

2010 2011

annual report

EURO CERAMICS LTD.



SANITARYWARE
VITRIFIED TILES
COMPOSITE MARBLE
WALL TILES



Corporate Information

INDEX

BOARD OF DIRECTORS

Mr. Nenshi L. Shah
Chairman & Managing Director

Mr. Talakshi L. Nandu
Whole-time Director

Mr. Kumar P. Shah
Whole-time Director

Mr. Paresh K. Shah
Whole-time Director

Mr. Shantilal L. Shah
Non Executive Director

Mr. Shivji K. Vikamsey
Independent Director

Mr. Raichand K. Shah
Independent Director

Mr. Anil M. Mandevia
Independent Director

Mr. Amit G. Shah
Independent Director

Mr. Deepak G. Savla
Independent director

Mr. Pravin D. Gala
Non Executive Director
(Upto 11th February 2011)

Mr. Jatin R. Chhadva
Independent Director
(Upto 11th February 2011)

Auditors

M/s. Deepak Maru & Co.
Chartered Accountants

Company Secretary
Ms. Jayshree D. Soni

General Manager- Accounts and Finance
Mr. Chandresh Rambhia

General Manager- Sales
Mr. Rajesh Kakkad

Vice President-Exports
Mr. Parag Shah

Vice President-Sanitary Ware
Mr. Viral Nandu

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

Vice President-Resin Plant
Mr. Anish K. Shah

Bankers

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

Registered Office

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

Factory

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

Registrar & Share Transfer Agent

M/s. Link Intime India Private Limited
C13, Pannalal Silk Mills Compound,
L.B.S Marg, Bhandup (West),
Mumbai 400 078

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NOTICE

NOTICE is hereby given that the Ninth Annual General Meeting of the Members of Euro Ceramics Limited will be held on Wednesday, 28th day of September 2011 at 10.00 a.m. at Sir Pochkanwala Bankers Training (SPBT) College, J.V.P.D. Scheme, Vile Parle (West), Mumbai 400056 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet for the year ended March 31, 2011 and the Profit & Loss Account as on that date together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Amit G. Shah, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Raichand K. Shah, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. Deepak Maru & Co., Chartered Accountants as Statutory Auditors of the Company and to fix their remuneration.

By Order of the Board of Directors

Jayshree D. Soni
Company Secretary

Place: Mumbai
Date: August 12, 2011

Registered Office:

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

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL ONLY TO VOTE INSTEAD OF HIMSELF / HERSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM DULY COMPLETED AND SIGNED SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

2. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, the September 22, 2011 to Wednesday, the September 28, 2011 (both days inclusive).
3. Corporate members are requested to send a duly certified copy of the Board Resolution authorising their representatives to attend and vote on their behalf at the Annual General Meeting.
4. Members are requested to bring their Attendance Slip duly filled in for attending the meeting, along with their copy of Annual Report.
5. Members are requested to notify immediately any change in their address / bank mandate to their respective depositories participants (DPs) in respect of their electronic account and to the Registrar and Share Transfer Agents of the Company, Link Intime India Private Limited at C - 13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai 400 078 in respect of their physical share folios, if any.
6. Member desirous of getting any information relating to the accounts and operations of the Company are requested to address their queries at least 7 days in advance of the meeting so that the information required may be made available at the meeting.
7. Brief resume of the Directors retiring by rotation and seeking appointment and other details as stipulated under clause 49 (IV) (G) of the Listing Agreement are provided as an annexure to the Notice.
8. The Ministry of Corporate Affairs, vide its Circular nos. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011 has taken a "Green Initiative" by allowing paperless compliances by the companies to serve the requisite documents to its members vide e-mode, in pursuance to Section 53 of the Companies Act, 1956. Accordingly, the Company shall be required to update its database by incorporating your designated e-mail ID in its records.

You are thus requested to kindly submit your e-mail ID vide the e-mail updation form attached in this Annual Report of the Company. The same could be done by filling up and signing at the appropriate place in the said form and by returning this letter by post. The e-mail ID provided shall be updated subject to successful verification of your signatures as per record available with the RTA of the Company.

Details of the Directors seeking re-appointment in the forthcoming Annual General Meeting:**(In pursuance of Clause 49 [IV][G] of the Listing Agreement)**

Name of Director	Mr. Amit G. Shah	Mr. Raichand K. Shah
Date of Birth	October 14, 1973	January 27, 1937
Qualification	G. D. Arch	M. A. ; L.L.B
Expertise in specific functional areas	Architect	Legal Advisory
No. of shares held of the Company on March 31, 2011	Nil	Nil
List of other Directorships held as on March 31, 2011 (excluding private & foreign Companies)	Euro Merchandise (India) Ltd.	Roopam Fashions Limited
Member of the Committees of other Companies on which he is a Director as on March 31, 2011	-	-

Management Discussion and Analysis

Industry Overview

Global Overview for Tiles Industry:

Ceramic tiles are used to cover floors and walls to have a better look, lower water absorption and long term smoothness / finish of the surface. Ceramic Tile Industry getting decorative and innovative. The world's top 15 countries including China, Brazil, India, Italy, Spain etc. consumes 75 % of the global tile consumption, where China itself consumes more than 36%.

The major markets for tiles are considered to be Asia with 62 % consumption, followed by Europe with 12 % consumption of world's production.

Increase in per capita tiles consumption across the world has really boost the tiles industry.

Huge development in construction and infrastructure sector in last 10 years, has created the internal demand for tiles industry in each tile producing country, especially in China.

The Global trade of tiles was growing at CAGR of 4 % over the period from 2005 to 2008. Global economy slowdown affect the growth in 2009, but with the positive recovery of market the global demand for ceramics tiles is estimated to have reached 8.9 Billion sq. mtr. in 2010 and expected to grow at a CAGR of more than 6 % from 2010 onwards, as per market information.

Indian Overview for Tiles Industry:

Ceramic tiles are considered as an integral part of real estate decoration in India. It makes a huge difference in the way interiors and exteriors of a building looks.

The Indian tile industry is broadly classified in two parts Organized and Un-organized.

The Organized players comprises of more than 20 players accounts roughly 40 % of the market share, whereas the Un-organized players are more than 500 in numbers and contributes more than 50 % in total market share.

The tiles producers in India are mainly in two segments Wall Tiles and Floor Tiles. In floor tiles the major product segment is Vitrified Tiles / Porcelain Tiles. Vitrified Tiles contributes almost 30 % in the total Indian Tiles market.

Further classification of premium, medium and low end segment in tiles plays important role in Indian market. Premium & Medium segment is expected to grow faster with higher CAGR compared to low end tiles segment. The shift from low end product to upper high end product is increasing, giving the opportunity for the organized players.

The demand for ceramics tiles in India has been growing at a CAGR of 16 % in last five years, and expected to continue in future also due to various

growth drivers including the low per capita consumption of tiles in India. It is just 0.42 sq. mtr., against the world's average per capita consumption of 1.20 sq. mtr.

Global Overview for Sanitaryware :

The demand for the sanitaryware across the globe is increasing, with pretty good CAGR, supported by the growth in construction and infrastructure sector and increasing importance of improved sanitation in the developing countries.

USA, Germany, France, UK, Italy are the major importers of the sanitaryware contributing more than 42 % in total import of the sanitaryware.

China is the major producer, consumer and exporter of the Sanitaryware accounting a very big stake in the world sanitaryware trade.

Global production of sanitaryware pieces are increasing in last five years, and expected to reach at 379 million pieces in 2010, as per the market information.

Indian Overview for Sanitaryware:

This industry also follows almost the same industry structure as the ceramic tiles industry with various small unorganized players having most of the market share. However there are fewer major players who constitute the organized sector.

The sanitary ware market in India has grown rapidly during the last 5-6 years, with key players doubling their production capacities. India has emerged as a major bath and sanitary ware market in the Asia-Pacific region. The organized sector comprises more than half of the total market by value.

Housing and institutional sectors are the major growth drivers. At present, housing demand is rapidly rising and with increasing purchasing power people have started taking interest in premium sanitary ware products. Sanitary ware demand comes from new projects as well as from replacement market sector and the domestic demand of sanitaryware is expected to grow at CAGR of 15%

Global Marble Industry:

There is huge import of high grade marble from countries like Italy, Turkey, Spain and Middle East countries. However, affordability is a major issue for the imported variants of marble. In addition, there exists wide variation in the quality of natural marble, which has created the demand for Agglomerated Marble. Agglomerated Marble also known as calcareous tiles or Composite marble, is one of the alternative choices to natural marble since a large part of these marble consists of natural marble chips bonded with resin and therefore possess similar characteristics of marble.

China and Italy are two leading countries producing agglomerated marbles and supplying to global market.

USA is the major importer of marble, while China, Turkey and Italy are major exporter of marble.

World's production and consumption of marble stone have increased due to technical advancement which has also given rise to the agglomerated marble.

Indian Overview for Agglomerated Marble:

The marble industry in India is grown drastically since ages. The major source of marble in India is Rajasthan, which accounts for more than 80 % of total marble production.

Apart from flooring other use of marble in India is kitchen and table top, window and door framing, monuments and artifacts, pebbles etc.

Agglomerated marble or calcareous tiles is relative concept in Indian marble industry, but since last five years the product awareness has been increased due to importer of agglomerated marble and entry of organized players in this product segment.

The domestic industry of marble including agglomerated marble has been promoted by the Government of India also, as the trade is licensed oriented where free imports are not allowed.

Global Overview of Aluminum Industry:

Aluminum is used in more than 7000 variety of products in different industries such as electric, packing, transportation, automobile, building and construction, interior designing, power, aviation and hardware.

The total global market for Aluminum Industry is estimated at about 58,174 MT and its consumption is distributed across the world. China and Europe are the major consumer of aluminum, consuming about 60% of world's production.

The recovery of global economy and development in construction sector in last couple of years has again driven the demand for aluminum industry and expected to grow at 9 % CAGR.

Indian Aluminum Industry:

The booming construction sector has boosted the Indian aluminum industry for its early recovery from the turmoil of economic slowdown in last couple of years after 2009. The Indian aluminum industry is organized and healthy. The construction and transport industry is the major consumer of aluminum in India. Both the Industries are in boom at present, which will drive the growth of aluminum industry also.

Growth Drivers of our Industry

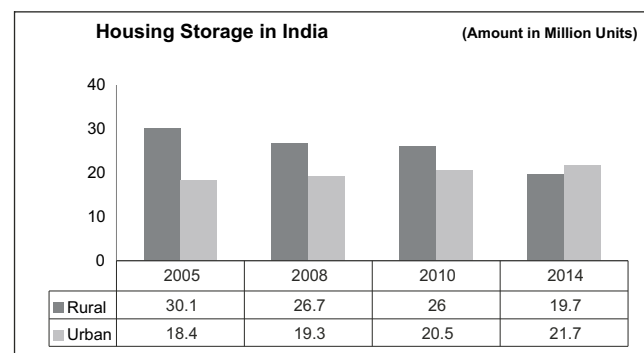
The outlook for the tile industry appears to be positive over the medium term. This optimism stems from certain credible estimates which highlight

the likelihood of robust demand over the medium term. The growth of our industry is depended on the growth of other factors like real estate and construction industry. And to go more in deep there are some sectors which are mentioned as below:

1. Real Estate Market in India:

India's real estate sector is expected to grow at a CAGR of 15-16%, driven by 18-19% growth in residential real estate, 55-60% growth in retail markets. The Indian commercial space is expected to grow 20-22% over five years (Source: Cushman & Wakefield report). Sectors including IT/ITeS, BPO, banking and financial services, pharmaceutical and telecom are expected to drive this demand especially in large Indian cities. The IT/ITeS sector alone is expected to require in excess of 250 mn sq. ft of commercial space by 2012-13 (Source: Emkay research report).

The housing demand in India is estimated to be about 7.5 million units between 2009 and 2013 while the housing shortage in expected to reach 21.7 million units in urban areas by 2014. The housing shortage scenario in urban and rural areas of India over the years till 2014 has given in the below chart:



The rural housing shortage is expected to decrease with a CAGR of 5% over the period from 2008 till 2014 while that in urban areas is estimated to increase with a CAGR of 2% owing to the migration from rural areas and forming of more nuclear families. Housing sector is hence expected to boom in future at a growth rate of about 18% - 19%, further driving the growth of the products under study.

2. Retail Sector:

The retail market in India was largely unorganized until 2000 which has gradually started shifting towards more organized retail with a market penetration of about 5.6% in financial year 2009. Also, the organized retail is further expected to reach 7.3% of market share by 2012-2013 owing to the improved lifestyles, increased disposable incomes and propensity to spend. The retail real estate boom has been resulting into construction of many new malls which are expected to further drive the demand of tiles, sanitary ware as well as aluminum extrusion products.

3. Hospitality Sector:

The contribution of the hotel industry to India's GDP was 6.1% in 2008-09. The demand for travel and tourism in India is expected to grow 8.2% between 2010 and 2019. Capital investment in India's travel and tourism sector is expected to grow 8.8% between 2010 and 2019. Also, revenues from the Indian travel and tourism industry are expected to increase from US \$ 100 bn. in 2008 to US \$ 276 bn in 2018. India is projected to become the 5th fastest growing business travel destination across 2010-2019 with an estimated real growth rate of 7.6%.

The average net worth of the Indian household is expected to grow from US \$ 12,000 in 2007 to US \$ 57,000 in 2017. Moreover, India has been urbanizing at 28%, faster than its population growth.

4. Healthcare Sector:

Over a million beds need to be added to reach a ratio of 1.85 per thousand, still lower than the international average. At the same time the industry is looking to achieve a doctor-patient ratio of 1:1000, for which about six lacs doctors and ten lacs nurses are required.

The industry is projected to grow 23% from the current estimated size of US \$ 35 billion to US \$ 77 billion by 2012. Revenues from the health care sector account for 5% of the GDP and is expected to reach 8% by 2012, triggering an infrastructure investment of Rs. 1300 bn.

5. Increase of per capita income and spending

The per capita income of the Indian individual is increasing year on year. On the other hand the spending of the individuals is increasing. Not only spending is increasing but the spending pattern is also changed. The people are spending for the branded quality product. The average net worth of the Indian household is expected to grow from US \$ 12,000 in 2007 to US \$ 57,000 in 2017. Moreover, India has been urbanizing at 28%, faster than its population growth (Source: Indian urban poverty report). Discretionary spending in lifestyle and premium products is expected to increase to around 70% of most of the household expense pie by 2025 (Source: Emkay research report).

Human Capital

Human capital is the best asset of the Company and Company has the very good relationship with the manpower. The Company employed more than 1200 people, enjoying a good retention rate in 2010-11. The Company keeps various training programmes, skill developing programmes, sports, motivational meets etc on regular intervention to develop its manpower team. The Company also emphasizes on the safety and health of the employees by organizing various health checkup camps and safety awareness programmes.

Internal Control

The Company practices an adequate system of internal control and documented procedures, covering the financial and operating functions. It

provides proper accounting control, monitoring the economy and efficiency of the Company, protecting assets from unauthorized use or losses and ensuring the reliability of financial and operational information. Consequently, the Company is in a position to detect fraud and/or irregularities, if any. Internal control system also ensures that financial and other records are reliable for preparing financial statements. The Audit Committee of the Board of Directors, comprising Independent Directors, regularly reviewed the plans, significant audit findings and the adequacy of internal controls, as well as compliance with accounting standards

Operational Review

The Company has multi product range and has three division in operation namely Tiles, which includes Vitrified Tiles and Calcareous Tiles, Sanitaryware, Aluminum Extruded Sections and entered in to the fourth one Realty in FY 2010-11.

The Vitrified Tiles Division has achieved more than 100 % capacity utilization. The Calcareous Tiles has captured relatively bigger market share in FY 2010-11, by achieving more than double capacity utilization as compared to FY 2009-10

Sanitary ware products have started grabbing markets in the competitive business. The Company achieved the capacity utilization of more than 25% in FY 2010-11, which is higher by almost 50 % than FY 2009-10. The strong marketing efforts added with branding and sales promotion has made this happen.

Though metal market in India during the Current Financial year was performing well, Aluminum Division's performance was subdued during the year, due to various reasons including the shortage of quality raw material, rate fluctuations and increased processed cost.

The Company entered in to real estate market which is fast growing in India. This division has performed satisfactorily during the year and improved the top line and bottom line of the Company.

SWOT Analysis

Strengths

- The Company has got good manufacturing facilities with state of the art technology for all the divisions. The Company has sourced technology for vitrified tiles and sanitary wares from world renowned ceramic technology supplier, SACMI, Italy. Technology for composite marble has been sourced from well known Chinese supplier. These plant and machinery are operating well.
- Through past several years presence in the market, the Company has created the marketing and distribution infrastructure with very short span of time.
- The Company has very good brand value.
- Empowered management and strong manpower team.

Weakness

- High capex with low capacity utilization in sanitaryware and calcareous tiles, giving low return on investment at present.
- The Company has significant net current assets, showing high working capital involvement.

Opportunities

- Wide application of ceramic products in the construction and infrastructure segment.
- Consumption of ceramic tiles in India is very low compared to global average.
- Proximity to major markets like Iran, Egypt and Indonesia creates good opportunities for export.

Threats

- Influx of low cost products from Chinese manufacturers in the global market.

- Inflationary cost increase
- Global economic conditions

Conclusion and Future Outlook

The Company is making strong efforts for the market shares and have also achieved a good brand name. But still there is a long way to go and Company is trying its level best to achieve the targets and have good growth in the coming future years. As Ceramics Industries is one of the vast Industry, there is no end till the demand goes on and on.

The Company started its wall tiles production in FY 2011-12, by which the Company will add more sales and revenue will increase accordingly. There is huge demand of wall tiles in India as well as overseas which will give the Company a good growth and light into the Industry.

With the growth of real estate and infrastructure industry, the Company's product will have demand and will capture the bigger market share.

Financial Analysis: 2010-11 vs. 2009-10

Key Financial Information

- The Company has entered in to new venture of real estate, in FY 2010-11.
- The realty division has contributed Rs. 15,000 Lacs in the top line of the Company resulting in the increase in total sales by more than 90 % in FY 2010-11.
- Net sales in the existing line of business have increased by 18.12% from Rs. 20,313.42 Lacs in FY 2009-10 to Rs. 23,994.45 Lacs in FY 2010-11.
- EBDITA margin of the Company has been increased to Rs. 11,756.81 Lacs during the FY2010-11, increased mainly on account of realty division.
- The Company has reported the Net Profit after tax of 3,088.65 Lacs in FY 2010-11 against the Net Loss of Rs. 4144.84 Lacs in FY 2009-10.

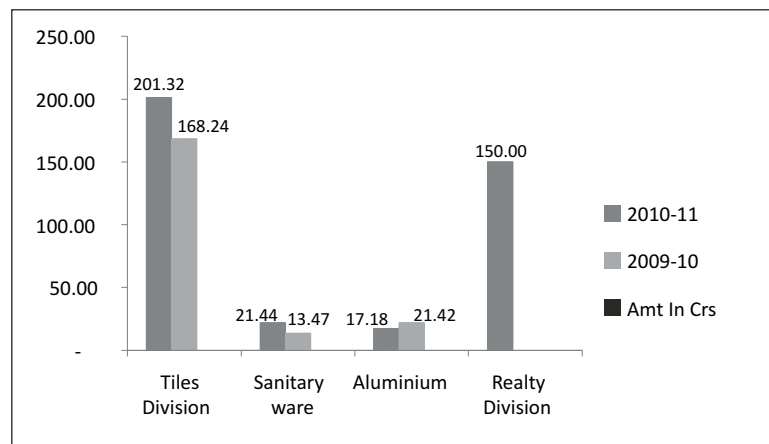
Revenue (Net Sales)

- Total Revenue increased by 91.96% in FY 2010-11 over FY 2009-10, mainly due to the increase in the turnover from the existing line of business of the Company and realty division, The improvement in economic & global conditions, especially in the Real Estate & Infrastructure Sector has boost the sales of the Company.
- By Vertical: Sales break-up of the existing line of business (Vitrified Tiles, Calcareous Tiles, Sanitaryware and Aluminum Sections), for the FY 2010-11, for each segment is continued to be more or less in the same pattern as it was in the previous year, where Tile Division (Vitrified Tiles and Calcareous Tiles) contributes major amount. In the current year sale of Tiles, mainly Calcareous tiles and Sanitary ware sales increased.

The sale of Aluminum Extruded Section was lower by Rs. 423.58 Lacs in FY 2010-11 against sale of FY 2009-10 due to low capacity utilization on account of volatility of availability and price of raw material, creating the shortage.

The Realty Division has contributed Rs. 15,000 Lacs, almost 38 % in the total revenues of the Company in FY 2010-11.

The year on year comparison of the revenues (by segmental) is given below.



- By Geography: Export revenues increased by Rs. 263.30 Lacs, up by 12.40 % in FY 2010-11, against the FY 2009-10, mainly due to the positive development in the global economy and the efforts of the Company to maintain its relationship with customer base supported with its brand value and quality product.

Domestic Sales is almost 94 % of the total sales in FY 2010-11, against 90 % in FY 2009-10. Company maintains its leading position in the vitrified tiles segment and establishes its brand name in Sanitaryware. The Company gradually capturing the market shares in the Calcareous Tiles, also known as Agglomerated Marble or Artificial Marble, where the direct competition is with the natural marble.

Other Income

- Other income includes the Rental Income, Profit on Sale of Share Investments and Foreign exchange rate difference. Other Income is higher by 11.88 % from Rs. 111.31 Lacs in FY 2009-10 to Rs. 124.54 Lacs in FY 2010-11 mainly because of profit on sale of Share investment and increased rental income.

Cost Analysis

- Total operating cost (excluding Depreciation and Interest) has increased to Rs. 27,367.63 Lacs in FY 2010-11 against Rs. 17,761.91 Lacs in FY 2009-10, due to increase in the operating activity in the Ceramic Business and new venture of realty division.

The major cost components in the total operating cost are Material Cost (after stock adjustment), Employee Cost, Power & Fuel Cost, Manufacturing Expenses and Admin and Selling Cost.

The Cost break-up year on year are given below:

(Rs. In Lacs)

	FY 2010-11	FY 2009-10
Cost of Material*	15,802.96	8,084.48
Employee Cost	2,282.26	1,681.28
Power & Fuel	4,596.06	4,520.53
Manufacturing Cost	1,151.26	1,151.25
Admin & Selling Cost	3,535.09	2,324.37

*includes realty division business in FY 2010-11.

Material Cost: The raw material cost for all products increased considerably during FY 2010-11. The raw material cost of ceramics and aluminum business as % to total sales (excluding realty division business) has increased, as company was compelled to use increased proportion of high quality, costly materials which are imported in view of unavailability of certain quality raw material. Further the change in sales mix of different product also changed the percentage of raw material cost to total sales.

Employee Cost: The Company has committed and dedicated hardworking manpower team. The employee cost increased by Rs. 600.98 Lacs in FY 2010-11, over FY 2009-10, as all the plants were in operation through out the year. The general hike in pay scale in accordance with the industrial standards also added in the cost.

Power & Fuel Cost: The Power & Fuel cost in value terms increased marginally by Rs. 75.53 Lacs in FY 2010-11 even though the production increased to a greater extent. The reason for low power & fuel cost was the use of natural gas instead of propane gas. Further the Company efficiently runs its captive power plant, maintaining efficient PLF; with minimum shut downs during the year.

Manufacturing Cost: There is negligible increase in Manufacturing Cost and remained at Rs. 1151.26 Lacs, almost in line with the previous financial year. The increased operational activity helped in absorbing the fixed cost.

Admin and Selling & Distribution Cost: Administrative, Selling & Distribution expenses had increased from Rs. 2,324.37 Lacs to Rs. 3,535.09 Lacs, due to increase in selling & distribution expense in proportion of increased sales, as many of expenses are directly linked to sales. The general administration expenses remained more or less same as of previous years.

Interest: The Company's interest cost increased by Rs. 1,217.40 Lacs from Rs. 4,519.65 Lacs in FY 2009-10 to Rs. 5,737.05 Lacs in FY 2010-11, due to increase in working capital and other short term borrowing during the year, coupled with the increased in coupon rate. As per accounting standard, the interest cost on debt taken for second line of Calcareous tiles project has been charged to profit and loss account in FY 2010-11 for the whole year, capitalized in the FY 2009-10 till the date of put to use.

Depreciation: The Company continues to provide depreciation on straight line method. The Depreciation is increased by Rs. 567.05 Lacs from Rs. 2,288.02 Lacs in FY 2009-10 to Rs. 2,855.07 Lacs in FY 2010-11. The

increase in depreciation provision, is mainly due to the full year of operations of all the plants in FY 2010-11.

Capital Employed

The Company's total capital employed increased by Rs. 892.12 Lacs in FY 2010-11, from Rs. 67,305.80 Lacs in FY 2009-10, to Rs. 68,197.92 Lacs in FY 2010-11, to fund the increased working capital investment and capital expenditure on wall tiles manufacturing project.

Share Capital: The Company's share capital was unchanged at Rs.1,710.00 Lacs. As on March 31, 2011 the promoters holding stood unchanged at 57.19%.

Pursuant to the scheme of demerger of Mumbai Realty Division of Ethix Realtors Private Limited (ERPL) as approved by the Hon'ble High Court of Judicature at Bombay, vide their order dated 15th April 2011, the Company has to allot 93,28,134 equity shares of Rs. 10 each to the shareholders of ERPL and thus Share Capital Suspense account of Rs. 9,32,81,340 has been created.

Reserves and Surplus: The Reserves and Surplus is increased by Rs. 3,585.94 Lacs from Rs.11,537.23 Lacs as on March 31, 2010 to Rs.15,123.17 Lacs as on March 31, 2011 due to addition on account of profits for the year and capital reserve arising on demerger of Mumbai Realty Division of Ethix Realtors Pvt Ltd.

Loan funds: The total debt, consisting of secured (around 91% of total debt) and unsecured loans, of the company is reduced by Rs. 3,702.67 Lacs from Rs. 52,610.69 Lacs as on March 31, 2010 to Rs. 48,908.02 Lacs as on March 31, 2010, on account of repayment of loans.

Deferred Tax Liability: The Company has provided the deferred tax liability of Rs. 1523.92 Lacs as on March 31, 2011 as per the Accounting Standard 22, issued by the ICAI.

Application of Funds

Fixed assets: In FY 2010-11, the Gross block increased by Rs. 2,815.88 Lacs from Rs. 53,460.02 Lacs as on March 31, 2010 to Rs. 56,275.90 Lacs, mainly on account of commencement of tunnel kiln in sanitaryware division and other routine capex. The capital work in progress as on March 31, 2011, amounting to Rs. 3,208.17 Lacs, mainly consists of expenditure on Wall Tiles manufacturing project.

Investments: The investment portfolio decreased from Rs.296.60 Lacs as on March 31, 2010 to Rs.276.60 Lacs as on March 31, 2011. The decrement in investment portfolio was due to sale of two Lacs equity shares of Euro Glass Ltd.

Working Capital Management: Efficient working capital management is the key of smooth operation of business. The Company's net current assets were increased by Rs. 2026.87 Lacs as on March 31, 2011 from Rs. 16,995.23 Lacs as on March 31, 2010 to Rs. 19,022.11 Lacs as on March 31, 2011. The increase is due to increase in loans & advances, inventories and sundry creditors.

Risk Management

At Euro Risk Management is considered as identification, assessment and minimization of risks with coordinated and economical application of resources. It's ongoing process followed by monitoring, controlling the probability and impact of unfortunate events.

1. INDUSTRY RISK:

The downturn in the end user industries such as real estate and infrastructure industry can affect the Ceramics Industry as whole and it can also affect the Company's business.

Mitigation

- The construction of realty space in metro cities is growing very fast and the same has been planned in the 11th five year plan also.
- Huge housing demand in India is estimated to be about 7.5 million units between 2009 and 2013.
- The hospitality sector is growing at CAGR of 15 %
- Retail segment is developing in India. There has been shift from unorganized sector to organized sectors and many Indian giants and International players entered in to the retail market and the numbers are still increasing. This will further drive the demand for the tiles, sanitaryware, marble and aluminum extruded sections.

2. COST INFLATION RISK:

The increasing cost in raw material, power, fuel, freight and manpower can affect the margins of the Company.

Mitigation

- The Company has captive power plant which gives not only uninterrupted supply to all the units but also helps in maintaining the cost of power against the grid price increases.
- The Company got the natural gas connection which has replaced the highly costly propane gas consumption.
- The increase in petrol prices and transportation cost has not affected the Company due to the locational advantage of its plant to two major ports, railway station and airport.
- The Company has very good man power team and low labour turnover ratio resulting in the low cost on training and recruitment.

3. COMPETITION RISK:

Growing numbers of the players from the organized and unorganized sectors in Indian Ceramics Industry gives tough competition.

Mitigation

- The multi product profile (Vitrified tiles, Wall tiles, Sanitaryware, Calcareous tiles, Aluminum Extruded Sections) of the Company reduces the risk of competition.
- The Company has established brand and is recognized in the end user industry also.
- The sale of the Company has been geographically distributed in India and also has foot prints in international market which reduces the risk of dependency.
- Focus on the quality product gives the advantage over the competitors.

4. CUSTOMER ATTRITION RISK:

To maintain the customer base and to get the repeat orders is a risk in competitive crowded market.

Mitigation

- The Company has both sales mix, Institutional and Retail.
- The Company has long ongoing relationship with all institutional and retail customers.
- The pan India presence, prompt service, customization in product as per need and assured quality made Company to retain its customers.

5. TECHNOLOGY OBSOLESCENCE RISK:

Obsolescence Risk is most significant for Technology based Companies. It may hammer your product and market and thereby the profitability of the Company.

Mitigation

- The Company invested in technology and imported from the world's known manufacturer like Sacmi (Italy), Keda (China) and many more.
- The Company maintains the plant & machinery on regular basis and also follows preventive maintenance policy also.
- The unique features of the plant like Tunnel and Shuttle Kilns, Robert Glazing, Water Jet Printing Machines, TGV etc. gives the Company an extra edge over its competitors.
- The concern team travels around the world and visits the exhibitions for knowing the technology in place and makes the upgradation in the existing facilities wherever necessary.

6. QUALITY RISK:

Quality is the key factor for grabbing the market and customers. Any compromise in that may affect the image and revenues of the Company.

Mitigation

- The Company has ISO 9001 : 2008, certification for its Vitrified tiles, Sanitaryware and calcareous tiles
- The Company got the “WaterMark” certification for its sanitaryware products, endorsing the quality of the products, as of international standards.
- The first quality output proportion is maintained by the Company.

7. REGULATORY RISK:

Government regulations and notifications from various ministries which are adverse to the business in which the Company is into, may affect the revenues and growth of the Company.

Mitigation

- The Government has played active role in sustaining the growth of the Indian ceramics industry by imposing the anti dumping duties on import of vitrified tiles and wall tiles.
- The Government also announced 11th five year plan where construction of realty space in India has been targeted which will promote the sale of the Company’s product.
- Low rate on housing and construction loans may boost real estate segment and allied industries.

Directors' Report

Dear Members,

Your Directors are pleased to present the Ninth Annual Report of the Company for the year ended March 31, 2011.

FINANCIAL RESULTS:

The highlights of the financial results for the year ended March 31, 2011 are as follows:

(Rupees in Lacs)

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Income:		
Net Sales	38,994.45	20,313.42
Other Income	129.99	111.31
Total Income	39,124.44	20,424.74
Less: Total Expenditure	27,367.63	17,761.91
Earning Before Interest, Depreciation & Tax	11,756.81	2,662.83
Less: Interest & other finance expenses	5,737.05	4,519.65
Profit Before Depreciation & Tax	6,019.76	(1,856.82)
Less: Depreciation	2,855.07	2,288.02
Profit Before Tax	3,164.69	(4,144.84)
Less: Provision for Tax	76.04	Nil
Net Profit After Tax	3,088.65	(4,144.84)
Add: Balance Brought forward from the previous year	1,524.67	5,669.51
Surplus carried to Balance Sheet	4,613.32	1,524.67

FINANCIAL PERFORMANCE:

The Company has taken various strategic initiatives to improve the sales in its various segments during the financial year under review. The Company has recorded a net turnover of Rs. 38,994.45 Lacs, out of which the existing line of business i.e. Vitrified Tiles, Calcareous Tiles, Sanitaryware and Aluminum Section has contributed Rs. 23,994.45 Lacs and Rs. 15,000 Lacs was from realty business. The EBDITA of the Company was Rs. 11,756.81 Lacs in the current financial year under review. The Company has made a net profit of Rs. 3,088.65 Lacs in the current financial year against the net loss of Rs. 4,144.84 Lacs in the previous financial year.

Your Directors inform the members that in order to correct its working capital position and to reschedule its debts in line with projected potential earnings, the Company has approached to the Corporate Debt Restructuring Cell (CDR) for the suitable realignment of its entire debt. The

proposal has been admitted by the CDR Cell on May 19, 2011. The final package is under preparation by the lenders and the Company. The Company has not paid some of the dues to lenders as on balance sheet date till the implementation of final approved package.

OPERATIONAL PERFORMANCE:

a) *Tile Division:*

This segment has contributed Rs. 20,131.99 Lacs in the top line of the current year. The segment has two main products namely Vitrified Tiles and Calcareous Tiles. The performance of Vitrified Tiles of the Company has delivered a consistent growth in the current year and thus continued to be a leader in this segment. The calcareous tiles has also shown a positive growth in the total sales compared to the previous year. The Company is gradually capturing the market share in this product segment and positive in achieving higher turnover in the coming years.

b) *Aluminium Division:*

The turnover of the Aluminium Extruded Sections was Rs. 1,718.47 Lacs in FY 2011, which was lowered by Rs. 423.57 Lacs in comparison with FY 2010, due to lower capacity utilization and price fluctuations.

c) *Sanitaryware Division:*

The Company has established a brand in this segment. Turnover of this segment has shown a growth of more than 50 % in the current year. The Company continued its efforts for becoming a leading player in this segment and thus stands as a true competitor in the market. The desired target will be achieved by the Company with the presence of world class quality and established brand in the years to come.

d) *Realty Division:*

The Company has ventured in to real estate segment in the current year. This segment has contributed Rs. 15,000 Lacs in the top line of the Company in the year under review. The Company is keen in developing this segment in the coming years and will establish its footprints in the real estate industry.

DEMERGER:

The Hon'ble High Court of Judicature at Bombay, pursuant to the provisions of Section 391 to 394 of the Companies Act, 1956, vide its order dated April 15, 2011 approved the Scheme of Demerger of Mumbai Realty Division of Ethix Realtors Private Limited (ERPL) as a going concern with the Company. Accordingly, the Mumbai Realty Division of Ethix Realtors Private Limited has been merged with the Company w.e.f. October 1, 2009, being appointed date for the scheme.

Pursuant to the said Scheme 9328134 Equity shares of Rs. 10/- each fully paid up have been allotted on July 5, 2011 to the shareholders of ERPL in the ratio of 340 equity shares of Rs. 10/- each of the Company for every

182.24 equity share of Rs. 10/- each of ERPL. After the said allotment, the paid-up share capital of the Company is increased to Rs. 26,42,81,340/- divided into 26428134 Equity Shares of Rs. 10/- each.

DIVIDEND:

In order to conserve the resources for business requirement of the Company, your Directors do not recommend any dividend for the financial year under review.

DIRECTORS:

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

Mr. Pravin D. Gala and Mr. Jatin R. Chhadva have resigned from the office of Directors of the Company w.e.f. February 1, 2011. Your Directors place on record their appreciation for the valuable services rendered by them during their tenure in the Company.

AUDITORS:

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

Your Directors recommend their re-appointment.

AUDITORS REPORT:

With regard to the observations made in the Auditors' Report, read together with the relevant notes thereon are self-explanatory and further explanation is given below:

Point No. 11 in the Annexure to Auditors Report:

Your Directors is of the view that in order to correct its working capital position and to reschedule its debts in line with projected potential earnings, the Company has approached to the Corporate Debt Restructuring Cell (CDR) for the suitable realignment of its entire debt. The proposal has been admitted by the CDR Cell on May 19, 2011. The final package is under preparation by the lenders and the Company. The Company has not paid some of the dues to lenders as on balance sheet date till the implementation of final approved package.

In view of the above, the Company has repaid some of the dues subsequent to year end and balance dues will be paid as per the revised package of debt restructuring.

SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL STATEMENT:

The Ministry of Corporate Affairs (MCA) vide General Circular No.2/2011 No. 51/12/2007-CL-III dated February 8, 2011 read with General Circular No.3/2011 and No. 5/12/2007-CL-III dated February 21, 2011 has granted a general exemption from attaching the Balance Sheet of subsidiary companies with holding Company's Balance Sheet, if the holding company presents in its Annual Report the Consolidated Financial Statements duly audited by its statutory auditors. Accordingly, the Company is publishing consolidated financial statements in the Annual Report and the Company is not attaching the Balance Sheets of its wholly owned subsidiary company viz. Euro Merchandise (India) Limited (EMIL). Further, as required under the said circular, a statement of financial information of the subsidiary company is also attached herewith.

The Annual Accounts of the above referred subsidiary shall be made available to the shareholders of the Company on request and will also be kept open for inspection at the Registered Office of the Company and of the subsidiary company during the office hours on all working days.

CONSOLIDATED ACCOUNTS:

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

DIRECTORS' RESPONSIBILITY STATEMENT:

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

- In the preparation of the annual accounts, the applicable accounting standards have been followed along with the proper explanations relating to material departures;
- They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- They have prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE:

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

MANAGEMENT DISCUSSION AND ANALYSIS:

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

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE:

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

PUBLIC DEPOSITS:

Your Company has taken unsecured loan amounting to Rs. 28,33,00,000/- within the meaning of Sections 58A and 58 AA of the Companies Act, 1956, during the year under review. The Company has filed "Statement in lieu of Advertisement" along with necessary particulars as required with the Registrar of Companies, Mumbai.

PERSONNEL:

Your Company maintained cordial relations during the year under review. The Company continued its endeavour to grow the learning curve through

regular training programmes for its team members enabling them to attain higher productivity and superior quality.

APPRECIATION:

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

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

We are deeply grateful to our shareholders for the confidence and faith reposed on us. Your Company looks forward to their continued support in future.

For and on behalf of the Board of Directors

Nenshi L. Shah

Chairman & Managing Director

Place: Mumbai

Date: August 12, 2011

Annexure - 'I' to Directors' Report

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

A. Conservation of Energy :-

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

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

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

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

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

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

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

B. Technology Absorption:

Information is given in the prescribed Form B annexed herewith

C. Foreign Exchange Earnings and Outgo

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

Form A

(See Rule 2)

Form for disclosure of particulars with respect to Conservation of Energy

a. Power & Fuel Consumption

1. Electricity:

	Current Year	Previous Year
i) Purchased		
Units (KWH)	1,029,243	26,37,816
Total Amount (Rs.) *	10,324,431	1,89,18,968
Cost / Unit (Rs.)	10.03	7.17
ii) Own Generation		
(a) Through Liquid Fuel Generator		
Units (KWH)	1,557,374	24,59,163
Units (KWH)/ Ltr. Of LDO/HSD/ Furnace Oil	3.63	3.59
Cost / Unit (Rs.)	11.81	10.00
(b) Through Steam Turbine/ Generator		
Units (KWH)	40,188,514	3,38,20,205
Units (KWH)/ Tonne of Fuel (Lignite)	734	735
Cost / Unit (Rs.)	2.54	2.46

2. Propane / LPG Gas:

	Current Year (in SCM)	Previous Year (in MT)
Quantity	15,098,548	6,309.58
Total Amount (Rs.)	252,843,256	21,37,81,614
Average Rate	16.75	33,882.05

3. Furnace Oil:

	Current Year	Previous Year
Quantity (Ltrs)	55,509	2,61,772
Total Amount (Rs.)	1,685,030	69,07,310
Average Rate (Rs./Ltr.)	30.36	26.39

4. Coal / Lignite:

	Current Year	Previous Year
Quantity (MT)	1,497.34	14,261.44
Total Amount (Rs.)	8,730,490	6,22,07,819
Average Rate (Rs./ MT)	5,830.68	4361.96

b. Consumption per unit of Production:

	Current Year	Previous Year
i) Electricity Units /MT Tiles	385.05	439.37
ii) Electricity Units / MT of Aluminium	385.83	373.95
iii) Electricity Units / MT of Sanitaryware	943.48	847.86
iv) Furnace Oil MT/ MT of Aluminium	216.89	143.99
v) Propane/LPG Gas SCM/MT Vitrified Tiles	122.61	-
vi) Propane/LPG Gas SCM/MT Sanitaryware	704.91	-
vii) Propane/LPG Gas SCM/MT Aluminium	264.05	-
viii) Propane/LPG Gas MT/MT Vitrified Tiles	-	0.07
ix) Propane/LPG Gas MT/MT Sanitaryware	-	0.37
x) Propane/LPG Gas MT/MT Aluminium	-	-
xi) Coal MT / MT Tiles	0.02	0.19

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

Form B

(See Rule 2)

Form for disclosure of particulars with respect to Technology Absorption

Research & Development and Technology Absorption

The Company is fully equipped with latest technology for producing its quality products. Investment in technology is always envisaged by the Company while selecting the plants. Research and Development is the continuous process in the Company in every areas including the product development and improvement, cost saving and resource saving.

Specific areas of R & D :

- In Vitrified tiles, new designs and series have been launched. The different raw material composition has been used for the same body to reduce the cost and improve the quality.
- In Sanitaryware, the Company started its Tunnel Kiln successfully during the year, which has improved the quality of the product and reduced the rejections in the process. The Company also developed the product with indigenous raw material component, without affecting the quality.
- The new glaze have been developed in Sanitaryware division to increase the whiteness.
- In Sanitaryware division, the running hours of the environment control systems and the green ware drier have been controlled according to the weather conditions for reducing the energy cost.
- In Calcareous tiles division the Company developed multi color designs and customized designs.
- The Company has taken analytical measures for changing the raw material composition and reduced the body cost in some of the design and series, in Calcareous tiles division.
- The Company has started successfully Wall tiles division with in-house team work and efforts.

Benefits of Research and Development and Technology up-gradation:

- The Quality of the products are maintained and further improved wherever applicable.
- Rejection rate and material yield have shown improvement.
- Range of products increased to capture market share and reach to the customer need.

Total Expenditure on Research and Development :

(Rs. in Lacs)

	Current Year	Previous Year
I Capital Expenditure	0.51	-
II Recurring Expenditure	7.27	9.67
III Total	7.78	9.67
IV Total R & D Expenditure as percentage to total turnover	0.02%	0.05%

Future plan of action are as under:

1. To introduce wide range of products in ceramics wall tiles division with various sizes and colors.
2. To continue the efforts for delivering the value added products with changing market need.
3. To update the technology as required in competitive market.

Information relating to Subsidiary Company for the year ended

March 31, 2011

[As per General Circular No. 2/2011 No. 51/12/2007-CL-III dated February 8, 2011 of Ministry of Corporate Affairs (MCA)]

(Amount In Rs.)

Name of Subsidiary Company	Euro Merchandise (India) Limited
Capital	19,00,000
Reserves	1,01,00,000
Total Assets	47,16,853
Total Liabilities	28,28,56,447
Investments made by Subsidiary	1,00,000
Revenues (Turnover & other Income)	35,16,83,445
Profit before Taxation	(2,39,07,913)
Provisions for Taxation	14,51,556
Profit After Tax	(2,53,59,469)
Proposed Dividend	Nil

Report on Corporate Governance

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

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

2. BOARD OF DIRECTORS

a) Composition

The Board of Directors of the Company has an optimum combination of executive and non executive Directors. As on March 31, 2011, the Board comprised of total 10 Directors out of which, 1 is Executive Chairman and 3 are Executive Directors, 1 is Non-Executive Director and 5 are Independent Directors.

The composition of the Board of Directors is in conformity with clause

49 of the listing agreement entered into with the Stock Exchanges.

b) Board Procedure

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

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

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

During the year under review, the Board of Directors met Four times viz. 14/05/2010, 13/08/2010, 29/10/2010 and 01/02/2011 and as required, the gap between two Board meetings did not exceed four calendar months.

The attendance record of the Directors at Board Meetings held during the financial year 2010-11, number of Directorship held and position of Membership / Chairmanship of Committees in Indian Public Limited Companies are given below:

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

*Mr. Jatin R. Chhadva, Independent Director of the Company and Mr. Pravin D. Gala, Non-Executive Director of the Company resigned from the Board w.e.f. February 1, 2011.

None of the Directors of the Board serves as member of more than ten committees nor are Chairman of more than five committees across all companies, in which he is a Director. "Committees" considered for this purpose are those specified in clause 49 of the Listing Agreement i.e. Audit Committee and Shareholders/Investor Grievance Committee.

3. COMMITTEES OF THE BOARD

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

a) Audit Committee

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

The Audit Committee met Four times on 14/05/2010, 13/08/2010, 29/10/2010 and 01/02/2011 during the year under review and the number of meetings attended by each member during the year ended March 31, 2011 are as under:

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

All the members of the Audit Committee are financially literate and Mr. Shivji K. Vikamsey, Chairman is a qualified Chartered Accountant has the relevant accounting and related financial management expertise.

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

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

The brief description of terms of references are as follows:

- It shall have authority to investigate into any matter in relation to the items specified in Section 292A of the Companies Act, 1956 or referred to it by the Board and for this purpose, shall have full access to information contained in the records of our Company and external professional advice, if necessary.
- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.
- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- Reviewing with management the annual financial statements before submission to the Board, focusing primarily on:
 - Any changes in accounting policies and practices.
 - Major accounting entries based on exercise of judgment by management.
 - Qualifications in draft audit report.
 - Significant adjustments arising out of audit.
 - The going concern assumption.
 - Compliance with accounting standards.
 - Compliance with stock exchange and legal requirements concerning financial statements.
 - Any related party transactions, i.e. transaction of the company of material nature, with promoters or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interest of company at large.
- Reviewing with the management, external and internal auditors, and the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors and significant findings and follow up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

- Discussion with external auditors before the audit commences nature and scope of audit as well as post audit discussion to ascertain any area of concern.
- Reviewing the company's financial and risk management policies.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture-holders, shareholders (in case of non-payment of declared dividends) and creditors.
- It shall have discussions with the auditors periodically about internal control systems, the scope of audit including the observations of the auditors and review the quarterly, half yearly, and annual financial statements before submission to the Board.
- It shall ensure compliance of internal control systems.

b) Remuneration Committee:

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

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

Terms of reference:

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

During the year under review, no meeting of the Remuneration Committee was held.

The composition of the Remuneration Committee as on March 31, 2011 is as follows:

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

Remuneration Policy:

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

Details of remuneration paid to the directors during the year 2010-2011 are as follows:

(a) Executive Directors:

The aggregate value of salary and perquisites paid for the year ended March 31, 2011 to the Managing Director and Whole-time Directors is as follows:

(Amount in Rs.)

Name	Designation	Salary	Perquisites or Allowances	Total
Mr. Nenshi L. Shah	Managing Director	22,48,400	51600	23,00,000
Mr. Talakshi L. Nandu	Whole Time Director	22,48,400	51600	23,00,000
Mr. Kumar P. Shah	Whole Time Director	22,48,400	51600	23,00,000
Mr. Paresh K. Shah	Whole Time Director	22,48,400	51600	23,00,000

(b) Non-executive Directors:

Except sitting fees no remuneration is paid to non executive Directors. The details of sitting fees paid during the financial year 2010-11 are as under:

Name of the Director	Sitting fees paid (Rupees)	No. of Shares held	No. of Stock Options granted
Mr. Shantilal L. Shah	10,000	Nil	Nil
Mr. Pravin D. Gala	7,500	236400	Nil
Mr. Shivji K. Vikamsey	7,500	Nil	Nil
Mr. Raichand K. Shah	5,000	Nil	Nil
Mr. Anil M. Mandevia	10,000	Nil	Nil
Mr. Amit G. Shah	7,500	Nil	Nil
Mr. Jatin R. Chhadva	2,500	Nil	Nil
Mr. Deepak G. Savla	2,500	Nil	Nil

c) Shareholders / Investor Grievance Committee:**Composition and Attendance:**

The Committee comprises two Non-Executive Directors and two Executive Directors. The Shareholders / Investors Grievance Committee met four times on 14/05/2010, 13/08/2010, 29/10/2010 and 01/02/2011 during the year under review and the number of meetings attended by each member during the year ended March 31, 2011 are as under:

Name of the member	Designation	No. of Committee Meetings	
		Held	Attended
Mr. Shantilal L. Shah	Chairman	4	4
Mr. Kumar P. Shah	Member	4	3
*Mr. Pravin D. Gala	Member	4	3
Mr. Paresh K. Shah	Member	4	4

*Mr. Pravin D. Gala, Non-Executive Director of the Company resigned from the Committee w.e.f. February 1, 2011.

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

Broad terms of reference:

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

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

Details of Shareholders' Complaints:

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

During the year under review no complaints were received from the shareholders and hence no complaints were outstanding.

4. GENERAL BODY MEETINGS AND POSTAL BALLOT

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

Financial Year	Date	Time	Venue	Special Resolution passed
2007-08	September 30, 2008	10.00 a.m.	S.P.B.T. College, JVPD Scheme, Vile Parle (West), Mumbai – 400056	i) A Special Resolution was passed U/s 314 (1) of the Companies Act, 1956 for re-appointment of Mr. Parag Shah as a Vice president (Exports) of the Company; ii) A Special Resolution was passed U/s 314 (1) of the Companies Act, 1956 for appointment of Mr. Viral Nandu as a Vice president (Sanitaryware) of the Company;
2008-09	September 30, 2009	10.00 a.m.	S.P.B.T. College, JVPD Scheme, Vile Parle (West), Mumbai – 400056	i) A Special Resolution was passed U/s 314 (1) of the Companies Act, 1956 for appointment of Mr. Pratik K. Shah as a Vice President (Tile-o-Bond) of the Company; ii) A Special Resolution was passed U/s 314 (1) of the Companies Act, 1956 for appointment of Mr. Mahek H. Shah as a Vice president (Marble Division) of the Company;
2009-10	December 22, 2010	10.00 a.m.	S.P.B.T. College, JVPD Scheme, Vile Parle (West), Mumbai – 400056	i) A Special Resolution was passed U/s 314 (1) of the Companies Act, 1956 for appointment of Mr. Anish K. Shah as a Vice president (Resin Plant) of the Company;

Postal Ballot

No resolution was passed through Postal Ballot during the year 2010-11 and no resolution is proposed to be passed at the ensuing Annual General meeting through Postal Ballot.

5. DISCLOSURES**a) Related-party transactions**

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

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

b) Compliances by the Company

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

c) Whistle blower Policy

Though there is no formal Whistle-blower policy, the Company takes cognizance of complaints made and suggestions given by the employees and others. Even anonymous complaints are looked into and whenever necessary, suitable corrective measures are implemented. No person has been denied access to the Audit Committee.

d) Subsidiary Companies:

The Company has one wholly owned subsidiary Company, namely Euro Merchandise (India) Limited (EMIL) which does not fall in the category of material non-listed subsidiary Company. The requirements of clause 49 of the Listing Agreement with regard to subsidiary companies have been complied with.

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

The Company has complied with all the mandatory requirements.

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

- The Company has a Remuneration Committee.

f) Code of Conduct

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

g) Disclosure of Accounting Treatment

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

h) Disclosure of Risk management

The Company has initiated the risk assessment and minimization procedure.

i) CEO / CFO Certification

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

j) Review of Directors' Responsibility statement

The Board, in its report, has confirmed that the annual accounts for the year ended March 31, 2011 have been prepared as per applicable accounting standards and policies, and that sufficient care has been taken for maintaining adequate accounting records.

6. MEANS OF COMMUNICATION

- **Quarterly Results:** Quarterly Results are published in accordance with the provisions of the listing agreement. The results are published in English Newspaper viz. Business Standard and in Marathi newspaper viz. Mahanayak.
- **Website:** The Company's website www.eurovitrified.com contains a separate dedicated section- "Investor Relationship"- where shareholders information is available. Un-audited quarterly results, annual results and Shareholding Pattern, Code of Conduct for the Board of directors and Senior Management Personnel, are also available on the website in a user-friendly and downloadable form.
- The presentations, as and when made to the Institutional Investors and analysts, are also simultaneously displayed on the website of the Company.
- Management Discussion and Analysis forms part of the Annual Report.

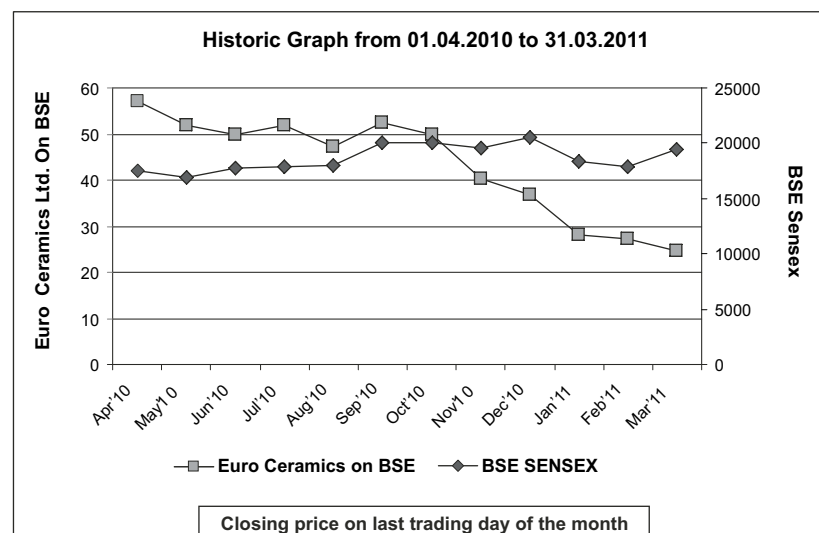
7. GENERAL INFORMATION FOR SHAREHOLDERS

a) Date Time and Venue of Annual General Meeting	Date : September 28, 2011 Time : 10.00 a.m. Venue : S.P.B.T. College, JVPD Scheme, Vile Parle (West), Mumbai 400056
b) Financial Calendar (2011-2012)	First quarterly Results - On August 12, 2011 Second Quarterly Results - On or before November 14, 2011 Third Quarterly Results - On or before February 14, 2012 Fourth quarterly Results - On or before May 15, 2012
c) Date of Book Closure	Thursday, the September 22, 2011 to Wednesday, the September 28, 2011 (both days inclusive)
d) Dividend payment date	Not applicable
e) Listing on Stock Exchanges	Bombay Stock Exchange Limited (BSE) & National Stock Exchange of India Limited (NSE)
f) Stock Code / Symbol	BSE - 532823 NSE EUROCERA
ISIN for CDSL and NSDL	INE649H01011

g) Market Price Data:

The monthly high and low quotations of shares traded on the Bombay Stock Exchange Limited (BSE), and National Stock Exchange of India Limited (NSE) during each month in 2010-2011 are as follows:

Month	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
Apr'10	60.90	45.75	61.80	46.00
May'10	58.00	48.10	57.50	47.60
Jun'10	55.50	48.10	57.00	47.15
Jul'10	57.75	48.10	58.00	46.80
Aug'10	59.40	46.50	59.80	47.05
Sep'10	58.85	40.05	57.90	47.00
Oct'10	58.40	47.75	58.90	47.00
Nov'10	53.00	39.90	52.75	39.50
Dec'10	42.20	31.90	42.65	30.10
Jan'11	38.25	27.75	39.75	28.00
Feb'11	32.80	26.15	33.00	25.70
Mar'11	29.75	23.65	30.95	23.60



h) Shareholding Pattern as on March 31, 2011:

Sr. No.	Category	Number of shares held	Percentage of Shareholding (%)
1	Promoters	97,79,472	57.19
2	Foreign Institutional Investors	50,000	0.29
3	Bodies Corporate	24,08,704	14.09
4	Trust	242	0.00
5	Clearing Member	66,817	0.39
6	Non Resident Indians	15,70,147	9.18
7	Resident Individuals (Public)	32,24,618	18.86
	Total	17,100,000	100

i) Distribution of shareholding as on March 31, 2011:

Shareholding (Nominal Value) Rs.	Number of share-holders	% of total number of shareholders	Total Number of Shares	% of Total Number of Shares
1 to 500	7026	90.03	834511	4.88
501 to 1000	341	4.37	279969	1.64
1001 to 2000	197	2.52	294530	1.72
2001 to 3000	69	0.88	176248	1.03
3001 to 4000	20	0.26	69863	0.41
4001 to 5000	41	0.53	193796	1.13
5001 to 10000	41	0.53	288787	1.69
10001 and above	69	0.88	14962296	87.50
Total	7804	100	17,100,000	100

j) Share Transfer System:

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

k) Dematerialization of shares and liquidity:

As on March 31, 2011 the total number of Equity Shares of the Company in dematerialization form, stood at 1,70,99,977 Shares (representing 99.99 % of the Company's Paid-up Equity Share Capital)

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

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

m) Plant Location:

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

n) Registrar and Share Transfer Agents:

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

M/s. Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound,
L. B. S. Marg, Bhandup (West),
Mumbai 400 078
Tel: 91 22 2594 6970
Fax: 91 22 2594 6969
E-mail: helpline@linkintime.co.in

o) Address for Investor Correspondence:

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

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

For Euro Ceramics Limited

Nenshi L. Shah
Chairman and Managing Director

Place: Mumbai
Date: August 12, 2011

Declaration on compliance with code of conduct:

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

For Euro Ceramics Limited

Nenshi L. Shah
Chairman & Managing Director

Place: Mumbai
Date: August 12, 2011

Auditors Certificate on Compliance of the Corporate Governance

**To the members of
EURO CERAMICS LIMITED**

We have examined the Compliance of the conditions of Corporate Governance by EURO CERAMICS LIMITED for the year ended March 31, 2011, as stipulated in clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

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

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

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

For Deepak Maru & Co.
Chartered Accountants
Firm Registration No. 115678W

Jaymin P. Shah
Partner
Membership No: 118113

Place: Mumbai
Date: August 12, 2011

Auditors' Report

To,
The Members of
Euro Ceramics Limited

- 1) We have audited the attached Balance Sheet of **Euro Ceramics Limited** as at March 31, 2011 and also the Profit and Loss Account for the year ended on that date and the Cash Flow Statement for the year ended on that date annexed thereto (all together referred to as the 'financial statements'). These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We have conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statement. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of Sub-Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 4) Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books;
 - c. The Balance Sheet and Profit and Loss Account and Cash Flow

Statement dealt with by this report are in agreement with the books of account;

- d. In our opinion, the Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956;
- e. On the basis of written representations received from the directors, and taken on record by the Board of Directors, as on March 31, 2011, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with significant accounting policies, notes to accounts give the information required by the Companies Act, 1956, in the manner so required and present a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
 - ii) in the case of the Profit and Loss Account, of the *profit* of the company for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Deepak Maru & Co.
Chartered Accountants
Firm Regn. No.115678W

Jaymin P. Shah
(Partner)
M.No. 118113

Place: Mumbai
Date: August 12, 2011

Annexure To The Auditor's Report (Referred to in paragraph 3 of our report of even date)

- (1) In respect of Fixed Assets:
- The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
 - As explained to us, the management during the year at reasonable interval has physically verified the assets and no material discrepancies were noticed on such verification.
 - The Company has not disposed off any substantial part of the fixed assets during the year.
- (2) In respect of its Inventories:
- The inventory has been physically verified during the year by the management. In our opinion, the frequency of such verification is reasonable.
 - In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (3) In respect of Loans Taken / Granted:
- According to the information and explanation given to us, the Company has taken unsecured loans from sixteen parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 2,840.24 Lacs and the year end balance of loans taken from such parties was Rs. 1,006.84 Lacs.
 - According to the information and explanation given to us, the Company has granted loans to six parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 1,701.69 Lacs and the year end balance of loans given to such parties was Rs. 419.14 Lacs.
 - In our opinion, the rate of interest and other terms and conditions on which loans mentioned above have been taken / granted are not, prima facie, prejudicial to the interest of the Company.
 - In the absence of stipulations in respect of the terms of payment of principal amount and interest for the loans taken/granted, it is not possible to comment whether the principal and interest payments are regular.
- (4) In respect of register maintained u/s. 301 of the Companies Act, 1956:
- In our opinion and according to information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been so entered in the register required to be maintained under that section.
 - In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 5 Lacs or more in respect of each party, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (5) In our opinion the company has complied with the provisions of section 58A and section 58AA read with Companies (Acceptance of Deposits) Rules, 1975 in respect of deposits accepted in the nature of unsecured loans taken, amounting to Rs. 2,833.00 Lacs raised by the company during the year and the Company has filed the copy of Statement in lieu of Advertisement and necessary particulars as required with the Registrar of Companies Mumbai.
- (6) In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business with regards to purchases of inventory, fixed assets and with regards to the sale of goods. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (7) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business
- (8) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for its Aluminium Division and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (9) In respect of Statutory Dues:
- The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Income tax, Sales tax, VAT, Wealth tax, Custom duty, Excise Duty, Tax deducted/collected at source, Provident Fund, Employees' State Insurance, Profession Tax, Cess and other material statutory dues applicable to it and there are no arrears outstanding as at the year end for a period of more than six months from the date they became payable, except for some instances of delays in depositing them with the appropriate authorities during the year which were not material.

- b) According to the information and explanation given to us, there are no dues of Income tax, Sales Tax, VAT, Wealth tax, Customs duty, Excise duty and cess, which have not been deposited on account of any dispute, except the following:

Name of the Statute	Nature of the dues	Amount (Rs.)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act-1961	Income Tax	4.82 Lacs	F.Y. 2007-08	Commissioner of Income Tax (Appeals)-39, Mumbai

- (10) The Company neither has any accumulated losses at the end of financial year nor did it have the same at the end of the immediately preceding financial year. Further the Company has not incurred any cash losses during the financial year covered by our audit but the Company had incurred cash loss to the tune of Rs.1,856.83 Lacs in the immediately preceding financial year.
- (11) In our opinion and according to the information and explanations given to us, there has been delay in repayment of the loans and interest which were outstanding as on March 31, 2011, due to the lenders amounting to Rs. 1234.52 Lacs, paid by the Company subsequently.
- An amount of Rs. 658.30 Lacs outstanding as on March 31, 2011, in respect of loans and interest due to the lenders, are not paid till date.
- (12) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (13) The company is not a chit fund or a nidhi/mutual benefit fund/society. Hence the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (14) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (15) According to the information and explanations given to us, the Company has given following guarantees for loans taken by its subsidiary Euro Merchandise (India) Ltd. from banks, however the terms of issue of said guarantee are not prejudicial to the interest of the Company:

Sr. No.	Date of Guarantee	Guarantee Favouring	Amount (Rs.)	Guarantee on Account of
1.	13-09-2007	The Cosmos Co-op. Bank Ltd.	3,220 Lacs	Working Capital, Term Loan and Letter of Credit limit.
2.	30-01-2010	ABN Amro Bank N.V.	30 Lacs	Business Term Loan
		TOTAL	3,250 Lacs	

- (16) In our opinion, the term loans are being applied for the purpose for which they were obtained.
- (17) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company and after placing reliance on the reasonable assumptions made by the company for classification of long term and short term usages of funds, we are of the opinion that, prima facie no funds raised on short-term basis have been utilized for long-term investment.
- (18) According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (19) According to the information and explanations given to us, during the year covered by our audit report, the Company has not issued any Debentures.
- (20) The Company has not raised any money by way of public issues during the year.
- (21) According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

For Deepak Maru & Co.
Chartered Accountants
Firm Regn. No.115678W

Jaymin P. Shah
(Partner)
M.No. 118113

Place: Mumbai
Date: August 12, 2011

Balance Sheet

(Amount in Rs.)

PARTICULARS	Schedule	As At 31-Mar-11	As At 31-Mar-10
SOURCES OF FUNDS			
Shareholder's Funds :			
Share Capital	A	171,000,000	171,000,000
Share Capital Suspense	A1	93,281,340	-
Reserves & Surplus	B	1,512,316,838	1,153,722,522
		1,776,598,178	1,324,722,522
Loan Funds :			
Secured Loans	C	4,490,067,143	4,080,362,000
Unsecured Loans	D	400,735,016	1,180,707,475
		4,890,802,159	5,261,069,475
Deferred Tax Liabilities		152,392,056	144,788,406
Total Funds Employed		6,819,792,393	6,730,580,403
APPLICATION OF FUNDS			
Fixed Assets :			
Gross Block	E	5,627,590,456	5,346,002,109
Less : Accumulated Depreciation		1,058,486,465	773,847,368
Net Block		4,569,103,991	4,572,154,741
Capital Work In Progress		320,816,826	429,241,925
		4,889,920,817	5,001,396,666
Investments	F	27,660,750	29,660,750
Current Assets, Loans & Advances :			
Inventories	G	909,743,191	888,067,875
Sundry Debtors	H	716,137,862	718,044,063
Cash & Bank Balances	I	49,551,316	53,661,712
Loans & Advances	J	1,054,273,488	474,214,104
		2,729,705,858	2,133,987,754
Less : Current Liabilities & Provisions :	K		
Current Liabilities		817,441,807	431,254,581
Provisions		10,053,225	3,210,185
		827,495,032	434,464,766
Net Current Assets		1,902,210,826	1,699,522,988
Total Funds Utilized		6,819,792,393	6,730,580,403

Significant Accounting Policies & Notes on Accounts
Schedules referred to above form an integral part of the Accounts

X

AS PER OUR ATTACHED REPORT OF EVEN DATE

BY ORDER OF THE BOARD OF DIRECTORS

For DEEPAK MARU & CO.

Chartered Accountants
Firm Regn. No.115678W

JAYMIN P. SHAH

(Partner)

M.No. 118113

Mumbai

Date : August 12, 2011

JAYSHREE D. SONI

(Company Secretary)

NENSHI L. SHAH

(Chairman & Managing Director)

PARESH K. SHAH

(Director)

Mumbai

Date : August 12, 2011

Profit & Loss Account

(Amount in Rs.)

PARTICULARS	Schedule	For the Y.E. 31-Mar-11	For the Y.E. 31-Mar-10
INCOME :			
Sales & Income from Operations	L	4,129,216,666	2,172,276,589
Less: Excise Duty		229,771,780	140,934,335
		3,899,444,886	2,031,342,254
Other Income	M	12,999,299	11,131,774
		3,912,444,185	2,042,474,028
EXPENDITURE :			
(Increase) / Decrease In Stock	N	384,082,892	(37,004,634)
Cost of Materials	O	1,196,213,464	845,452,524
Salaries, Wages and Employee Benefits	P	228,225,739	168,127,936
Manufacturing, Selling & Other Expenses	Q	928,241,274	799,615,307
		2,736,763,368	1,776,191,133
EARNINGS BEFORE INTEREST, DEPRECIATION & TAX		1,175,680,817	266,282,894
Interest & Other Finance Expenses (Net)	R	573,705,167	451,965,392
PROFIT / (LOSS) BEFORE DEPRECIATION		601,975,649	(185,682,497)
Depreciation		285,506,635	228,801,619
PROFIT / (LOSS) BEFORE TAX		316,469,014	(414,484,116)
Provision for Taxation			
- Current Tax		21,000,000	-
- MAT Credit		(21,000,000)	-
- Deferred Tax		7,603,650	-
NET PROFIT / (LOSS)		308,865,364	(414,484,116)
Balance Brought Forward		152,466,988	566,951,104
Profit Available for Appropriation		461,332,352	152,466,988
APPROPRIATIONS			
Interim Dividend		-	-
Corporate Tax on Dividend		-	-
General Reserves		-	-
Capital Redemption Reserves		-	-
Surplus Carried to Balance Sheet		461,332,352	152,466,988
		461,332,352	152,466,988
Basic & Diluted Earnings Per Share - Rs. (Face Value of Rs. 10/- Each)		18.06	(24.24)

Significant Accounting Policies & Notes on Accounts
Schedules referred to above form an integral part of the Accounts

X

AS PER OUR ATTACHED REPORT OF EVEN DATE

BY ORDER OF THE BOARD OF DIRECTORS

For DEEPAK MARU & CO.

Chartered Accountants
Firm Regn. No.115678W

JAYMIN P. SHAH

(Partner)

M.No. 118113

Mumbai

Date : August 12, 2011

JAYSHREE D. SONI

(Company Secretary)

NENSHI L. SHAH

(Chairman & Managing Director)

PARESH K. SHAH

(Director)

Mumbai

Date : August 12, 2011

Schedules to Balance Sheet

(Amount in Rs.)

A Share Capital		As At 31-Mar-11	As At 31-Mar-10	
Authorised:				
3,50,00,000 Equity Shares of Rs. 10/- each		350,000,000	350,000,000	
TOTAL		350,000,000	350,000,000	
Issued, Subscribed & Paid Up				
Equity Share Capital				
1,71,00,000 (P.Y. 1,71,00,000) Equity Shares of Rs.10/- (P.Y. Rs.10/-) each fully Paid up		171,000,000	171,000,000	
TOTAL		171,000,000	171,000,000	
A1 Share Capital Suspense				
93,28,134 (P.Y. Nil) Equity Shares of Rs.10/- each fully Paid up to be allotted to the shareholders of erstwhile Ethix Realtors Pvt. Ltd. pursuant to its Demerger of Mumbai Realty Division of Ethix Realtors Pvt. Ltd. with the Company effective from the appointed date 1st October 2009.		93,281,340	-	
		93,281,340	-	
B Reserves & Surplus				
	Balance as at 01/04/2010	Additions during the period	Deductions/Adjustments during the period	As At 31-Mar-11
Share Premium	991,255,534	-	-	991,255,534
General Reserves	10,000,000	-	-	10,000,000
Capital Reserve on Demerger	-	49,728,952		49,728,952
Surplus as per P & L A/c	152,466,988	308,865,364	-	461,332,352
TOTAL	1,153,722,522	358,594,316	-	1,512,316,838
Previous Year	1,568,206,638	414,484,116	-	1,153,722,522
C Secured Loans				
From Banks				
a) Vehicle Loans		8,569,770		6,310,635
b) Term Loans		3,427,825,037		2,932,912,542
c) Buyers Credit		12,521,520		-
d) Cash Credit and Other Short Term Facilities		1,000,650,816		991,138,823
e) Non Convertible Debentures		40,500,000		150,000,000
		TOTAL		4,080,362,000
D Unsecured Loans				
a) From Directors		47,487,469		38,413,734
b) From Shareholders & Others		149,642,767		45,145,451
c) Inter Corporate Deposits		171,114,258		244,389,126
d) From Banks & Financial Institutions		-		820,947,045
e) From Dealers - Security Deposits		32,490,522		31,812,119
f) Non-Convertible Unsecured Debentures		-		-
		TOTAL		1,180,707,475

Schedules to Balance Sheet

(Amount in Rs.)

E Fixed Assets										
Particulars	Gross Block				Depreciation				Net Block	
	Cost as on 31-Mar-2010	Additions	Deletions / Adjustment	Cost as on 31-Mar-2011	Upto 31-Mar-2010	For the Year	On deletions	As on 31-Mar-2011	As on 31-Mar-2011	As on 31-Mar-2010
Tangible Assets:										
I Land - Freehold	48,654,972	154,480	-	48,809,452	-	-	-	-	48,809,452	48,654,972
II Building	792,940,250	15,264,368	-	808,204,618	71,648,902	24,131,651	-	95,780,553	712,424,065	721,291,348
III Plant & Machinery	4,153,644,912	246,231,245	-	4,399,876,157	562,362,282	226,408,015	-	788,770,297	3,611,105,861	3,591,282,630
IV Furniture & Fixtures	32,007,706	15,274,397	-	47,282,103	8,506,456	2,065,284	-	10,571,740	36,710,363	23,501,250
V Office Equipments	11,180,206	1,770,938	-	12,951,144	2,172,815	584,353	-	2,757,168	10,193,976	9,007,391
VI Vehicles	31,536,763	2,748,005	1,306,871	32,977,897	9,903,832	3,172,957	867,538	12,209,251	20,768,646	21,632,931
VII Computers	8,264,590	1,181,804	-	9,446,394	4,619,965	1,434,272	-	6,054,237	3,392,157	3,644,625
VIII Power Project	267,762,710	269,981	-	268,032,691	114,623,116	27,710,103	-	142,333,219	125,699,471	153,139,593
IX Trade Mark Rights	10,000	-	-	10,000	10,000	-	-	10,000	-	-
Grand Total	5,346,002,108	282,895,218	1,306,871	5,627,590,456	773,847,368	285,506,635	867,538	1,058,486,465	4,569,103,991	4,572,154,742
Previous Year	3,979,780,223	1,368,382,129	2,160,243	5,346,002,108	545,766,492	228,801,619	720,745	773,847,368	4,572,154,742	3,434,013,732

F Investments	As At 31-Mar-11	As At 31-Mar-10
NON-TRADE INVESTMENTS		
I Unquoted		
35,075 Shares of The Cosmos Co-Op. Bank Ltd. (Pledged with Bank)	350,750	350,750
II National Saving Certificate	10,000	10,000
TRADE INVESTMENTS		
III Shares of Subsidiary		
Euro Merchandise (India) Ltd. (1,90,000 Equity Shares of Rs.10/- each fully paid up at a premium of Rs.65/- per share)	14,250,000	14,250,000
Euro Glass Ltd. (13,00,000 Equity Shares of Rs.10/- each fully paid up)	13,000,000	15,000,000
P.Y.(15,00,000 Equity Shares of Rs.10/- each fully paid up)		
IV Investments in Capital Of Partnership Firms		
M/s. Euro Realtors (Fixed Capital)	50,000	50,000

Schedules to Balance Sheet

(Amount in Rs.)

G Inventories		As At 31-Mar-11	As At 31-Mar-10
a) Finished Goods		439,303,522	382,550,268
b) Stores & Spares		72,004,195	79,351,294
c) Raw Materials & Consumables		220,510,135	268,084,956
d) Packing Materials		14,347,525	10,003,976
e) Work In Process		116,448,165	104,524,281
f) Trading Items		37,165,515	38,284,173
g) Stock-in-Transit		9,964,135	5,268,926
<i>(As Valued & Certified by the Management)</i>			
	TOTAL	909,743,191	888,067,875
H Sundry Debtors			
<i>(Unsecured, Considered Good)</i>			
Due for Period exceeding Six Months	218,817,591		
Less: Provision for Doubtful Debts	37,703,766	181,113,825	185,459,814
Due for Period less than Six Months		535,024,037	532,584,249
Refer Note No. 5 of Schedule 'X'			
	TOTAL	716,137,862	718,044,063
I Cash & Bank Balances			
Cash & Cheques in Hand		3,975,393	2,499,549
<i>(As Certified by the Management)</i>			
Balance With Scheduled Banks			
Current Accounts		1,449,203	10,366,514
Recurring Deposits		-	1,242,888
Fixed Deposits		44,126,721	39,552,761
Refer Note No. 6 of Schedule 'X'			
	TOTAL	49,551,316	53,661,712
J Loans & Advances			
<i>(Unsecured, Considered Good)</i>			
Loans & Advances		760,878,775	141,819,409
Advance Recoverable in cash/kind or for value to be received		96,320,070	124,648,558
MAT Credit to be Availed		53,263,683	32,263,683
Deposits		14,830,021	16,768,553
Balance With Central Excise, Sales Tax etc.		45,951,920	140,744,834
Taxation (Net of Provision)		83,029,018	17,969,066
	TOTAL	1,054,273,488	474,214,104

Schedules to Balance Sheet

(Amount in Rs.)

K Current Liabilities	As At 31-Mar-11	As At 31-Mar-10
Sundry Creditors		
-Due to Micro, Small and Medium Enterprises	5,180,748	2,393,894
-Others	590,484,643	359,164,862
Refer Note No. 8 of Schedule 'X'		
Advances From Customers	147,703,496	18,420,139
Unclaimed Dividend	167,087	167,232
Other Liabilites	73,094,880	50,599,448
Interest Accrued But not due	810,953	509,007
	817,441,807	431,254,581
Provisions		
Taxation (Net of Advance Taxes)	-	-
Provision For Gratuity	4,417,444	-
Provision For Leave Encashment	5,635,781	3,210,185
	10,053,225	3,210,185
TOTAL	827,495,032	434,464,766

Schedules to Profit & Loss Account

(Amount in Rs.)

L Sales & Income From Operations	For the Y.E. 31-Mar-11	For the Y.E. 31-Mar-10
Sales Domestic	3,916,016,214	1,929,391,099
Sales Export	238,698,043	212,367,889
Sales Scrap	1,225,813	3,975,848
Sales Labour Charges	2,631,261	-
Export Incentive on Advance Licenses & Export Rebates	(29,354,665)	26,541,753
TOTAL	4,129,216,666	2,172,276,589
M Other Income		
Dividend Income	15,000	15,000
Profit On Sale of Share Investments	3,000,000	-
Exchange Rate Differences	6,123,456	8,028,774
Rental Income	3,860,842	3,088,000
Vat Refund	-	-
TOTAL	12,999,299	11,131,774
N (Increase) /Decrease In Stock		
OPENING STOCK		
Finished Goods	382,550,268	355,340,221
Work In Process	104,524,281	94,729,693
Stock in Trade (Realty Division)	452,760,030	-
	939,834,578	450,069,914
CLOSING STOCK		
Finished Goods	439,303,522	382,550,268
Work In Process	116,448,165	104,524,281
	555,751,687	487,074,548
(INCREASE) /DECREASE	TOTAL	(37,004,634)
O Cost Of Materials		
Raw Material Consumption/ Compensation Paid	1,081,971,093	756,477,849
Cost of Goods traded	42,623,739	33,822,973
Packing Material Consumption	71,618,631	55,151,702
TOTAL	1,196,213,464	845,452,524
P Salaries, Wages & Employee Benefits		
Salaries, Wages, and Bonus	200,441,665	142,527,535
Contributions to Provident & Other Funds	11,060,967	5,638,119
Welfare Expenses	16,723,107	19,962,282
TOTAL	228,225,739	168,127,936

Schedules to Profit & Loss Account

(Amount in Rs.)

Q Manufacturing, Selling & Other Expenses	For the Y.E. 31-Mar-11	For the Y.E. 31-Mar-10
Consumptions of Stores & Spares	64,729,477	66,461,747
Power & Fuel	459,606,421	452,053,468
Excise Duty Paid	9,818,511	16,153,388
Processing Charges	28,724,310	20,383,391
Brokerage & Commission	81,099,781	27,011,687
Advertisement	21,252,371	16,884,135
Auditors Remuneration	550,000	350,000
Repairs & Maintenance		
- Building	2,101,019	1,268,220
- Plant & Machinery	9,506,495	10,590,811
- Others	3,662,576	3,651,024
Director Remuneration	9,200,000	4,800,000
Director Sitting Fees	52,500	112,500
Donation	368,772	396,091
Insurance	22,760,811	30,161,933
Loss / (Profit) on Sale Of Fixed Assets	246,333	267,782
Rent, Rates & Taxes	12,702,312	10,873,285
Freight Outwards & Octroi	43,048,709	36,732,775
Other Selling Expenses	66,128,225	48,997,586
Provision for Doubtful Debts	37,703,766	-
Miscellaneous Expenses	54,978,884	52,465,486
TOTAL	928,241,274	799,615,307
R Interest & Other Finance Expenses		
Interest on Fixed Loans	330,288,084	209,172,482
Interest on Debentures	10,785,620	33,836,815
(Profit)/Loss from Derivatives / SWAP	(662,761)	787,485
Other Interests and Financial Charges	236,668,089	217,146,831
	576,359,915	460,943,613
Less : Interest Income		
Interest on Fixed Deposits With Banks	3,373,864	1,458,164
Other Interest	-	7,520,057
TOTAL	573,705,167	451,965,392

Notes Forming Part Of Financial Statements For The Year Ended March 31, 2011.

SCHEDULE 'X'

(A) Significant Accounting Policies:

I BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

II FIXED ASSETS

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

III DEPRECIATION

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

IV BORROWING COST

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

V FOREIGN CURRENCY TRANSACTIONS

- a) Transactions in foreign currency are accounted at the exchange rate prevailing on the date of transaction. Exchange Rate

fluctuation between the transaction date and the settlement date in respect of revenue transactions are recognized in Profit & Loss account and in respect of acquisition of the fixed assets are adjusted to the cost of the respective assets.

- b) All export proceeds / import payables not realized at the year end are restated at the rate prevailing at the year end. The exchange difference arising there on has been recognized as income / expenses in the current year's Profit & Loss account.
- c) Monetary Assets & Liabilities denominated in Foreign Currency are translated at year end exchange rates and the Profit/Loss so determined is recognized in the Profit & Loss account.
- d) As per the Provisions of the AS 11 of the ICAI, the profit/loss on cancellation or renewal of derivative instruments such as forward contract and option contract undertaken to hedge exchange fluctuation/price risks are recognized as income/expenses in the Profit & Loss account for the year.

VI INVESTMENTS

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

VII INVENTORIES

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

VIII REVENUE RECOGNITION

- a) Sales are recorded net of returns.
- b) Export Incentives on Advance License are recognized on accrual basis.
- c) Interest Income is recognized on accrual basis and dividend income is accounted for when the right to receive the same is established.
- d) As per the Provisions of the Accounting Standard-7 'Construction Contracts' issued by the ICAI, Costs and progress payments received are accumulated during the course of the project. Revenue is not recognized until the project is substantially completed.

Notes Forming Part Of Financial Statements For The Year Ended March 31, 2011.**IX RETIREMENT BENEFITS**

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

X TAXES ON INCOME

- a) Provision for taxation comprises of Current tax, Deferred Tax and Fringe Benefit Tax. Current tax Provision has been made in accordance with the Income Tax Act, 1961.
- b) Deferred tax for timing differences between the book and tax profits for the period is accounted for, using the tax rates and laws that have been substantively enacted as of the balance sheet date.
- c) Deferred tax assets arising from timing differences are recognized

to the extent there is reasonable certainty that these would be realized in future.

- d) Deferred tax assets are recognized on unabsorbed losses only if there is virtual certainty that such deferred tax asset can be realized against future taxable profit.

XI IMPAIRMENT OF ASSETS

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

XII PROVISIONS AND CONTINGENT LIABILITIES

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

Notes Forming Part Of Financial Statements For The Year Ended March 31, 2011.

(B) Notes to Accounts

(Amount in Rs.)

	Current Year	Previous Year
1. Estimated amount of contracts remaining to be executed on capital account and not provided for.	47,93,636	1,94,60,290

2. Contingent Liabilities not provided for in the books of accounts:

	Current Year	Previous Year
a. Bills Discounted with Banks	2,84,33,423	1,94,45,133
b. Letter of Credit	2,34,28,403	12,49,37,135
c. Bank Guarantees	4,29,94,000	4,94,000
d. Guarantees given to the Banks for the loans taken by the Euro Merchandise (India) Ltd., (100 % Subsidiary)	32,50,00,000	32,50,00,000

- e. The Company has imported various Capital Goods under the Export Promotion Capital Goods Scheme (EPCG), of the Government of India, through various licenses, at concessional rates of Custom Duty on an undertaking to fulfill quantified exports within a period of eight years from the date of the respective licenses. The Custom Duty so saved amounts to Rs. 31,12,05,280/- (Previous Year Rs. 33,87,48,010/-) and the corresponding Export Obligation to be fulfilled is Rs. 1,69,23,44,848/- (Previous Year Rs. 2,04,49,34,503/-) as on the Balance Sheet date. If the said export is not made within the stipulated time period, the company is required to pay the said saved Custom Duty together with interest @15% p.a. Formal discharge from the obligation by the appropriate authorities is in progress in respect of some of the Licenses of which Export Obligation is entirely fulfilled by the close of the year.

(Amount in Rs.)

3. Secured Loans:-	Current Year	Previous Year
a. Vehicle Loans Are secured against vehicles specified in the respective agreements & Personal Guarantee of the Directors of the Company.	85,69,770	63,10,635

b. Term Loans Are secured against the First Charge created by mortgage on all the existing and future fixed assets situated at Bhachau (Kutch) and second charge created by hypothecation of current assets of the Company and against the collateral securities & personal guarantee given by the Directors and their relatives.	3,42,78,25,037	2,93,29,12,542
c. Buyers Credit Are secured against the Fixed Deposits given as margin money and are payable within a period of one year.	1,25,21,520	NIL
d. Cash Credit & Other Facilities Are secured against the First Charge created by Hypothecation of Stock & Book Debts & other current assets and second charge created on existing as well as future fixed assets of the Company situated at Bhachau (Kutch) and against the personal Guarantee given by the Directors and their Relatives.	1,00,06,50,816	99,11,38,823
e. Non Convertible Debentures 40,500 debentures of Rs.1000/- each are issued to LIC Mutual Fund and are payable within a period of one year.(Previous Year 1,50,000 debentures of Rs. 1000/- each)	4,05,00,000	15,00,00,000

4. Unsecured Loans from Banks and Financial Institutions of Rs. NIL (Previous Year Rs. 31,32,93,086/-) are payable within a period of one year.
5. Sundry Debtors include amount in respect of which the Company holds Letter of Credit / Guarantees from Banks of Rs.1,18,20,052 /- (Previous Year Rs. 3,23,60,118/-).
6. Fixed Deposits of Rs. 4,41,26,721/- (Previous Year Rs. 3,95,52,761/-) are pledged with banks as Margin Money against Guarantees / Letter of Credit issued and Credit facilities sanctioned by the Bank.
7. Pursuant to scheme of demerger of Mumbai Realty Division (MRD) of Ethix Realtors Private Limited (ERPL) on a going concern basis with Euro Ceramics Limited as approved by the Hon'ble High Court of

Notes Forming Part Of Financial Statements For The Year Ended March 31, 2011.

Judicature at Bombay dated April 15, 2011, the Mumbai Realty Division of Ethix Realtors Private Limited has been merged with the Company with effect from October 1, 2009.

The merger has been accounted for under the "Pooling of interest method" as prescribed by Accounting Standard (AS-14) Accounting for Amalgamation issued by The Institute of Chartered Accountants of India.

In accordance with the said Scheme, all the assets, debts, liabilities, duties and obligations of MRD have been vested in the Company with effect from October 1, 2009 and have been recorded at their respective book values. There were no material difference in the accounting policies of Ethix Realtors Private Limited (ERPL) and the Company. Pursuant to the said Scheme, in consideration of the said transfer, 93,28,134 Equity shares of Rs. 10/- each fully paid, have to be allotted to the shareholders of ERPL in the ratio of 340 equity shares of Rs. 10/- each of the Company for every 182.244332 equity share of Rs. 10/- each of ERPL. Pending the allotment of the said Equity shares pursuant to the Scheme, the amount has been shown as "Share Capital Suspense".

In accordance with the said scheme, any excess/ shortfall of the Net Assets Value taken over by the Company over the paid up value of equity shares to be issued and allotted has been transferred to Capital Reserve on Demerger Account.

The computation of the amount transferred to Capital Reserve on Demerger Account is as under:

Particulars	Amount (Rs.)
Net Current Assets	14,30,10,292
Less: Equity Shares issued to ERPL shares holder	9,32,81,340
Amount credited to Capital Reserve on Demerger	4,97,28,952

As the effective date falls before March 31, 2010, the expenses amounting to Rs.16,59,72,708 of ERPL (Mumbai Realty Division) for the period from October 1, 2009 to March 31, 2010, have been added to the Stock In Trade, as the accounts for the period upto March 31, 2010 of the Company have been closed and approved. The summarized Profit and Loss Account of ERPL (Mumbai Realty Division) for the period from October 1, 2009 to March 31, 2010 is given below:

Particulars	Amount (Rs.)	Amount (Rs.)
Income:		
Sales & Income from Operations		NIL
Expenses:		
(Increase)/ Decrease in Stock	(16,59,72,708)	
Tenant Compensation	16,59,72,708	NIL
Net Profit / (Loss)		NIL

8. The Company has received intimations from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and accordingly the amounts outstanding to such suppliers has been disclosed. The Company has received interest waiver certificate for interest on overdue outstanding payments for parties to whom the amount in overdue under the MSME Act.
9. Remuneration to Directors during the year of Rs.92,00,000/- (Previous Year Rs. 48,00,000/-) has been paid in accordance with and within the limits prescribed in Part II of Schedule XIII of the Companies Act 1956.

(Amount in Rupees)

	Current Year	Previous Year
Directors Salary, Allowances &	Rs.92,00,000	Rs.48,00,000
Perquisites		
Percentage to Net Profit	2.85%	----

Note: The above remuneration is within the limits as calculated below

Computation of Net Profit as per Section 349 read with Section 309 (5) and Section 198 of the Companies Act, 1956.

	Current Year	Previous Year
Profit Before Tax as per Profit & Loss A/c	31,64,69,014	(41,44,84,116)
Add: Managerial Remuneration	92,00,000	48,00,000
Add: Loss on sale of fixed assets	2,46,333	2,67,782
Less: Profit on sales of Investments	30,00,000	-
TOTAL	32,29,15,347	(40,94,16,334)
Managerial Remuneration ceiling @ 10%	3,22,91,535	-

10. Auditors Remuneration (excluding service tax):

(Amount in Rupees)

	Current Year	Previous Year
For Audit	3,50,000	3,50,000
For Taxation, Consultancy and Certification Fees	2,00,000	1,75,000

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

	Current Year	Previous Year
I Depreciation	14,67,94,651	14,47,88,406
II Expenditure/Provisions Disallowable	55,97,405	NIL

Notes Forming Part Of Financial Statements For The Year Ended March 31, 2011.

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

	Current Year	Previous Year
I Profits used as Numerator for calculating EPS Net Profit after Tax	30,88,65,364	(41,44,84,116)
II Denominator Weighted average number of Equity Shares outstanding		
-Basic	1,71,00,000	1,71,00,000
-Diluted	1,71,00,000	1,71,00,000
III Nominal Value of Share in (Rs.)	10/-	10/-
IV Earnings Per Share (Basic as well as Diluted)	18.06	(24.24)

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

a) Defined Contribution Plan:

The Company has recognized the following amounts in Profit & Loss account as contributions to funds.

Particulars	Current Year	Previous Year
Employer's Contribution to Provident Fund	64,22,981	53,95,844
Employer's Contribution to Employees' State Insurance	2,05,572	1,41,213

b) Defined Benefit Plan:

(i) Gratuity

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

(Amount in Rupees)

	Current Year	Previous Year
I Changes in the present value of obligations		
Present value of obligations as at beginning of the year	8,615,340	3,057,636
Interest cost	649,580	241,505
Current Service Cost	2,990,809	1,878,489
Benefits Paid	(991,172)	(77,654)
Actuarial (Gain)/Loss on obligations	(1,617,973)	3,515,364
Present value of obligations as at end of the year	9,646,584	8,615,340

	Current Year	Previous Year
II Changes in the fair value of plan assets		
Fair value of plan assets at beginning of the year	5,569,667	3,190,021
Expected return on plan assets	412,433	311,115
Employer's Contributions	155,785	2,164,864
Benefits paid	(991,172)	(77,654)
Actuarial Gain / (Loss) on plan assets	82,427	(18,679)
Fair value of plan assets at end of the year	5,229,140	5,569,667
III Table showing fair value of plan assets		
Fair value of plan assets at beginning of the year	5,569,667	3,190,021
Actual return on plan assets	494,860	292,436
Contributions	155,785	2,164,864
Benefits Paid	(991,172)	(77,654)
Fair value of plan assets at end of the year	5,229,140	5,569,667
Funded status	(4,417,444)	(3,045,673)
Excess of Actual over estimated return on plan assets	NIL	NIL
(Actual rate of return = Estimated rate of return as ARD falls on March 31)		
IV Actuarial Gain/Loss recognized		
Actuarial Gain/(Loss) for the year – Obligation	1,617,973	(3,515,364)
Actuarial Gain/(Loss) for the year - plan assets	82,427	(18,679)
Total Gain/(Loss) for the year	1,700,400	(3,534,043)
Actuarial Gain/(Loss) recognized in the year	1,700,400	(3,534,043)

Notes Forming Part Of Financial Statements For The Year Ended March 31, 2011.

		Current Year	Previous Year
V	The amounts to be recognized in the balance sheet and statements of profit and loss		
	Present value of obligations as at the end of the year	9,646,584	8,615,340
	Fair value of plan assets as at the end of the year	5,229,140	5,569,667
	Funded status	4,417,444	3,045,673
	Net Asset/(Liability) to be recognized in balance sheet	(4,417,444)	(3,045,673)
VI	Expenses Recognized in statement of Profit & Loss	45,73,229	2,379,000
VII	Principal Actuarial Assumptions used at the Balance Sheet Date		
	Discount Rate	8%	8%
	Salary Escalation	5%	5%

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

14. Amount of exchange difference (net) included / (excluded) in additions to the Fixed Assets (Rs.2,27,017/-) (Previous Year Rs. 1,00,54,841/-)

15. Derivative Instruments and Unhedged Foreign Currency Exposure

Sr. No.	Particulars	Current Year	Previous Year
(a)	Foreign Currency Derivatives:		
I	Forward Contract for hedging foreign currency exposure in relations to receivables	USD 5,00,000.00	USD 37,50,000.00
(b)	Unhedged Foreign Currency Exposure :		
I	Outstanding Creditors for Purchase of Raw Material, Consumables & Spares	USD 5,04,324.13	USD 3,78,040.01
II	Outstanding Creditors for Purchase of Raw Material, Consumables & Spares	EURO 1,24,073.93	EURO 2,42,243.80
III	Outstanding Creditors for Capital Goods	EURO 12,031.69	-

Sr. No.	Particulars	Current Year	Previous Year
IV	Outstanding Debtors	USD 11,04,887.01	USD 12,37,590.37
V	Advance to Creditors for Purchase of Raw Material, Consumables & Spares	USD 1,05,990.06	USD 12,924.28
VI	Advance to Creditors for Purchase of Raw Material, Consumables & Spares	EURO 10,108.00	EURO 1,800.00
VII	Advance to Creditors for Capital Goods	USD 14,940.00	USD 5,500.00
VIII	Advance to Creditors for Capital Goods	-	EURO 29,850.00
IX	Advance from Debtors	USD 20,639.11	USD 37,303.66
X	Buyers Credit	EURO 1,98,000.00	-

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

(a) Subsidiary

Euro Merchandise (India) Limited

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

Eurobond Industries Private Limited	Euro Flooring Pvt. Ltd.
Euro Décor Pvt. Ltd	Euro Multivision Ltd
Euro Developers Pvt. Ltd.	Subhnen Ply Pvt. Ltd.
Euro Pratik Ispat Pvt. Ltd.	Euro Solo Energy Systems Pvt. Ltd.
Euro Agro	Subhnen Finance & Investments Pvt Ltd.
Kevin Impex Pvt. Ltd.	Kanch Ghar
Neelam Metal	Laxmi Ply Agency
Metro Stationery Mart	Neelam Ply & Laminates
NLS Enterprise Pvt Ltd.	Gurukul Enterprises Pvt. Ltd.
Tangent Furniture Pvt Ltd	Lyons Technologies Ltd
Ladhabhai Sanganhai Gala Charitable Trust	Monex Stationers

Notes Forming Part Of Financial Statements For The Year Ended March 31, 2011.

Disti Multimedia & Communications Pvt Ltd	Vaman International (P) Ltd.
National Ply & Laminates	Zenith Corporation
Nova Enterprises	National Laminate Corporation
Gala Enterprises	Euro Foundation
Euro Conventional Energy Pvt. Ltd.	Euro Mineral Corporation
Euro Solar Power Pvt. Ltd.	Euro India Cylinders Ltd.
Euro Realtors	Euro Glass Pvt. Ltd.
Link Estate Pvt. Ltd.	Euro Steel & Minerals Ltd.
Euro Polaad Minerals & Steel LLP	Euro Buildtech LLP
Subhnen Realtors LLP	Jainy Glass & Veneer
Janata Industries	Drashti Veneers
Maxim Enterprises	Rahul Sales
EMV Technosys Ltd.	

(c) Relatives of Key Management Personnel:

Nenshi L. Shah H.U.F.	Shantilal L. Shah H.U.F.
Laljubhai K. Shah H.U.F.	Pinank N. Shah H.U.F.
Gunvantiben N. Shah	Laljubhai K. Shah
Manjari H. Shah	Hitesh S. Shah
Sushila H. Gala	Nitesh P. Shah
Jayantilal Nishar	Rekhaben Nishar
Dhaval L. Shah	Forum D. Shah
Kasturben T. Nandu	Shantaben L. Shah
Urmi P. Shah	Viral T. Nandu
Sonalben L. Shah	Parag K. Shah
Hitesh S. Shah H.U.F.	Pinank N. Shah
Devika P. Shah	Dhaval S. Shah H.U.F.
Parita V. Nandu	Anish K. Shah
Dimple A. Shah	Dhruti N. Shah
Hiral N. Shah	Mahek H. Shah

(d) Key Management Personnel:

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

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

(Amount in Rs.)

Nature Of Transactions	Subsidiary	Enterprises having common Key Management Personnel	Relative of the Key Management Personnel	Key Management Personnel
Sales, Service and other income	8,76,40,233 (4,99,73,392)	27,17,20,036 (34,93,84,946)	----- (-----)	----- (-----)
Sale Of Fixed Assets	----- (-----)	----- (6,82,500)	----- (-----)	----- (-----)
Purchase of goods and services	10,50,152 (70,09,320)	9,54,02,622 (7,41,27,804)	19,30,000 (-----)	----- (-----)
Purchase of fixed assets	----- (10,41,542)	1,13,72,344 (3,28,680)	----- (-----)	----- (-----)
Donation	----- (-----)	----- (-----)	----- (-----)	----- (-----)

Notes Forming Part Of Financial Statements For The Year Ended March 31, 2011.

Nature Of Transactions	Subsidiary	Enterprises having common Key Management Personnel	Relative of the Key Management Personnel	Key Management Personnel
Director's Remuneration/Sitting Fees	----- (-----)	----- (-----)	----- (5,000.00)	92,52,500 (49,07,500)
Interest Received	----- (-----)	21,01,846 (31,37,157)	----- (-----)	----- (-----)
Interest Paid/Payable	----- (-----)	80,39,756 (37,30,470)	7,395.00 (8,010.00)	55,23,399 (74,37,309)
Loans/Advances Taken	----- (-----)	13,78,04,017 (23,42,89,762)	----- (-----)	6,45,40,995 (15,19,20,000)
Loans/Advance Repaid	----- (-----)	23,48,50,789 (46,85,14,671)	82,168 (-----)	3,08,13,372 (22,31,73,804)
Loans/Advances Given	75,00,000 (3,55,00,000)	18,24,44,400 (42,74,98,306)	----- (-----)	----- (-----)
Loans/Advance Received Back	20,00,000 (6,97,66,592)	28,21,50,000 (40,95,44,649)	----- (-----)	----- (-----)
Outstanding balance as at 31-03-2011				
Loans Payable	----- (-----)	2,59,79,699 (12,11,04,126)	----- (-----)	7,47,03,828 (3,84,13,734)
Loans Receivable	1,15,33,409 (60,33,409)	3,03,80,400 (14,09,99,581)	----- (-----)	----- (-----)
Amount Receivable	4,71,51,038 (3,80,79,161)	7,37,80,735 (7,35,34,145)	----- (-----)	----- (-----)
Amount Payable	----- (-----)	48,24,934 (10,82,753)	2,40,000 (-----)	----- (-----)

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

17. Disclosure pursuant to Clause 32 of the Listing Agreement

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

Particulars	Current Year		Previous Year	
	Balance as at the year end	Max. Amt. Due at any time during the year	Balance as at the year end	Max. Amt. Due at any time during the year
i) Subsidiaries – (a) Euro Merchandise (India) Ltd.	11,533,409	11,533,409	60,33,409	4,03,00,001
ii) Staff Advances & Loans – are given in the ordinary course of the business	47,44,872	61,86,148	44,09,756	82,89,881

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

Particulars	Current Year		Previous Year	
	Balance as at the year end	Max. Amt. Due at any time during the year	Balance as at the year end	Max. Amt. Due at any time during the year
i) Euro Multivision Ltd.	NIL	NIL	NIL	3,51,55,808
ii) Euro Realtors	3,03,80,400	13,58,86,000	13,57,86,000	13,57,86,000

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

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

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

b) For Segment Information Refer Annexure II

c) For Cash Flow Statement Refer Annexure III

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

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

AS PER OUR ATTACHED REPORT OF EVEN DATE

BY ORDER OF THE BOARD OF DIRECTORS**For DEEPAK MARU & CO.**Chartered Accountants
Firm Regn. No.115678W**JAYMIN P. SHAH**

(Partner)

M.No. 118113

Mumbai

Date : August 12, 2011

JAYSHREE D. SONI

(Company Secretary)

NENSHI L. SHAH

(Chairman & Managing Director)

PARESH K. SHAH

(Director)

Mumbai

Date : August 12, 2011

Annexure - I**INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPHS 3, 4C AND 4D OF PART II OF SCHEDULE VI OF THE COMPANIES ACT, 1956**

a) Particulars of capacity and production:

Products	Annual Installed Capacity		Actual Production	
	Current Year	Previous Year	Current Year	Previous Year
Tile Division (M.T.)	1,51,971	1,51,971	1,01,940	83,337
Polyester Resin (M.T.)	14,400	14,400	4,278	63
Aluminium Section (M.T.)	1,800	1,800	1,356	1,818
Sanitary ware (M.T.)	11,000	11,000	2,763	1,852

- The Installed Capacity is as certified by the Management which the Auditors have relied upon without verification as this is a technical matter.

- Production Includes Captive Consumption.

b) Particulars in respect of Opening Stock, Sales and Closing Stock for class of goods manufactured / traded by the Company:

(Amount in Rs.)

Products	Opening Stock		Sales		Closing Stock	
	Qty.	Value (Rs.)	Qty.	Value (Rs.)	Qty.	Value (Rs.)
Tiles (M.T.)	14,696	269,153,428	98,887	1,830,762,479	17,748	313,395,054
(Previous Year)	15,242	277,819,535	84,000	1,658,209,971	14,696	269,153,428
Polyester Resin (M.T.)	63	5,204,561	4,286	172,002,788	55	4,238,057
(Previous Year)	-	-	-	-	63	5,204,561
Aluminium Section (M.T.)	29	3,067,555	1,338	171,847,535	47	6,519,457
(Previous Year)	30	4,523,024	1,819	214,204,667	29	3,067,555
Sanitary ware (M.T.)	1,430	105,124,724	2,408	157,293,736	1,785	115,150,955
(Previous Year)	1,078	72,997,662	1,501	101,895,821	1,430	105,124,724
Trading Goods – Sanitary ware, Accessories & Fittings	-	38,284,173	-	57,104,599	-	37,165,514
(Previous Year)	-	38,543,786	-	32,833,380	-	38,284,173
Trading Goods – Ceramic Tiles (Sq. Mtr.)	-	-	17,751	4,842,808	-	-
(Previous Year)	-	-	52,721	18,657,305	-	-
Others	-	-	-	5,590,941	-	-
(Previous Year)	-	-	-	5,541,110	-	-
Total		420,834,441		2,399,444,886		476,469,037
Total (Previous Yr.)		393,884,007		2,031,342,254		420,834,441

- Sales Quantity includes captive consumption, damages, sample sale and shortages.

- In view of the practical difficulties, the quantitative details of accessories & fitting items have not been disclosed above.

c) Raw Materials & Consumables Consumed:

(Amount in Rs.)

	Current Year		Previous Year	
	MT.	Amount	MT.	Amount
I Clay	44,682.83	9,12,79,735	47,744.18	7,80,07,400
II Feldspar	52,535.47	4,90,38,242	58,838.91	4,85,64,091
III Quartz	2,406.73	43,49,378	1,937.77	32,73,625
IV Marble & Stones	33,522.13	12,36,29,630	16,535.70	6,03,58,629
V Resin	2,038.35	14,92,47,478	1,103.69	5,40,28,664
VI Powder Chemicals	4,666.31	29,65,79,993	-	-
VII Aluminium Scrap	1,610.93	15,39,95,242	2,064.32	15,48,45,472
VIII Binders & Others	1,111.60	1,36,65,790	532.53	94,56,691
IX Others	-	18,34,37,605	-	34,79,43,277
TOTAL	1,42,574.35	1,06,52,23,093	1,28,757.09	75,64,77,849

d) Purchase of Trading Goods:

(Amount in Rs.)

	Current Year		Previous Year	
	Units	Amount	Units	Amount
I Sanitaryware, Accessories & Fittings (Pcs.)	-	3,71,75,966	-	1,77,92,626
II Ceramic Tiles (Sq.Mtrs.)	17,751	43,29,115	52,721	1,57,70,734

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

(Amount in Rs.)

	Current Year	Previous Year
I Raw Materials & Consumables	28,38,22,148	27,48,46,399
II Stores & Spares	1,19,71,920	1,33,03,196
III Capital Goods	4,12,15,695	38,87,234
IV Trading Goods	1,63,72,788	81,43,480

f) Expenditure in Foreign Currency (on actual Payment basis):

(Amount in Rs.)

	Current Year	Previous Year
I Foreign Traveling Expenses	15,71,951	35,37,392
II Exhibition Expenses & Other Expenses	37,45,772	20,98,625

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

(Amount in Rs.)

	Current Year		Previous Year	
	%	(Rs.)	%	(Rs.)
I Raw Materials				
Imported	33.33	35,50,67,146	42.40	32,07,67,706
Indigenous	66.67	71,01,55,947	57.60	43,57,10,143
TOTAL	100.00	1,06,52,23,093	100.00	75,64,77,849
II Stores & Spares				
Imported	23.82	1,54,19,587	35.62	2,36,73,517
Indigenous	76.18	4,93,09,890	64.38	4,27,88,230
TOTAL	100.00	6,47,29,477	100.00	6,64,61,747

h) Earnings in Foreign Currency:

(Amount in Rs.)

	Current Year	Previous Year
I F.O.B. Value of Exports of Goods	16,61,11,064	17,57,61,048

Quantitative Details Related To Sanitaryware

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

(Amount in Rs.)

Products	Opening Stock		Sales		Closing Stock	
	Qty.	Value (Rs.)	Qty.	Value (Rs.)	Qty.	Value (Rs.)
Sanitary ware (In Metric Tonnes)	1,430	10,51,24,724	2,408	16,04,68,317	1,785	12,38,10,459
<i>(Previous Year)</i>	1,078	7,29,97,662	1,501	10,18,95,821	1,430	10,51,24,724
Trading Goods – Accessories, Fittings & Others (Pcs.)	1,10,174	3,82,84,173	97,791	5,39,30,018	94,790	3,71,65,515
<i>(Previous Year)</i>	93,764	3,85,43,786	58,997	3,28,33,380	1,10,174	3,82,84,173

b) Raw Materials & Consumables Consumed:

(Amount in Rs.)

		Current Year		Previous Year	
		MT.	Amount	MT.	Amount
I	Clay	2,356	1,55,77,218	1,198	98,26,669
II	Feldspar	1,457	25,18,314	2,153	19,18,147
III	Quartz	640	21,81,291	377	14,75,927
IV	Marble & Stones	-	-	-	-
V	Resin	-	-	-	-
VI	Aluminium Scrap	-	-	-	-
VII	Binders	1,112	1,37,96,091	534	94,56,691
VIII	Others	-	-	-	-
	TOTAL	5,564	3,40,72,914	4,260	2,26,77,434

c) Purchase Of Trading Goods

(Amount in Rs.)

		Current Year		Previous Year	
		Units	Amount	Units	Amount
I	Accessories & Fittings (Pcs.)	82,407	3,71,75,966	75,407	1,77,92,626

Annexure - II

SEGMENTWISE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

I) Primary Segments - Business

(Amount in Rs.)

	Tiles Division		Aluminium Division		Sanitaryware Division		Realty Division		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
a) Segmental Revenue										
Sales to External Customers	2,209,852,328	1,797,360,040	189,305,139	231,873,283	230,059,199	143,043,266	1,500,000,000	-	4,129,216,666	2,172,276,589
Less : Excise Duty	196,653,312	114,951,654	17,457,604	17,668,616	15,660,864	8,314,065	-	-	229,771,780	140,934,335
	2,013,199,016	1,682,408,386	171,847,535	214,204,667	214,398,335	134,729,201	1,500,000,000	-	3,899,444,886	2,031,342,254
Inter-Segmental Revenue	-	-	-	-	-	-	-	-	-	-
Total Segmental Revenue	2,013,199,016	1,682,408,386	171,847,535	214,204,667	214,398,335	134,729,201	1,500,000,000	-	3,899,444,886	2,031,342,254
b) Segmental Results (PBIT)	98,990,539	178,992,805	(2,666,185)	40,157,411	(69,153,524)	(15,922,461)	995,491,970	-	1,022,662,800	203,227,755
Less: Interest & Finance Charges									573,705,167	451,965,392
									448,957,632	(248,737,637)
Less: Unallocable Expenses Net of Unallocable Income									132,488,618	165,746,479
Profit Before Tax & Exceptional Items									316,469,014	(414,484,116)
Loss / (Gain) due to Exceptional Items									-	-
Profit Before Tax									316,469,014	(414,484,116)
Less: Provision for Current Tax									21,000,000	-
Add: MAT Credit									(21,000,000)	-
Less: Earlier Years Excess Provisions									-	-
Less: Provision for Deferred Tax									7,603,650	-
Less: Provision for Fringe Benefit Tax									-	-
Profit After Tax									308,865,364	(414,484,116)
c) Carrying amount of Segmental										
Assets	5,467,831,546	5,437,760,504	58,799,351	77,413,847	1,365,397,340	1,236,976,790	786,964,966	-	7,678,993,203	6,752,151,141
Unallocated Assets									1,026,780,687	1,186,741,396
Total Assets									8,705,773,889	7,938,892,537
d) Carrying amount of Segmental										
Liabilities	3,271,288,354	3,199,093,989	6,952,733	3,720,609	37,252,201	15,928,856	-	-	3,315,493,287	3,218,743,454
Unallocated Liabilities									2,555,195,958	2,621,579,192
Total Liabilities									5,870,689,246	5,840,322,646
e) Cost incurred to acquire Segment										
Fixed Assets during the year	4,735,516	1,321,560,441	223,205	593,264	139,878,385	766,582	-	-	144,837,106	1,322,920,287
Unallocated Assets									29,633,014	45,461,842
f) Depreciation / Amortization	196,877,095	153,437,741	2,298,109	2,289,253	47,897,322	36,731,633	-	-	247,072,526	192,458,627
Unallocated depreciation									38,434,109	36,342,991

Note : There are no Inter-Segmental transactions in the previous year as well as current year.

II) Primary Segments - Geographical

	Year Ended 31-Mar-11	Year Ended 31-Mar-10
The Company's operating facilities are located in India		
Domestic Revenues	3,660,746,843	1,818,974,365
Export Revenues	238,698,043	212,367,889
TOTAL	3,899,444,886	2,031,342,254

Annexure - III Cash Flow Statement

(Amount in Rs.)

PARTICULARS	2010 - 2011		2009-10
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before tax		316,469,014	(414,484,116)
Adjustments for :			
Depreciation	285,506,635		228,801,619
Interest & Finance Charges (net)	573,705,167		451,965,392
Dividend & Other Incomes	(3,875,842)		(3,103,000)
Provision for Doubtful Debts	37,703,766		-
(Profit) / Loss On Sale Of Investment	(3,000,000)		-
(Profit) / Loss On Sale Of Fixed Assets	246,333	890,286,059	267,782
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		1,206,755,073	263,447,677
Decrease / (Increase) in sundry debtors	(35,797,565)		55,198,757
Decrease / (Increase) in other current assets	(514,999,432)		171,762,806
Decrease / (Increase) in inventories	(21,675,317)		21,097,191
Increase / (Decrease) in trade and other payables	376,269,831	(196,202,482)	146,426,856
CASH GENERATED FROM OPERATIONS		1,010,552,591	657,933,287
Income Tax, Wealth Tax and Dividend Tax paid (Net of Refund)		(65,059,952)	(2,493,057)
NET CASH FROM OPERATING ACTIVITIES			945,492,639
B. CASH FLOW FROM INVESTING ACTIVITIES			
(Purchase)of Fixed Assets including Capital Work in Progress	(174,470,120)		(237,388,772)
Sales Proceeds from Sale of Fixed Assets	193,000		870,000
Sales Proceeds from Sale of Investments	5,000,000		(50,000)
Interest Received	2,654,748		8,978,221
Dividend & Other Incomes	3,875,842		3,103,000
NET CASH (USED IN)/FROM INVESTING ACTIVITIES			(162,746,530)
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from Borrowings	633,454,597		588,662,011
Repayments of Borrowings	(1,003,721,913)		(464,681,912)
Increase / (Decrease) in payables for capital goods	16,760,435		(141,742,265)
Share Capital Suspense	93,281,340		-
Capital Reserve on Demerger	49,728,952		-
Interest and Finance Charges paid	(576,359,915)		(460,943,613)
NET CASH (USED IN)/FROM FINANCING ACTIVITIES			(786,856,505)
NET INCREASE IN CASH AND EQUIVALENTS			(4,110,396)
CASH AND CASH EQUIVALENTS (OPENING BALANCE)			53,661,712
CASH AND CASH EQUIVALENTS (CLOSING BALANCE)			101,414,812
			49,551,316
			53,661,712

AS PER OUR ATTACHED REPORT OF EVEN DATE

BY ORDER OF THE BOARD OF DIRECTORS

For DEEPAK MARU & CO.

Chartered Accountants
Firm Regn. No.115678W

JAYMIN P. SHAH

(Partner)

M.No. 118113

Mumbai

Date : August 12, 2011

JAYSHREE D. SONI

(Company Secretary)

NENSHI L. SHAH

(Chairman & Managing Director)

PARESH K. SHAH

(Director)

Mumbai

Date : August 12, 2011

ANNEXURE - IV

Information pursuant to Part IV of Schedule VI of the Companies Act, 1956:

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**I. Registration Details**

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

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

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

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

Total Liabilities	6,819,792.39	Total Assets	6,819,792.39
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Source of Funds :

Paid up Capital	171,000.00	Share Capital Suspense	93,281.34
Reserves & Surplus	1,512,316.84	Secured Loans	4,490,067.14
Unsecured Loans	400,735.02	Deferred Tax Liability	152,392.06

Application of Funds :

Net Fixed Assets	4,889,920.82	Investment	27,660.75
Net Current Assets	1,902,210.83	Misc.Expenditure	-

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

Total Incomes	3,912,444.18	Total Expenditure	3,595,975.17
Profit before Tax	316,469.01	Profit after Tax	308,865.36
Earning per Share in Rs.(Annualised)	18.06	Dividend Rate %	0.00%

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

Item Code No.(ITC Code)	6907	Product Description	Vitrified Tiles
	6810		Agglomerated Marble
	7610		Aluminium Sections
	6910		Sanitaryware
	3907		Polyester Resin

BY ORDER OF THE BOARD OF DIRECTORS

JAYSHREE D. SONI
(Company Secretary)

NENSHI L. SHAH
(Chairman & Managing Director)

PARESH K. SHAH
(Director)

Mumbai
Date : August 12, 2011

Auditors' Report on the Consolidated Financial Statements

We have examined the attached Consolidated Balance Sheet of Euro Ceramics Limited and its subsidiary viz. Euro Merchandise (India) Limited as at March 31, 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year then ended.

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

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

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

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

- a) In the case of Consolidated Balance Sheet, of the state of affairs of Euro Ceramic Group as at March 31, 2011.
- b) In the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of Euro Ceramic Group for the year then ended; and
- c) In the case of the Consolidated Cash Flow Statement, of the consolidated Cash Flow of Euro Ceramic Group for the year then ended.

For Deepak Maru & Co.
Chartered Accountants
Firm Regn. No.115678W

Jaymin P. Shah
(Partner)
M.No. 118113

Place: Mumbai
Date: August 12, 2011

Consolidated Balance Sheet

(Amount in Rs.)

PARTICULARS	Schedule	As At 31-Mar-11	As At 31-Mar-10
SOURCES OF FUNDS			
Shareholders' Funds:			
Share Capital	A	171,000,000	171,000,000
Share Capital Suspense	A1	93,281,340	-
Reserves & Surplus	B	1,472,026,816	1,136,591,191
		1,736,308,156	1,307,591,191
Loan Funds :			
Secured Loans	C	4,663,634,712	4,252,587,519
Unsecured Loans	D	488,278,894	1,306,633,197
		5,151,913,606	5,559,220,716
Deferred Tax Liabilities		152,392,056	144,788,406
Total Funds Employed		7,040,613,817	7,011,600,313
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	E	5,633,250,789	5,348,326,353
Less : Accumulated Depreciation		1,059,429,945	774,575,359
Net Block		4,573,820,844	4,573,750,995
Capital Work In Progress		314,897,925	423,323,024
		4,888,718,769	4,997,074,018
Investments	F	13,510,750	15,510,750
Current Assets, Loans & Advances			
Inventories	G	1,035,016,651	1,079,060,888
Sundry Debtors	H	844,282,871	867,501,143
Cash & Bank Balances	I	57,642,636	63,286,283
Loans & Advances	J	1,084,625,266	503,365,543
		3,021,567,425	2,513,213,856
Less : Current Liabilities & Provisions	K		
Current Liabilities		873,064,395	510,949,764
Provisions		10,118,732	3,248,547
		883,183,127	514,198,311
Net Current Assets		2,138,384,298	1,999,015,545
Total Funds Utilized		7,040,613,817	7,011,600,313

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

X

BY ORDER OF THE BOARD OF DIRECTORS

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

JAYSHREE D. SONI
(Company Secretary)

NENSHI L. SHAH
(Chairman & Managing Director)

PARESH K. SHAH
(Director)

Mumbai
Date : August 12, 2011

Mumbai
Date : August 12, 2011

Consolidated Profit & Loss Account

(Amount in Rs.)

PARTICULARS	Schedule	For the Y.E. 31-Mar-11	For the Y.E. 31-Mar-10
INCOME			
Sales & Income from Operations	L	4,399,036,840	2,501,346,856
Less: Excise Duty		229,771,780	140,934,335
		4,169,265,060	2,360,412,521
Other Income	M	10,694,769	13,046,657
		4,179,959,830	2,373,459,178
EXPENDITURE			
(Increase)/Decrease In Stock	N	449,802,445	56,998,041
Cost of Materials	O	1,304,915,934	998,845,846
Salaries, Wages and Employee Benefits	P	247,327,570	182,509,335
Manufacturing, Selling & Other Expenses	Q	996,669,597	837,738,266
		2,998,715,547	2,076,091,489
Earnings Before Interest, Depreciation & Tax		1,181,244,283	297,367,689
Interest & Other Finance Expenses (Net)	R	600,760,280	483,075,156
Profit / (Loss) Before Depreciation & Extra Ordinary Items		580,484,003	(185,707,467)
Depreciation		285,722,124	228,989,369
PROFIT / (LOSS) BEFORE TAX		294,761,879	(414,696,836)
Provision for Taxation			
- Current Tax		21,000,000	6,000
- MAT Credit		(21,000,000)	(6,000)
- Excess Provision		1,451,556	-
- Deferred Tax		7,603,650	-
NET PROFIT / (LOSS)		285,706,673	(414,696,836)
Balance Brought Forward		133,236,831	547,933,667
Profit Available for Appropriation		418,943,504	133,236,831
APPROPRIATIONS			
Proposed Dividend		-	-
Corporate Tax on Proposed Dividend		-	-
General Reserves		-	-
Capital Redemption Reserves		-	-
Surplus Carried to Balance Sheet		418,943,504	133,236,831
		418,943,504	133,236,831
Earnings Per Share - Rs.		16.71	(24.25)
(Face Value of Rs. 10/- Each)			

Significant Accounting Policies & Notes on Accounts
Schedules referred to above form an integral part of the Accounts

X

AS PER OUR ATTACHED REPORT OF EVEN DATE

BY ORDER OF THE BOARD OF DIRECTORS

For DEEPAK MARU & CO.

Chartered Accountants
Firm Regn. No.115678W

JAYMIN P. SHAH

(Partner)

M.No. 118113

Mumbai

Date : August 12, 2011

JAYSHREE D. SONI

(Company Secretary)

NENSHI L. SHAH

(Chairman & Managing Director)

PARESH K. SHAH

(Director)

Mumbai

Date : August 12, 2011

Schedules to Consolidated Balance Sheet

(Amount in Rs.)

A Share Capital	As At 31-Mar-11	As At 31-Mar-10
Authorised:		
3,50,00,000 Equity Shares of Rs. 10/- each	350,000,000	350,000,000
TOTAL	350,000,000	350,000,000
Issued, Subscribed & Paid Up		
Equity Share Capital		
1,71,00,000 (Previous Year 1,71,00,000 Equity Shares of Rs.10 each fully Paid)	171,000,000	171,000,000
TOTAL	171,000,000	171,000,000
A1 Share Capital Suspense		
93,28,134 (P.Y. Nil) Equity Shares of Rs.10/- each fully Paid up to be allotted to the shareholders of erstwhile Ethix Realtors Pvt. Ltd. pursuant to the Demerger of Mumbai Realty Division of Ethix Realtors Pvt. Ltd. with the Company effective from the appointed date 1st October 2009	93,281,340	-
TOTAL	93,281,340	-
B Reserves & Surplus		
Share Premium	991,255,534	991,255,534
Surplus as per P & L A/c	418,943,503	133,236,830
General Reserve	10,000,000	10,000,000
Capital Reserve On Merger	49,728,952	-
Capital Reserve On Consolidation	2,098,827	2,098,827
TOTAL	1,472,026,816	1,136,591,191
C Secured Loans		
From Banks		
a) Vehicle Loans	8,569,770	6,310,635
b) Term Loans	3,436,236,125	2,953,141,467
c) Buyers Credit	18,022,889	-
d) Cash Credit & Other Facilities	1,160,305,929	1,143,135,417
e) Non Convertible Debentures	40,500,000	150,000,000
<i>Refer Note No.3 of Schedule "X"</i>		
TOTAL	4,663,634,712	4,252,587,519
D Unsecured Loans		
a) From Directors	62,170,210	60,482,981
b) From Shareholders	149,642,767	45,145,451
c) Inter Corporate Deposits	231,622,477	338,014,126
d) From Banks & Financial Institutions	1,092,634	823,043,814
e) From Dealers -Security Deposits	43,750,806	39,946,825
<i>Refer Note No.4 of Schedule "X"</i>		
TOTAL	488,278,894	1,306,633,197

Schedules to Consolidated Balance Sheet

(Amount in Rs.)

E Fixed Assets									
PARTICULARS OF ASSETS	GROSS BLOCK			DEPRECIATION BLOCK			NET BLOCK		
	Holding	Subsidiary	Consolidated as on 31-Mar-2011	Holding	Subsidiary	Consolidated as on 31-Mar-2011	Holding	Subsidiary	Consolidated as on 31-Mar-2011
TANGIBLE ASSETS :									
Land - Freehold	48,809,452	272,600	49,082,052	-	-	-	48,809,452	272,600	49,082,052
Building	808,204,618	-	808,204,618	95,780,553	-	95,780,553	712,424,065	-	712,424,065
Plant and Machinery	4,399,876,157	198,640	4,400,074,797	788,770,297	55,109	788,825,406	3,611,105,861	143,531	3,611,249,392
Furniture & Fixtures	47,282,103	3,385,071	50,667,174	10,571,740	46,054	10,617,794	36,710,363	3,339,017	40,049,380
Office Equipments	12,951,144	369,962	13,321,106	2,757,168	68,967	2,826,135	10,193,976	300,995	10,494,971
Vehicles	32,977,897	912,314	33,890,211	12,209,251	454,738	12,663,988	20,768,646	457,576	21,226,223
Computers	9,446,394	521,746	9,968,140	6,054,237	318,612	6,372,849	3,392,157	203,134	3,595,291
Power Project	268,032,691	-	268,032,691	142,333,219	-	142,333,219	125,699,471	-	125,699,471
INTANGIBLE ASSETS :									
Trade Mark Rights	10,000	-	10,000	10,000	-	10,000	-	-	-
Total	5,627,590,456	5,660,333	5,633,250,789	1,058,486,465	943,480	1,059,429,945	4,569,103,991	4,716,853	4,573,820,844
Previous Year	5,346,002,109	2,324,244	5,348,326,353	773,847,368	727,991	774,575,359	4,572,154,741	1,596,253	4,573,750,995

F Investments	As At 31-Mar-11	As At 31-Mar-10
NON - TRADE		
I Unquoted		
35,075 Shares of The Cosmos Co-Op. Bank Ltd.	350,750	350,750
10,000 Shares of The Cosmos Co-Op. Bank Ltd.(Subsidiary)	100,000	100,000
II National Saving Certificate	10,000	10,000
TRADE INVESTMENTS		
IV Shares of Subsidiary		
Euro Glass Ltd.	13,000,000	15,000,000
13,00,000 Equity Shares of Rs.10/- each fully paid up (P.Y 15,00,000 Eq shares of Rs 10/- each fully paid up)		
IV Investments in Capital Of Partnership Firms		
M/s.Euro Realtors	50,000	50,000
TOTAL	13,510,750	15,510,750

Schedules to Consolidated Balance Sheet

(Amount in Rs.)

G Inventories	As At 31-Mar-11	As At 31-Mar-10
a) Finished Goods	564,576,981	573,543,281
b) Stores & Spares	72,004,195	79,351,294
c) Raw Materials & Consumables	220,510,135	268,084,956
d) Packing Materials	14,347,525	10,003,976
e) Work In Process	116,448,165	104,524,281
f) Trading Items	37,165,515	38,284,173
g) Stock-In-Transit	9,964,135	5,268,926
<i>(As Valued & Certified by the Management)</i>		
TOTAL	1,035,016,651	1,079,060,888
H Sundry Debtors		
<i>(Unsecured, Considered Good)</i>		
Due for Period exceeding Six Months	297,497,209	
Less: Provision for Doubtful Debts	37,703,766	238,381,382
Due for Period less than Six Months		629,119,761
TOTAL	844,282,871	867,501,143
I Cash & Bank Balances		
Cash & Cheques in Hand	4,076,370	3,109,587
<i>(As Certified by the Management)</i>		
Balance With Scheduled Banks		
Current Accounts	2,269,266	13,033,768
Recurring Deposits	1,100,000	1,542,888
Fixed Deposits	50,197,000	45,600,040
TOTAL	57,642,636	63,286,283
J Loans & Advances		
<i>(Unsecured Considered Good)</i>		
Loans & Advances	749,345,366	135,786,000
Advance Recoverable in cash or in kind or for value to be received	118,838,303	145,169,337
MAT Credit to be availed	53,269,683	32,269,683
Deposits	14,830,021	16,768,553
Balance With Central Excise, Sales Tax etc.	63,494,547	152,151,650
Taxation (Net of Provision)	84,847,346	21,220,319
TOTAL	1,084,625,266	503,365,543

Schedules to Consolidated Balance Sheet

(Amount in Rs.)

K Current Liabilities	As At 31-Mar-11	As At 31-Mar-10
Sundry Creditors		
-Due to Micro, Small and Medium Enterprises	5,180,748	2,393,894
-Others	618,774,837	412,265,773
Advances From Customers	148,613,338	19,427,899
Unclaimed Dividend	167,087	167,232
Other Liabilites	99,517,432	76,185,960
Interest Accrued But not due	810,953	509,007
	873,064,395	510,949,764
Provisions		
Provision For Gratuity	4,417,444	-
Provision For Leave Encashment	5,701,288	3,248,547
	10,118,732	3,248,547
TOTAL	883,183,127	514,198,311

Schedules to Consolidated Profit & Loss Account

(Amount in Rs.)

L Sales & Income From Operations	For the Y.E. 31-Mar-11	For the Y.E. 31-Mar-10
Sales Domestic	4,185,836,388	2,258,461,367
Sales Export	238,698,043	212,367,889
Sales Scrap	1,225,813	3,975,848
Sales Labour Charges	2,631,261	-
Export Incentive on Advance Licenses & Export Rebates	(29,354,665)	26,541,753
	4,399,036,840	2,501,346,856
M Other Income		
Dividend Income	30,000	30,000
Profit on Sale of Investments	3,000,000	-
Rent Received	1,460,842	808,000
Exchange Rate Difference	6,203,927	12,208,657
Vat Refund	-	-
TOTAL	10,694,769	13,046,657
N (Increase) / Decrease In Stock		
OPENING STOCK		
Finished Goods	573,543,281	640,335,910
Work In Process	104,524,281	94,729,693
Stock in Trade (Realty Division)	452,760,030	-
	1,130,827,592	735,065,603
CLOSING STOCK		
Finished Goods	564,576,981	573,543,281
Work In Process	116,448,165	104,524,280
	681,025,146	678,067,561
TOTAL	449,802,445	56,998,041
O Cost Of Materials		
Raw Material Consumption	1,083,032,160	756,477,849
Purchase of Goods traded	146,302,890	181,918,984
Packing Material Consumption	75,580,884	60,449,013
	1,304,915,934	998,845,846
P Salaries, Wages & Employee Benefits		
Salaries, Wages, and Bonus	219,514,162	156,881,273
Contributions to Provident & Other Funds	11,060,967	5,638,119
Welfare Expenses	16,752,441	19,989,943
TOTAL	247,327,570	182,509,335

Schedules to Consolidated Profit & Loss Account

(Amount in Rs.)

Q Manufacturing, Selling & Other Expenses	For the Y.E. 31-Mar-11	For the Y.E. 31-Mar-10
Consumptions of Stores & Spares	64,868,709	66,533,070
Power & Fuel	459,606,421	452,053,468
Excise Duty Paid	9,818,511	16,153,388
Processing Charges	28,724,310	20,333,078
Brokerage & Commission	85,759,018	31,595,377
Advertisement	21,345,124	17,569,855
Auditors Remuneration	585,000	375,000
Repairs & Maintenance		
- Building	1,946,384	1,268,220
- Plant & Machinery	9,506,495	10,590,811
- Others	3,662,576	3,557,932
Director Remuneration	10,400,000	5,700,000
Director Sitting Fees	52,500	112,500
Donation	369,772	396,091
Insurance	23,234,150	30,833,843
Loss / (Profit) on Sale Of Fixed Assets	246,333	267,782
Rent, Rates & Taxes	15,360,907	12,243,847
Freight Outwards	73,288,581	49,623,847
Other Selling Expenses	89,892,123	60,781,424
Provision for Doubtful Debts	37,703,766	-
Miscellaneous Expenses	60,298,917	57,748,735
TOTAL	996,669,597	837,738,266
R Interest & Other Finance Expenses		
Interest on Fixed Loans	332,132,314	212,984,792
Interest on Debentures	236,668,089	33,836,815
(Profit)/Loss from Derivatives / SWAP	(662,761)	787,485
Other Interests and Financial Charges	36,643,377	245,362,934
	604,781,020	492,972,026
Less : Interest Income		
Interest on Fixed Deposits With Banks	3,960,755	2,376,813
Interest on RD Deposits with Bank	59,985	-
Other Interest	-	7,520,057
TOTAL	600,760,280	483,075,156

Notes to Consolidated Financial Statements

SCHEDULE - 'X'

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

I BASIS OF CONSOLIDATION

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

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

- (ii) The financial statements of the Company and its Subsidiary Company have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-company balances, intra-company transactions and unrealized profits or losses in accordance with AS - 21 'Consolidated Financial Statements', issued by the Institute Of Chartered Accountants of India.
- (iii) Euro Merchandise (India) Limited is a wholly owned subsidiary of the company and therefore, the information pertaining to minority shareholders is not applicable in respect thereof.
- (iv) There was a shortage of cost to the company of its investment in the subsidiary and the same has been reflected by the capital reserve on consolidation shown in the CFS.

II ACCOUNTING POLICIES

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

B. NOTES ON ACCOUNTS

(Amount in Rs.)

	Current Year	Previous Year
1 Estimated amount of contracts Remaining to be executed on capital account and not provided for.	47,93,636	1,94,60,290
2 Contingent Liabilities not provided For in the books of accounts:		
a. Bills Discounted with Banks	2,84,33,423	1,94,45,133
b. Letter of credit	2,34,28,403	12,49,37,125

c. Bank Guarantees	4,29,94,000	4,94,000
d. Custom Duty	3,69,88,372	3,69,88,372
e. The Company has imported various Capital Goods under the Export Promotion Capital Goods Scheme (EPCG), of the Government of India, through various licenses, at concessional rates of Custom Duty on an undertaking to fulfill quantified exports within a period of eight years from the date of the respective licenses. The Custom Duty so saved amounts to Rs. 31,12,05,280/- (Previous Year Rs. 33,87,48,010/-) and the corresponding Export Obligation to be fulfilled is Rs. 1,69,23,44,848/- (Previous Year Rs. 2,04,49,34,503/-) as on the Balance Sheet date. If the said export is not made within the stipulated time period, the Company is required to pay the said saved Custom Duty together with interest @15% p.a. Formal discharge from the obligation by the appropriate authorities is in progress in respect of some of the Licenses of which Export Obligation is entirely fulfilled by the close of the year.		

(Amount in Rs.)

3 SECURED LOANS:-	Current Year	Previous Year
a Vehicle Loans Are secured against vehicles specified in the respective agreements & Personal Guarantee of the Directors of the Company.	85,69,770	63,10,635
b Term Loans Are secured against the First Charge created by mortgage on all the existing and future fixed assets situated at Bhachau (Kutch) / Hypothecation of Stock & Book Debts & other current assets and second charge created by hypothecation of current assets of the Company and against the collateral securities & Personal Guarantee given by the Directors and their Relatives.	3,43,62,36,125	2,95,31,41,467
c Buyers Credit Are secured against the Fixed Deposits / Letter of Credit given as margin money and are payable within a period of one year.	1,80,22,889	NIL

d	Cash Credit & Other Facilities Are secured against the First Charge created by Hypothecation of Stock & Book Debts & other current assets and second charge created on existing as well as future fixed assets of the Company situated at Bhachau (Kutch) and against the personal Guarantee given by the Directors and their Relatives.	1,16,03,05,929	1,14,31,35,417
e	Non Convertible Debentures 1,50,000 debentures of Rs.1000/- each are issued to LIC Mutual Fund and are payable within a period of one year. (Previous Year 1,50,000 debentures of Rs.1000/- each)	4,05,00,000	15,00,00,000

4. Unsecured Loans from Banks and Financial Institutions of Rs.NIL (Previous Year Rs. 31,53,89,855/-) are payable within a period of one year.

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

(Amount in Rs.)

	Current Year	Previous Year
I Depreciation	14,67,94,651	14,47,88,406
II Expenditure/Provisions Disallowable	55,97,405	NIL

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

(Amount in Rs.)

	Current Year	Previous Year
I Profits used as Numerator for calculating EPS Net Profit after Tax	28,57,06,673	(41,46,96,836)
II Denominator Number of Equity Shares outstanding		
-Basic	1,71,00,000	1,71,00,000
-Diluted	1,71,00,000	1,71,00,000
III Nominal Value of Share in (Rs.)	10/-	10/-
IV EPS - Basic as well as Diluted	16.71	(24.25)

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

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

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

(b) Relatives of Key Management Personnel:

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

(c) Key Management Personnel:

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

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

(Amount in Rs.)

Nature of Transactions	Enterprises having common Key Management Personnel	Relative of the Key Management Personnel	Key Management Personnel
Sales, Service and other income	34,96,98,747 (42,55,73,687)	----- (-----)	----- (-----)
Sale Of Fixed Assets	----- (6,82,500)	----- (-----)	----- (-----)
Purchase of goods and services	9,75,88,597 (7,61,32,070)	19,30,000 (-----)	----- (-----)
Purchase of fixed assets	1,43,14,698 (3,28,680)	----- (-----)	----- (-----)
Donation	----- (-----)	----- (-----)	----- (-----)
Director's Remuneration/Sitting Fees	----- (-----)	----- (5,000)	1,04,52,500 (58,07,500)
Interest Received/Receivable	21,01,846 (31,37,157)	----- (-----)	----- (-----)
Interest Paid/Payable	80,39,756 (37,30,470)	7,395 (8,010)	74,20,616 (95,06,260)
Loans/Advances Taken	13,78,04,017 (45,68,82,702)	----- (-----)	9,37,96,995 (19,56,20,000)
Loans/Advance Repaid	27,88,50,789 (67,45,55,464)	82,168 (-----)	6,91,63,372 (24,76,78,804)
Loans/Advances Given	18,40,94,400 (42,74,98,306)	----- (-----)	----- (-----)
Loans/Advance Received Back	28,36,50,000 (41,02,70,890)	----- (-----)	----- (-----)

Nature Of Transactions	Enterprises having common Key Management Personnel	Relative of the Key Management Personnel	Key Management Personnel
Outstanding balance as at 31-03-2011			
Loans Payable	7,63,59,699 (21,47,29,126)	----- (-----)	8,93,86,569 (6,04,82,981)
Loans Receivable	3,05,30,400 (14,09,99,581)	---- (-----)	----- (-----)
Amount Receivable	10,99,01,586 (10,80,86,156)	----- (-----)	----- (-----)
Amount Payable	51,24,761 (11,41,902)	2,40,000 (-----)	----- (-----)

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

8. a) For Segment Information Refer Annexure I.

b) For Cash Flow Statement Refer Annexure II.

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

AS PER OUR ATTACHED REPORT OF EVEN DATE

For DEEPAK MARU & CO.

Chartered Accountants
Firm Regn. No.115678W

JAYMIN P. SHAH

(Partner)

M.No. 118113

Mumbai

Date : August 12, 2011

BY ORDER OF THE BOARD OF DIRECTORS

JAYSHREE D. SONI

(Company Secretary)

NENSHI L. SHAH

(Chairman & Managing Director)

PARESH K. SHAH

(Director)

Mumbai

Date : August 12, 2011

Annexure - I**CONSOLIDATED SEGMENTWISE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2011****I) Primary Segments - Business****(Amount in Rs.)**

	Tiles Division		Aluminium Division		Sanitaryware Division		Realty Division		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
a) Segmental Revenue										
Sales to External Customers	2,479,672,502	2,126,430,307	189,305,139	231,873,283	230,059,199	143,043,266	1,500,000,000	-	4,399,036,840	2,501,346,856
Less : Excise Duty	196,653,312	114,951,654	17,457,604	17,668,616	15,660,864	8,314,065	-	-	229,771,780	140,934,335
	2,283,019,190	2,011,478,653	171,847,535	214,204,667	214,398,335	134,729,201	1,500,000,000	-	4,169,265,060	2,360,412,521
Inter-segmental Revenue	-	-	-	-	-	-	-	-	-	-
Total Segmental Revenue	2,283,019,190	2,011,478,653	171,847,535	214,204,667	214,398,335	134,729,201	1,500,000,000	-	4,169,265,060	2,360,412,521
b) Segmental Results (PBIT)	104,338,516	209,889,849	(2,666,185)	40,157,411	(69,153,524)	(15,922,461)	995,491,970	-	1,028,010,777	234,124,799
Less: Interest & Finance Charges									600,760,280	483,075,156
									427,250,497	(248,950,357)
Less: Unallocable Expenses Net of Unallocable Income									132,488,618	165,746,479
Profit Before Tax & Exceptional Items									294,761,879	(414,696,836)
Loss / (Gain) due to Exceptional Items									-	-
Profit Before Tax									294,761,879	(414,696,836)
Less: Provision for Current Tax									21,000,000	6,000
Add: MAT Credit									(21,000,000)	(6,000)
Less: Earlier Years Short Provisions									1,451,556	-
Less: Provision for Deferred Tax									7,603,650	-
Less: Provision for Fringe Benefit Tax									-	-
Profit After Tax									285,706,673	(414,696,836)
c) Carrying amount of Segmental Assets	5,745,826,661	5,799,241,950	58,799,351	77,413,847	1,365,397,340	1,236,976,790	786,422,851	-	7,956,446,202	7,113,632,587
Unallocated Assets									1,026,780,687	1,186,741,396
Total Assets									8,983,226,889	8,300,373,983
d) Carrying amount of Segmental Liabilities	3,588,087,897	3,576,978,776	6,952,733	3,720,609	37,252,201	15,928,856	-	-	3,632,292,831	3,596,628,241
Unallocated Liabilities									2,555,195,958	2,621,579,192
Total Liabilities									6,187,488,789	6,218,207,433
e) Cost incurred to acquire Segment										
Fixed Assets during the year	6,764,733	184,725,033	223,205	593,264	139,878,385	766,582	-	-	146,866,324	186,084,879
Unallocated Assets									29,633,014	45,461,842
f) Depreciation / Amortization	197,092,584	153,625,492	2,298,109	2,289,253	47,897,322	36,731,633	-	-	247,288,015	192,646,379
Unallocated depreciation									38,434,109	36,342,991

Note : There are no Inter-Segmental transactions in the previous year as well as current year.

II) Primary Segments - Geographical

	Year Ended 31-Mar-11	Year Ended 31-Mar-10
The Company's operating facilities are located in India		
Domestic Revenues	3,930,567,017	2,148,044,632
Export Revenues	238,698,043	212,367,889
TOTAL	4,169,265,060	2,360,412,521

Annexure - II Consolidated Cash Flow Statement

(Amount in Rs.)

Particulars	2010-11		2009-10
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before tax		294,761,879	(414,696,836)
Adjustments for :			
Depreciation	285,722,124		228,989,369
Interest & Finance Charges (net)	600,760,280		483,075,156
Dividend & Other Incomes	(1,490,842)		(838,000)
Provision for Doubtful Debts	37,703,766		
(Profit) / Loss on Sale of Investments	(3,000,000)		-
(Profit) / Loss on Sale of Fixed Assets	246,333	919,941,661	267,782
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		1,214,703,539	296,797,471
Decrease / (Increase) in sundry debtors	(14,485,494)		14,773,883
Decrease / (Increase) in other current assets	(517,632,697)		126,693,739
Decrease / (Increase) in inventories	44,044,237		115,099,867
Increase / (Decrease) in trade and other payables	352,224,381	(135,849,575)	186,904,185
CASH GENERATED FROM OPERATIONS		1,078,853,964	740,269,145
Income taxes paid (Net of Refund)		(65,078,583)	(2,605,767)
NET CASH FROM OPERATING ACTIVITIES			737,663,378
B. CASH FLOW FROM INVESTING ACTIVITIES			
(Purchase) of Fixed Assets including Capital Work in Progress	(177,806,209)		(231,546,721)
Sales Proceeds from Sale of Fixed Assets	193,000		870,000
Sales Proceeds from Sale of Investments	5,000,000		(50,000)
Interest Received	4,020,740		9,896,870
Dividend & Other Incomes	1,490,842		838,000
NET CASH (USED IN)/FROM INVESTING ACTIVITIES			(167,101,627)
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from Borrowings	-		59,358,986
Repayments of Borrowings	(407,307,110)		-
Increase / (Decrease) in payables for capital goods	16,760,435		(141,742,265)
Share Capital Suspense	93,281,340		
Capital Reserve on Demerger	49,728,952		
Interest and Finance Charges paid	(604,781,020)		(492,972,026)
NET CASH (USED IN)/FROM FINANCING ACTIVITIES			(852,317,403)
NET INCREASE IN CASH AND EQUIVALENTS			(5,643,648)
CASH AND CASH EQUIVALENTS (OPENING BALANCE)			120,970,061
CASH AND CASH EQUIVALENTS (CLOSING BALANCE)			63,286,283

AS PER OUR ATTACHED REPORT OF EVEN DATE

BY ORDER OF THE BOARD OF DIRECTORS

For DEEPAK MARU & CO.

Chartered Accountants
Firm Regn. No.115678W

JAYMIN P. SHAH

(Partner)

M.No. 118113

Mumbai

Date : August 12, 2011

JAYSHREE D. SONI

(Company Secretary)

NENSHI L. SHAH

(Chairman & Managing Director)

PARESH K. SHAH

(Director)

Mumbai

Date : August 12, 2011

12th August, 2011

To,
The Members

Ref.: Intimation of email address for receipt of documents electronically

As a responsible corporate citizen, your Company welcomes and supports the 'Green Initiative' taken by the Ministry of Corporate Affairs, Government of India (MCA) vide its Circular Nos. 17/2011 dated April 21, 2011 and 18/ 2011 dated April 29, 2011. The above initiative will go a long way in conserving papers which is a natural resource as also result in substantial savings on printing and posting of annual reports and other documents of your Company. In terms of the enabling provisions of these Circulars, the Company will henceforth effect electronic delivery of documents including annual reports, and other notices of meeting / postal ballot notices, etc. to the members at the email address registered for the said purpose with the Company or with respective depositories, in case shares are held in demat form.

For supporting this initiative, if you hold shares in:-

- a) **Electric form**, please intimate your email address to your Depository Participant (DP). The same will be deemed to be your registered email address for serving notices/documents including those covered under section 219 of the Companies Act, 1956.

- b) **Physical form**, please send a duly signed letter quoting the name of first/ sole holder and folios to the Company's Registrar:

M/s. Link Intime India Private Limited
C13, Pannalal Silk Mills Compound,
L.B.S Marg, Bhandup (West),
Mumbai 400 078

Kindly note that if you do not register your email address, a physical copy of the annual report and other communication/ documents will be sent to you free of cost, as per current practice. Such documents will also be displayed on the Company's website www.eurovitrified.com

We strongly urge you to support this 'Green Initiative' by opting for electronic mode of communication and making the world a cleaner, greener and healthier place to live. In case your shares are in physical form, we also urge you to have your shares dematerialized by approaching Depository Participant (DP) of your choice.

For Euro Ceramics Limited

Jayshree D. Soni
Company Secretary

EURO CERAMICS LIMITED

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

FORM OF PROXY

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

I/We.....
of being a Member / Members
of EURO CERAMICS LIMITED hereby appoint
ofor failing him.....
of as my/our /proxy to vote for me/us, on my /our behalf of at the
9TH ANNUAL GENERAL MEETING of the Company, to be held on Wednesday the 28th day of September, 2011 at 10.00 a.m. at Sir Pochkanwala Bankers
Training (SPBT) College, JVPD Scheme, Vile Parle (West), Mumbai 400 056 and at any adjournment thereof.

Signed: _____ day of _____ 2011

Affix
Revenue
Stamp



EURO CERAMICS LIMITED

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

ATTENDANCE SLIP

(To be completed and presented at the Entrance)

9TH ANNUAL GENERAL MEETING 28TH SEPTEMBER, 2011

I hereby record my presence at the 9th Annual General Meeting of the Company held at Sir Pochkanwala Bankers Training (SPBT) College, JVPD Scheme, Vile Parle (West), Mumbai 400 056, on Wednesday 28th September 2011 at 10.00 a.m.

Folio No. DP ID No. Client ID No.

Name

Member / Proxy

Signature

NOTES:

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

Disclaimer

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

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

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EURO CERAMICS LTD.

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