2019, liable to retire by rotation, pursuant to the provisions under Sections 196, 197, 198 and 203 of the Companies Act, 2013, read with Schedule V to the said Act and rules made thereunder, subject to the approval of the Shareholders at the ensuing 48th Annual General Meeting of the Company.

Mr. G.L. Sultania

Aged about 70 years, Mr. Sultania (DIN: 00060931) is B.Com, FCA and FCS. He has served as an Executive Director and Secretary of HSIL Limited. He is a Non-executive Non-Independent Director of the Company. He possesses vast knowledge and experience in the field of financial restructuring, corporate laws and legal compliances and occupies Directorship's and Committee positions in the following Companies:

Sl. no.	Name of the Public Limited Company in which he is a Director	Chairman/ Director	Position held in		
			Audit Committee	Nomination & Remuneration Committee	Stakeholder's Relationship Committee
1	Somany Ceramics Ltd.	Director	Member	Member	Member
2	HSIL Limited	Director	-	-	Member
3	SR Continental Limited	Director	-	-	-
4	The United Provinces Sugar Co. Limited	Director	-	-	-
5	Paco Exports Limited	Director	-	-	-
6	Bhilwara Holdings Limited	Director	-	-	-
7	Sarvottam Vanijya Limited	Director	-	-	-
8	Somany Global Limited	Director	-	-	-
9	AGI Glasspack Limited	Additional Director	-	-	-

He is liable to retire by rotation at the ensuing 48th Annual General Meeting of the Company and being eligible offers himself for re-appointment.

33. AUDITORS' CERTIFICATE

To

The Members of SOMANY CERAMICS LIMITED

We have examined the compliance of regulations of Corporate Governance by Somany Ceramics Limited for the Financial Year ended 31st March 2016, as stipulated in Part C of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

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

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

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

For LODHA & CO.
Chartered Accountants
Firm's Registration No. 301051E

N.K. LODHA
Partner
M. No. 85155

Place: New Delhi
Date: 21st May, 2016

34. DECLARATION ON COMPLIANCE WITH THE CODE OF CONDUCT

I hereby confirm and declare that, all the Directors and Senior Management Personnel of the Company have affirmed their compliances with the Code of Conduct of the Company, in so far as it is applicable to them, and there is no non-compliance thereof during the year ended 31st March, 2016.

G.G. Trivedi
Chief Executive Officer

Place : New Delhi

Date: 21st May, 2016

35. CEO/CFO CERTIFICATION

The Board of Directors
Somany Ceramics Limited

We have reviewed the financial statements and the cash flow statement of Somany Ceramics Limited for the year ended 31st March, 2016 and that to the best of our knowledge and belief, we state that;

- (a) (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;
- (ii) these statements present a true and fair view of the Company's affairs and are in compliance with current accounting standards, applicable laws and regulations.
- (b) there are, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's code of conduct.
- (c) we accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps taken or proposed to be taken for rectifying these deficiencies.
- (d) we have indicated to the Auditors and the Audit Committee:
 - (i) significant changes, if any, in the internal control over financial reporting during the year.
 - (ii) significant changes, if any, in accounting policies made during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Yours sincerely,

G.G. Trivedi
Chief Executive Officer

T.R. Maheshwari
Dy. Chief Executive Officer
& Chief Financial Officer

Place: New Delhi

Date: 21st May, 2016