

Euro Ceramics Ltd.

CIN : L26914MH2002PLC135548



September 29, 2018

To,
The Manager-CRD
BSE Limited
Jeejeebhoy Towers
Dalal Street,
Mumbai - 400001
Scrip code: **532823**

The Manager- The Listing Department,
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex,
Bandra (E),
Mumbai - 400051.
Scrip symbol: **EUROCERA**

Sub.: Submission of Annual Report for the Financial Year 2017-18.

Pursuant to the provisions of Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the Annual Report of the Company for the Financial Year 2017-18 as approved and adopted at the 16th Annual General Meeting of the Company held on Friday, September 28, 2018.

Kindly take the same on your record.

Thanking you

For Euro Ceramics Limited



Viral Nandu
Chairman & Whole Time Director
DIN: 01767620

Encl: A/a



EURO CERAMICS LTD.



**16TH ANNUAL REPORT
2017 - 2018**

CORPORATE INFORMATION

BOARD OF DIRECTORS

- 1. Mr. Viral Nandu**
Chairman & Whole-time Director
- 2. Mr. Dhaval Gada**
Independent Director
- 3. Mrs. Lata Mehta**
Independent Director
- 4. Mr. Gautam Pandit**
Independent Director
(w.e.f. May 30, 2017)

REGISTERED OFFICE

208, Sangam Arcade,
Vallabhnbhai Road, Opp. Railway Station,
Vile Parle (West), Mumbai-400 056
Tel: 022-4019 4019
Fax: 022-4019 4020
Email- sales@eurocl.com
Website: www.eurovittrified.com

FACTORY

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

CHIEF EXECUTIVE OFFICER:

Mr. Nenshi L. Shah

CHIEF FINANCIAL OFFICER

Mr. Paresh K. Shah

COMPLIANCE OFFICER

Mr. Pratik K. Shah

STATUTORY AUDITORS

M/s. Rasesh Shah & Associates.
Chartered Accountants, Gujarat

SECRETARIAL AUDITORS

M/s. Shivali Maurya & Co
Company Secretaries, Mumbai

BANKERS

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

REGISTRAR & SHARE TRANSFER AGENT

M/s. Link Intime India Private Limited
C-101, 247 Park, L.B.S. Marg,
Vikhroli (West), Mumbai-400083
Tel: 022 - 4918 6270
Fax: 022 - 4918 6060
Email - rnt.helpdesk@linkintime.co.in
Website: www.linkintime.co.in

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EURO CERAMICS LIMITED

CIN: L26914MH2002PLC135548

Registered Office: 208, Sangam Arcade, Vallabhbai Road, Opp. Railway Station, Vile Parle (West), Mumbai – 400 056**Phone:** +91-22-4019 4019; **Fax:** +91-22-4019 4020; **E-mail:** sales@eurocl.com; **Website:** www.eurovitified.com**NOTICE**

Notice is hereby given that the 16th (Sixteenth) Annual General Meeting of the members of Euro Ceramics Limited will be held on Friday, September 28, 2018 at 11.00 a.m. at Gomantak Seva Sangh, 72/A, Mahant Road Extension, Vile Parle (East), Mumbai - 400 057 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements (including Audited Consolidated Financial Statements) for the year ended March 31, 2018 together with the Boards' Report and Auditors' Report thereon.
2. To appoint a Director in place of Mr. Viral Nandu (DIN: 01767620), Whole-time Director of the Company, who retires by rotation and being eligible, offers himself for re-appointment.
3. To ratify the appointment of Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration. In this connection to consider and if thought fit, to pass, with or without modification(s) the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 139 of Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, and the resolution passed by the members at the 15th Annual General Meeting (AGM) held on September 29, 2017, the appointment of M/s. Rasesh Shah & Associates, Chartered Accountants, Gujarat (FRN: 108671W), as Statutory Auditors of the Company, to hold office from the conclusion of 15th AGM till the conclusion of the 20th AGM to be held for the financial year ending March 31, 2022, be and is hereby ratified and the Board of Directors of the Company be and is hereby authorized to fix the Auditor's remuneration payable for the financial years from 2018-19 upto 2021-22 in consultation with the auditor.

RESOLVED FURTHER THAT the resolution passed in the Annual General Meeting held on September 29, 2017 for appointment of M/s.

Rasesh Shah & Associates, as auditors of the company requiring the ratification of their appointment at every subsequent Annual General Meetings till 20th Annual General Meeting, shall stand modified to the extent that no such ratification/confirmation shall henceforth be necessary for their remainder period of appointment.”

SPECIAL BUSINESS:

4. Re-appointment of Mr. Viral Nandu (DIN: 01767620) as Chairman & Whole time Director of the Company.

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**

“RESOLVED THAT pursuant to provisions of Sections 196, 197, 198 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and in accordance with the relevant provisions of the Articles of Association of the Company and subject to the approval of the government/regularity authority if any; Mr. Viral Nandu (DIN: 01767620), be and is hereby re-appointed as Chairman and Whole-time Director of the company for a period of 3 (three) years w.e.f. September 30, 2018 upto September 29, 2021 without any remuneration, and shall be liable to retire by rotation.

RESOLVED FURTHER THAT remuneration if any paid to Mr. Viral Nandu in the future during the term of his office as such will be subject to the provisions of Section 197, 198 and Schedule V of the Companies Act, 2013.”

“RESOLVED FURTHER THAT for the purpose of giving effect to the aforesaid resolution, the Board of Directors of the Company be and are hereby severally authorized to do all such acts, deeds and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle

any question, difficulty or doubt that may arise in the said regard.”

5. Increase in the limit of investment by Non Resident Individuals (NRIs) in the Company's Equity Share Capital.

To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Foreign Exchange Management Act, 1999, the Foreign Exchange Management Transfer or Issue of Security by a Person Resident outside India) Regulations, 2017, read with the Master Directions on Foreign Investment dated January 4, 2018 issued by Reserve Bank of India, the Consolidated FDI Policy, as subsequently amended, and all other applicable rules, and regulations, guidelines and laws (including any statutory modifications or re-enactment thereof for the time being in force) and subject to all applicable approvals, permissions and sanctions and subject to such conditions as may be prescribed by any of the concerned authorities while granting such approvals, permissions, sanctions which may be agreed to by the Board, approval of the shareholders be and is hereby accorded to permit Non Resident Indians (“NRIs”), to acquire and hold on their own account such number of equity shares aggregating up to 24%

of the issued, subscribed and paid-up equity share capital of the Company for the time being, subject to applicable laws, rules and regulations.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things and execute all documents or writings as may be necessary, proper or expedient for the purpose of giving effect to this resolution and for matters connected therewith or incidental thereto including delegating all or any of the powers conferred herein to any Committee of Directors or any Director or Officer of the Company.”

By Order of the Board of Directors

Viral Nandu
Chairman & Whole Time Director
DIN 01767620

Registered Office:
208, Sangam Arcade,
Vallabhbhair Road,
Opp. Railway Station,
Vile Parle (West),
Mumbai - 400 056

Place: Mumbai
Date: August 10, 2018

NOTES:

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE, IN CASE OF POLL ONLY, ON HIS/HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES, IN ORDER TO BE VALID, SHOULD BE DULY COMPLETED, STAMPED AND SIGNED AND MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.** A person can act on behalf of member(s) not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights provided that a member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such

person shall not act as proxy for any other member.

- 2.** The Statement pursuant to Section 102 of the Companies Act, 2013, in respect of Special Business is annexed hereto and forms part of this Notice.
- 3.** Members / Proxies are requested to bring their duly filled in Attendance slip along with the Annual Report at the Annual General Meeting (AGM). Corporate members are requested to send duly certified copy of the Board Resolution pursuant to Section 113 of the Companies Act, 2013 authorizing their representative to attend and vote at the AGM (including through e-voting) or any adjournment thereof.
- 4.** Brief resume of Directors proposed to be appointed/re-appointed at the ensuing AGM in terms of Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements)

- Regulations, 2015 ("Listing Regulations") and Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India (ICSI) is annexed to this Notice. The Company is in receipt of relevant disclosures / consents from the Directors pertaining to their appointment.
5. The Register of Directors' and Key Managerial Personnel and their Shareholding as maintained under Section 170 and the Register of Contracts or Arrangement in which Directors are interested as maintained under Section 189 of the Companies Act, 2013 will be open for inspection for the members during the AGM.
 6. Pursuant to the provisions of Section 91 of the Companies Act, 2013 the Register of Members and Share Transfer Books of the Company will remain closed from Friday, September 21, 2018, to Friday September 28, 2018 (both days inclusive).
 7. Members holding shares in physical form are requested to notify immediately any change in their address or bank mandates to the Company / Registrar and Share Transfer Agent (RTA) quoting their Folio Number and Bank Account Details along with self-attested documentary proofs. Members holding shares in electronic form may update such details with their respective Depository Participants.
 8. Members who hold shares in dematerialized form are requested to bring their client ID and DP ID for easier identification of attendance at the meeting. In case of joint holders attending the meeting, the joint holder with highest, in order of names will be entitled to vote.
 9. Members are requested to forward all share transfers and other communications, correspondence to the RTA of the Company, M/s. Link Intime India Private Limited, 101,247 Park, L.B.S. Marg, Vikhroli (West), Mumbai-400083 and members are further requested to always quote their Folio Number in all the correspondences forwarded to the Company.
 10. Members desirous of obtaining any information on the financials and operations of the Company are requested to address their queries to the Compliance Officer of the Company at the registered office of the Company at least 10 (ten) days in advance of the AGM to enable the Company to provide the required information at the meeting.
 11. Members having multiple folios in identical names or in joint names in the same order are requested to write to RTA of the Company, enclosing their share certificate(s) to enable the Company for consolidation of all such shareholding into one folio to facilitate better services.
 12. Members are requested to bring their original photo ID (like PAN Card, Aadhar Card, Voter Identity Card, etc, having photo identity) while attending the AGM.
 13. The Securities and Exchange Board of India has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are therefore requested to submit their respective PAN details to their respective Depository Participants with whom they have their demat account(s). Members holding shares in physical form can submit their PAN details to the RTA of the Company.
 14. Non Resident Indian members are requested to inform the Company's RTA, immediately of any change in their residential status on return to India for permanent settlement, their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code, IFSC and MICR Code, as applicable if such details were not furnished earlier.
 15. To comply with the provision of Section 88 of the Companies Act, 2013 read with Rule 3 of the Companies (Management and Administration) Rules, 2014, the Company is required to update its database by incorporating some additional details of its members in its records.

Members are thus requested to kindly submit their e-mail ID and other details vide the e-mail updation form attached in this Annual Report. 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 their signatures as per record available with the RTA of the Company.
 16. The Notice of the 16th AGM and instructions for e-voting along with Attendance Slip and Proxy Form are being sent by electronic mode to all

members whose e-mail address are registered with the RTA/Company/Depository Participant(s) unless member has requested for hard copy of the same. For members who have not registered their e-mail address, physical copies of the aforesaid documents are being sent at their registered addresses by permitted mode.

17. Route Map for the venue of the 16th AGM of the Company is appearing at the end of the Annual Report and is also uploaded on the website of the Company, i.e. www.eurovitrified.com.

18. Voting through electronic means:

In compliance with provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014, as amended from time to time, Regulation 44 of Listing Regulations and Secretarial Standards on General Meetings (SS-2) issued by the ICSI, the Company is pleased to provide e-voting facility to its members to cast their votes electronically on all the resolutions as set forth in the Notice convening the 16th AGM of the Company to be held on Friday, September 28, 2018. The Company has engaged the services of Central Depository Services (India) Limited (CDSL) to provide the e-voting facility.

The facility of voting through polling papers shall also be made available at the venue of the 16th AGM. The members who have already cast their votes through e-voting may attend the meeting but shall not be entitled to cast their vote again at the AGM.

E-voting is optional.

(A) Procedure/ Instructions for e-voting are as under:

- i. The members should log on to the e-voting website www.evotingindia.com.
- ii. Click on "Shareholders" to cast votes.
- iii. Now Enter User ID
 - For CDSL: 16 digits beneficiary ID,
 - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - Members holding shares in Physical Form should enter Folio Number registered with the Company.

- iv. Next enter the Image Verification as displayed and Click on Login.
- v. If members are holding shares in demat form and had logged on to www.evotingindia.com and have voted earlier for any company, then their existing password is to be used.
- vi. If members are first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form

PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company / Depository Participant are requested to use the sequence number printed on the attendance sticker.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth in (dd/mm/yyyy format) as recorded in the demat account or in the company records in order to login. If the details are not recorded with the depository or company please enter the member's DP ID / Client ID / Folio number in the Dividend Bank details field as mentioned in instruction (iii) above.

- vii. After entering these details appropriately, click on "SUBMIT" tab.
- viii. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in DEMAT form will now reach 'Password Creation' menu wherein they are required to mandatorily change their password in the new password field. Kindly note that this password can be also used by the DEMAT holders for voting on resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

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- ix. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- x. Members can also update their mobile number and e-mail ID in the user profile details of the folio which may be used for sending communication(s) regarding CDSL e-voting system in future. The same may be used in case the Member forgets the password and the same needs to be reset.
- xi. Click on the EVSN for 'Euro Ceramics Limited' on which the members choose to vote.
- xii. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that the member assents to the Resolution and option NO implies that member dissent to the Resolution.
- xiii. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire AGM Notice.
- xiv. After selecting the resolution, members have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If they wish to confirm their vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xv. Once members "CONFIRM" their vote on the resolution, they will not be allowed to modify their vote.
- xvi. Members can also take out print of the voting done by them by clicking on "Click here to print" option on the Voting page.
- xvii. If a Demat account holder has forgotten the login password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xviii. Members can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- xix. Note for Non – Individual Shareholders and Custodians:**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be e-mailed to helpdesk.evoting@cdslindia.com
 - After receiving the login details, a Compliance user should be created using the admin login and password. The Compliance User would be able to link the account(s) which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (B) General:**
- i. In case of any queries regarding e-voting you may refer to the Frequently Asked Questions ('FAQs') and e-voting manual available at www.evotingindia.com under 'HELP' or write an email to helpdesk.evoting@cdslindia.com
 - ii. The voting rights of the members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date i.e. Friday, September 21, 2018.
 - iii. Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. Friday, September 21, 2018 may obtain the login ID and password by sending a request at helpdesk.evoting@cdslindia.com.
 - iv. However, if members are already registered with CDSL for e-voting then they can use their existing user ID and password for casting vote. If they forgot their password, they can reset it by using "Forgot User Details/Password" option available on www.evotingindia.com.
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OTHER INSTRUCTIONS

- v. The Company has appointed M/s. Manish Ghia & Associates, Company Secretaries, Mumbai as the Scrutinizer for scrutinizing the process of e-voting and voting through poll papers at the AGM in a fair and transparent manner.
- vi. The Company has fixed Friday, September 21, 2018 as the 'Cut-off Date' for the purpose of e-voting. The e-voting /voting rights of the members/ beneficial owners shall be reckoned on the equity shares held by them as on the Cut-off Date i.e. Friday, September 21, 2018 only.
- vii. The e-voting period will commence on Tuesday, September 25, 2018 (09:00 am) and ends on Thursday, September 27, 2018 (05:00 pm). During the e-voting period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. Friday, September 21, 2018, may cast their votes electronically. The e-voting module shall be disabled by CDSL for voting on Thursday, September 27, 2018 after 05.00 pm. Once the vote on a resolution is cast by the member, he shall not be allowed to change it subsequently.
- viii. A member may participate in the AGM even after exercising his right to vote through e-voting but shall not be allowed to vote again at the AGM.
- ix. The facility of voting through polling papers shall also be made available at the venue of the 16th AGM to all those members who are present at the AGM but have not casted their votes by availing the e-voting facility.
- x. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of e-voting as well as voting at the AGM through poll paper.
- xi. In case, members cast their vote through both e-voting and voting through polling paper, then vote casted through e-voting shall be considered and vote cast through polling paper shall be treated as invalid.
- xii. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Poll Paper" for all those members who are present at the AGM but have not cast their votes by availing the e-voting facility.
- xiii. The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through e-voting in the presence of at least two witnesses not in the employment of the Company and shall submit, not later than 48 hours of the conclusion of the AGM, a Consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- xiv. The Results declared along with the Consolidated Report of the Scrutinizer shall be placed on the Company's website www.eurovitrified.com and on the website of CDSL www.evotingindia.com immediately after the declaration of the result by the Chairman or a person authorized by him in writing. The results will also be immediately forwarded to the BSE Limited and National Stock Exchange of India Limited, where the shares of the company are listed and the same will be available on the website of www.bseindia.com and www.nseindia.com.

In pursuance of the Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings (SS-2) issued by The Institute of Company Secretaries of India (ICSI), details of Directors seeking appointment/ re-appointment at the 16th Annual General Meeting are stated as under:

Particulars	
Name of the Director	Mr. Viral T. Nandu
Designation	Chairman & Whole-time Director
DIN	01767620
Date of Birth/ Age	January 4, 1985 (33)
Nationality	Indian
Date of first appointment on Board	30 th September, 2016
Qualifications	B Com, FMBA
Expertise and Experience in functional area	Experience of more than 14 years in Marketing
Number of shares held in the Company	Nil
Number of Board Meeting attended during 2017-18	5 (five)
Terms and Conditions of appointment or re-appointment and remuneration sought to be paid or last drawn	NA
List of Directorships held in various other Companies.	Euro Merchandise (India) Limited
List of Chairmanship and Membership of various committees in Public Companies	Euro Ceramics Limited Chairmanship: NIL Membership: <ol style="list-style-type: none"> 1. Audit Committee; 2. Stakeholders Relationship Committee; 3. Corporate Social Responsibility Committee.
Relationship with existing Directors and Key Managerial Personnel of the company	Nil

STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 102 OF THE COMPANIES ACT, 2013:

ITEM NO.4:

Mr. Viral T. Nandu, has been associated as a Vice President-Sanitary Ware Division of the Company since 2007. Mr. Viral T. Nandu is having an experience of more than 14 years in Marketing of Marble and Sanitary Ware products. Considering his prolonged association with the Company and vast experience, the Board of Directors on recommendation of Nomination and Remuneration Committee of the Company, in its meeting held on August 10, 2018 re-appointed him as Whole-time Director of the Company for a further period of 3 years w.e.f. September 30, 2018.

Brief resume of Mr. Viral Nandu pursuant to Regulation 36(3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings (SS-2) issued by The Institute of Company Secretaries of India (ICSI) is annexed and forms part of the Notice of 16th AGM of the Company dated August 10, 2018.

The Board recommends the resolution as set out at item no.4 of the Notice of 16th AGM of the Company for your approval.

Except Mr. Viral Nandu, none of the other Directors and Key Managerial Personnel of your Company and their relatives is concerned or interested in the aforesaid resolution.

ITEM NO. 5:

In order to enable and encourage both Non-Resident Indians ("NRIs")/ an Overseas Citizen of India (OCI), on repatriation basis, to invest in the equity shares of the Company, the Company proposes to enhance the existing sectoral cap of investment by NRIs/ OCI in the Company from 10% (Ten percent) to 24% (Twenty Four percent) of the total paid-up equity share capital of the Company on

fully diluted basis. As per the provisions of Annexure 3 of Notification No. FEMA 20(R)/2017-RB of November 7, 2017 [FEMA 20(R)], the aggregate ceiling of 10% for NRIs/OCI may be increased upto the aggregate ceiling of 24% of the total paid up equity capital of the Company on fully diluted basis, subject to the conditions as laid down in FEMA 20(R) and by passing a special resolution to that effect by the shareholders.

Accordingly, the consent of the shareholders is sought for passing the special resolution as set out at Item no. 5 of the Notice for increase in the limit of shareholding of NRIs/OCI as stated in the resolution.

The Board of Directors of the Company recommends the special resolution set out at Item No. 5 of the Notice for approval by the shareholders.

None of the directors of the Company or key managerial personnel or their relatives is, in any way, are concerned or interested in the said resolution.

All documents referred to in the accompanying Notice and the explanatory statement would be available for inspection at the Registered Office of the Company between 11.00 am to 1 pm on all working days except Saturdays, upto and including the date of the AGM.

By Order of the Board of Directors

Viral Nandu
Chairman & Whole Time Director
DIN 01767620

Registered Office:
208, Sangam Arcade,
Vallabhnbhai Road,
Opp. Railway Station,
Vile Parle (West),
Mumbai - 400 056

Place: Mumbai
Date: August 10, 2018

BOARD'S REPORT

To
The Members,
Euro Ceramics Limited

Your Directors hereby present the Sixteenth (16th) Annual Report of the Company together with the Audited Financial Statements for the financial year ended on March 31, 2018.

FINANCIAL HIGHLIGHTS FOR THE CONTINUING OPERATIONS: (₹ in Lakhs)

Particulars	Standalone		Consolidated	
	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2018	For the year ended March 31, 2017
Revenue from operations	2,030.03	1,176.96	2,036.08	1,185.97
Other Income	142.06	202.08	164.36	202.32
Total Income	2,172.09	1,379.06	2,200.44	1,388.29
Earnings Before Interest, Depreciation and Tax	(1,184.98)	(1,072.66)	(1,196.63)	(1,080.80)
Less : Interest and other finance expenses	44.14	54.91	44.40	57.75
Less: Depreciation	1,971.89	1,969.44	1972.17	1,969.72
Profit/(Loss) Before Exceptional and Extraordinary Item& Tax	(3,201.01)	(3,097.01)	(3,213.20)	(3,107.65)
Exceptional items [(Loss)/Gain]	831.11	5,004.52	831.11	5,004.52
Profit/(Loss) before extraordinary items and tax	(2,369.90)	1,907.21	(2,382.09)	1,896.87
Less: Extraordinary Item	-	-	-	-
Profit/(Loss) Before Tax	(2,369.90)	1,907.21	(2,382.09)	1,896.87
Less: Tax Expenses				
a. MAT Credit Entitlement- Reversal	532.64	-	532.63	-
b. Short provisions of earlier years	-	-	3.43	-
Profit / (Loss) for the Year from Continuing Operations (A)	(2,902.54)	1,907.21	(2,918.15)	1,896.87
*Profit / (Loss) for the period from Discontinuing Operations	-	583.91	-	583.91
Net Profit from Disposal of Assets of Discontinuing operations	-	2,715.86	-	2715.86
Less: Tax expenses for discontinuing operations	-	-	-	-
Total Profit/(Loss) from Discontinuing Operations (B)	-	3,299.78	-	3,299.78
Other Comprehensive income (C)	26.16	0.55	0.55	26.16
Total Comprehensive Income (A+B+C)	7,131.21	5207.54	(2,917.59)	5,196.65
Add: Balance Brought forward from the previous year	(21,130.97)	(26,337.96)	(2,3701.41)	(28,898.06)
Balance Carried forward to Balance Sheet	(24,033.51)	(21,130.97)	(26,619.56)	(23,701.41)

**In the previous financial year i.e. F.Y. 2016-17, the Company has sold its sanitaryware division and the same was considered as discontinued operations for the financial reporting as per Accounting Standard AS 24 issued by the ICAI. The financials for the year under review are given for the continuing operations of tiles which includes vitrified tiles, wall tiles and marble division.*

NOTES:

Company has adopted Indian Accounting Standards (IND AS) which is applicable from April 1, 2017. As per the SEBI Circular CIR/CFD/FAC/62/2016 dated July 5, 2016, the company has also provided INDAS compliant financial results for the year ended March 31, 2017.

According to the requirements of SEBI (Listing obligations and Disclosures Requirements) Regulations, 2015, revenue for the year ended March 31, 2018 was reported inclusive of excise duty.

The Good and Service Tax (GST) has been implemented with effect from July 1, 2017 which replaces Excise Duty and other input taxes. As per INDAS 18, the revenue for the year March 31, 2018 is reported net of GST.

FINANCIAL REVIEW:

The turnover of the Company during the year is increased by ₹ 853.07 Lakhs, compared to previous year from ₹ 1,176.96 Lakhs to ₹ 2,030.03 Lakhs, the Loss before exceptional items & tax stood at ₹ 3,201.01 Lakhs for the year as compared to ₹ 3,097.31 Lakhs for the previous year.

The brief financial highlights are given above and discussed in detail in Management Discussion and Analysis forming part of this report.

OPERATIONAL REVIEW:**a. Calcareous Tiles/Mable Division :**

During the year under review the operational revenue was majorly contributed by Marble division. The marble division was under performed due to working capital shortages.

b. Sanitaryware Divisions:

The Company continued the business of Sanitaryware products through trading, after hiving off the manufacturing unit in previous year and generated turnover of ₹ 757.88 Lakhs during the year under review.

c. Other Division:

The Company's Vitrified tiles plant, Wall tiles plant and Aluminium Extruded Sections plants were continued to be inoperative during the year under review due to working capital shortages and did not generate any revenue except for sale of old stock in hand.

There was no business in the Realty Division during the year.

SHARE CAPITAL:

There was no change in share capital of the Company during the year 2017-18. The paid up equity share capital of your Company as on March 31, 2018 stands as ₹ 3,373.77 Lakhs divided into 3,37,37,717 Equity shares of the face value of ₹10/- (Rupee Ten) each.

LISTING OF SHARES:

The Equity shares of the Company are listed on National Stock Exchange of India Limited (NSE) and BSE Limited (BSE). The Company has paid the requisite listing fees to the respective Stock Exchanges for the financial year 2017-18.

DIVIDEND:

In view of the loss during the year and liquidity crunch felt by the Company, your Directors do not recommend any dividend for the financial year 2017-18.

PUBLIC DEPOSITS:

Your Company has not accepted any deposits within the meaning of Section 73 and 76 of the Companies Act, 2013 ('The Act') read with Companies (Acceptance of Deposits) Rules, 2014 for the year ended March 31, 2018. However, the Company has accepted unsecured loans from friends and relatives of Directors/Promoters, before the commencement of the Act, which falls within the meaning of deposits as defined under Sections 74 and 75 of the Act and as per the rules framed thereunder. Due to liquidity crunch coupled with secured lenders restriction, the Company could not repay the same and also could not file the statement as required under Section 74(1)(a) of the Act. The aforesaid non-compliance was inadvertent and due to absence of Whole-time Company Secretary in the Company.

ACTION AGAINST THE COMPANY BY THE BANKS UNDER SECURITIZATION AND RECONSTRUCTION OF FINANCIAL ASSETS AND ENFORCEMENT OF SECURITY INTEREST ACT, 2002 (SARFAESI) AND THE RECOVERY OF DEBTS DUE TO THE BANKS AND FINANCIAL INSTITUTION ACT 1993:

The Company has been incurring losses since F.Y.2011-12 onwards which has resulted in erosion of its net worth and depletion in its working capital. Eventually there were defaults in the repayment of obligations to banks and the relevant loan accounts - Term Loans, Cash Credits and other Non-Fund Based Credits which are classified as Non-

Performing Assets by the Lenders. Consequently the Lenders have called-off their advances and issued notice for recovery under Section 19 of Recovery of Debts (DRT) and under Section 13(2) of the Securitization & Reconstruction of Financial Assets & Enforcement of Security Interest (SARFAESI) Act, 2002 to the Company.

However the Company has settled some of the lenders completely by paying one time settlement amount during the previous year and obtained their No Dues Certificates and released the charge from Registrar of Companies as well as Sub Registrar of Assurances. Some of the Lenders have been settled with deferred payment schedule by paying substantial amount upfront. However the amount due till March 2018 is pending to be paid to these lenders. The Company in discussion with these lenders for granting some additional time to settle the balance amount amicably.

BUSINESS RESTRUCTURING :

Your management in view to revive the Company from losses and to settle the outstanding dues of the Lenders and other creditors, the Company has decided, through members approval, to re-organise/ re-structure the business of the Company to meet its present needs the members have approved the resolution authorizing the board to sell the Assets of the Company, subject to lenders and other approvals, if deemed appropriate as part of business restructuring process. The details of the resolution approved and voting results of the members of the Company through postal ballot is detailed in Report of Corporate Governance.

EXTRACT OF ANNUAL RETURN:

An extract of Annual Return in Form MGT 9 is appended to this Report as **Annexure I**.

HOLDING, SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES AND CONSOLIDATED FINANCIAL STATEMENTS:

As on the financial year ended March 31, 2018, the Company has 1(One) wholly owned subsidiary company named- M/s. Euro Merchandise (India) Limited and a Subsidiary entity i.e. Partnership Firm named: M/s. Euro Relators. The Company does not have any Holding, Associate or any Joint Venture Company. During the year under review, the Board of Directors ('the Board') reviewed the affairs of the Subsidiary Company. In accordance with Section 129(3) of the Act, Consolidated Financial Statements have been prepared for the Company and its subsidiary company including subsidiary entity i.e. partnership

firm, which forms part of this Annual Report. Further, a statement containing salient features of the financial statements of the Wholly-owned subsidiary company and Subsidiary Entity in **Form AOC-1** is appended as **Annexure-II** to the Financial Statements forming part of this Annual Report.

In accordance with Section 136 of the Act, the Audited Financial Statements (including the Consolidated Financial Statements) and related information of the Company, are available on the Company's website http://www.eurovitrified.com/reports_filing.html.

These documents will also be made available for inspection at the Registered Office of the Company during business hours on all working days upto the date of Annual General Meeting.

DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMPs').

In accordance with the provision of Section 152 of the Act read with the Companies (Management and Administration) Rules, 2014 and the Articles of Association of the Company, Mr. Viral Nandu, Chairman & Wholetime Director of the Company, retires by rotation at the ensuing Annual general Meeting and being eligible has offered himself for re-appointment.

Your Board recommends the appointment of the Mr. Viral Nandu as the Director of the Company.

Further, the tenure of Mr. Viral Nandu, as Chairman and Wholetime Director expires on September 29, 2018. The Board, on recommendation of Nomination & remuneration Committee, at its meeting held on August 10, 2018 approved the re-appointment of Mr. Viral Nandu, as Chairman & Wholetime Director of the Company for a further period of three (3) years w.e.f. September 30, 2018 to September 29, 2021 at NIL remuneration and such terms and conditions as stated in resolution No. 4 of the Notice of AGM, dated August 10, 2018, subject to approval of members of the Company.

Pursuant to Regulation 36(3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'Listing Regulations') and Secretarial Standards on General Meeting (SS-2) issued by the Institute of Company Secretaries of India (ICSI), brief resume of the Directors proposed to be appointed / re-appointed in the ensuing Annual General Meeting are provided in Notice of 16th Annual General Meeting of the Company.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Act and Regulation 16(1)(b) of Listing Regulations.

There has been no change among the KMP's during the year under review.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 134(3)(c) of the Act, the Directors of your Company, to the best of their knowledge and based on the information and explanations obtained by them, state that:

- a. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b. the directors 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 March 31, 2018 and of the loss of the company for that period;
- c. the directors 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;
- d. the directors have prepared the annual accounts on a going concern basis;
- e. the directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- f. the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

MEETINGS OF THE BOARD OF DIRECTORS:

The Board meets at regular intervals to discuss and decide on Company's business policy and strategy apart from other businesses of the Board. During the year under review, the Board met 5 (five) times. The details of the meetings of Board of Directors and the attendance of the Directors at the meetings are provided in the Report on Corporate Governance. The intervening gap between the two consecutive meetings was within the period prescribed under the Act.

ANNUAL EVALUATION OF PERFORMANCE BY THE BOARD:

In terms of applicable provisions read with Schedule IV of the Act and Rules framed thereunder and Regulation 17 of Listing Regulations read with Part D of Schedule II of the Listing Regulations, the Board of Directors has put in place a process to formally evaluate the effectiveness of the Board along with performance evaluation of each Director to be carried out on an annual basis.

Pursuant to the provisions of the Act, and Listing Regulations, the evaluation of the Board and its performance, the directors individually and the working of its Audit Committee, Corporate Social Responsibility (CSR) Committee, Stakeholders' Relationship Committee and Nomination and Remuneration Committee of the Company was carried out by the Board. The Board has evaluated the performance of each of Executive, Non-Executive and Independent Directors considering the business of the Company and the expectations that the Board have from each of them. The evaluation framework for assessing the performance of Directors comprises of the following key areas:

- i. Attendance at Board Meetings and Committee Meetings;
- ii. Quality of contribution to Board deliberations;
- iii. Strategic perspectives or inputs regarding future growth of Company and its performance;
- iv. Providing perspectives and feedback going beyond information provided by the management;
- v. Ability to contribute to and monitor corporate governance practices.

During the year under review, the Nomination and Remuneration Committee reviewed the performance of all the executive and non-executive directors of the Company.

A separate meeting of the Independent Directors was held for evaluation of performance of Non-Independent Directors, performance of the Board as a whole including Chairman of the Company.

COMMITTEES OF THE BOARD:

Subsequent to the changes in the Board of Directors during the year under review, the Board re-constituted its Committees in accordance with the Companies Act, 2013 and Listing Regulations. There are currently 4 (four) Committees of the Board, which are stated herewith:

- a. Audit Committee;
- b. Stakeholders' Relationship Committee;
- c. Nomination and Remuneration Committee;
- d. Corporate Social Responsibility (CSR) Committee.

Details of all the Committees along with their charters, composition and meetings held during the year, are provided in the "Report on Corporate Governance" which forms part of this Annual Report.

AUDIT COMMITTEE AND ITS COMPOSITION:

The Audit Committee of the Company reviews the reports to be submitted with the Board of Directors with respect to auditing and accounting matters. It also supervises the Company's internal control and financial reporting process. The Audit Committee is duly constituted as per the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of Listing Regulations. The Composition of the Audit Committee is also given in the Report on Corporate Governance which is annexed to this report.

STATUTORY AUDITORS:

M/s Rasesh Shah & Associates, Chartered Accountants, Surat, Gujarat (FRN:108671W), were appointed as Statutory Auditors of the Company at 15th AGM held on September 29, 2017, for a term of 5 (five) consecutive years, pursuant to the provisions of Section 139 of the Act read with Companies (Audit and Auditors) Rules, 2014., subject to ratification of the Auditors by the members at every AGM held after his appointment. As per MCA Notification dated May 07, 2018 the requirement to ratify the appointment of the statutory auditors by the members at AGM has been done away.

The Company has received a consent letter and an eligibility certificate from the said Auditors confirming that they are willing to continue to act as statutory auditors of the Company and are eligible to hold the office as Auditors of the Company.

As such on recommendation of the Audit Committee, the Board recommends the ratification of appointment of M/s Rasesh Shah & Associates, Chartered Accountants, Surat, Gujarat as Statutory Auditors of the Company for the remaining term of their appointment, to audit the Financial Statements of the Company and to fix their remuneration for F.Y. 2018-19 to F.Y. 2021-22 as may be agreed between the Board of Directors and the Statutory auditors.

AUDITORS' REPORT:

With reference to the observations made by the Statutory Auditors in their Standalone and Consolidated Report on the Audited Financial Statements for the year ended March 31, 2018 your Directors would like to reply as under:

- a. *The Company and its Group Companies ("the Group") current liabilities exceeds its current assets and net worth of the group has been fully eroded, these events indicate a material uncertainty that casts a significant doubt on the Group ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business. The financial results do not disclose the fact that the fundamental accounting assumption of going concern has not been followed.*

Management Reply:-Your Directors would like to state that the Company and group companies ("the Group") are operational & Manufacturing Marble and employed more than 150 employees. The Group & its management with its positive efforts could sale its fixed assets of Sanitaryware business undertaking and some of the land parcels, and settled its debt with many of its secured lenders either on one time settlement basis or with deferred payment schedule with some upfront payment as per their terms of compromise settlement. It is also taking serious efforts in reviving its tiles division operation. The management has taken and been taking all diligent steps under legal advice, to defend the Group in all the litigation. Considering the reduction in debt burden and considering the ample opportunities in the market and growth drivers for the industry per se, Directors are optimistic about the turnaround of the Group with the infusion of the long term funds and working capital fund with support of the lenders.

- b. *Some of the bank lenders have initiated legal proceedings against the Company for recovery of their respective debts at the Debt Recovery Tribunal and have taken symbolic possession of the securities u/s. 13(4) of the SARFAESI Act, 2002. However the Company has been able to renegotiate with the secured lenders and arrive at an amicable settlement of its debts. The Company has made the settlement of its total debt outstanding with the secured*

lenders. Accordingly some of the lenders have been settled completely on one time settlement basis and others have agreed for deferred payment along with some upfront payment based on their respective terms of settlement. In view of the above settlement, the Company has not provided the interest on the outstanding dues payable as per the settlement terms on the outstanding agreed amount of settlement amounting to ₹ 1,119 Lakhs for the year ended March 31, 2018 and the interest amount not provided cumulatively from the date of settlement upto March 31, 2018 was ₹ 2,172 Lakhs. Had the same been accounted for, the net loss (after tax) would have decreased and current liabilities for the year ended March 31, 2018 would have increased by that amount. In addition to this, the Company has been continuously incurring substantial losses since past few years and as on March 31, 2018, the Company's current liabilities exceed its current assets by ₹ 25,082.40 Lakhs. Further, the net-worth of the Company has fully eroded and the Company had also filed registration u/s. 15(1) of the erstwhile Sick Industrial Companies (Special Provisions) Act, 1985, before the erstwhile Hon'ble Board for Industrial & Financial Reconstruction.

Management Reply:-The Company has settled its debts with secured lenders either on one time settlement basis or compromise settlement with defer payment schedule with some upfront payment as per the terms of sanction. In view of the absence of adequate cash flows and profits, the management of the Company has decided not to charge the interest in the Profit and Loss Account.

- c. *The Group has not provided for impairment or diminishing value of its assets/investment as per 'Ind AS 36 – Impairment of Assets' as notified under Section 133 of the Companies Act, 2013. The effect of such Impairment or diminishing value has not been quantified by the management and hence the same is not ascertainable.*

Management Reply:-The Group has made the provisions for diminution in the value of its investments/assets wherever required. Management has a policy to maintain the assets and keep them in working condition, so that its value does not get affected in long run. The management is optimistic about realizing

the value of its Assets / Investments nearest to its carrying value, and there is no further diminution in the value of its assets / investment other than depreciation / amortization provided for.

- d. *The financial statements are subject to receipt of confirmation of balances from many of the debtors, loans & advances, investments, banks, sundry creditors and other liabilities. Pending receipt of confirmation of these balances and consequential reconciliations / adjustments, if any, the resultant impact on the financial statements is not ascertainable.*

Management Reply:- Your management would like to state that the Company is in the process of obtaining the confirmations from debtors, creditors, lenders and loans advances in routine course of business and have obtained from some of them. The reconciliations are made and the effects have been given in the books of accounts wherever required.

- e. *The Holding Company, had imported various Capital Goods and Spares and Consumables for the 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 fulfil quantified exports within a period of eight years from the date of respective licenses. The Custom Duties so saved amounted to ₹30,76,45,374/- and the corresponding Export obligation to be fulfilled amounted to ₹ 2,46,11,62,991/-, however as on March 31, 2018, the Export obligation yet to be fulfilled amounted to ₹ 169,19,04,058/-. The stipulated period of 8 years to fulfil Export obligation has already expired and the company is required to pay the said saved Custom Duty together with interest @ 15% p.a. but the same has not been provided in books of accounts by the Company and the final liability is presently unascertainable.*

Management Reply:- The Holding Company had a good export track record in the past and has completed its EPCG obligation in more than 8 licenses in the past. However due to adverse market conditions during the period 2008, 2009 and 2010 and global economy slowdown the total exports of the Company were affected drastically and in the later years the financial position of the Holding Company

was further affected due to liquidity crunch, which in a way affected the overall revenue of the group, including the export revenues and also the net worth of the group Company turned negative and the Company had also referred to BIFR under the provision of Sick Industrial Companies Act. The group has applied for extension of time for export for the said licenses with the authorities, however the same was not granted and further the Holding Company has filed a petition with Honourable High Court, Mumbai for appropriate remedy in the said matters.

- f. *As required under Section 203 of the Act the Holding company is yet to appoint a Company Secretary and the company is not in compliance with Regulation 6 of LODR which requires Company Secretary to be appointed as Compliance Officer.*

Management Reply:- The management would like to state that the Company is in the process of appointment of Whole time Company Secretary. The Holding Company has also given advertisement in the newspaper for the vacancy, however still suitable candidate is awaited.

- g. *In respect of deposits accepted by the Holding company before the commencement of this Act, within the meaning of section 74 & 75 of the Act and the Rules framed there under, the principal amount of such deposits and interest due thereon remained unpaid even after expiry of one year from such commencement and the Holding Company has not filed a statement within a period of three months from such commencement or from the date on which such payments, are due, with the Registrar details as prescribed u/s. 74(1)(a).*

Management Reply:- To meet working capital requirements, the Holding Company raised funds by accepting unsecured loans from friends and relatives of Directors which are known to the Group without invitation to public in general after filing Statement in lieu of Advertisement (SLA) pursuant to the provisions of Section 58A of the erstwhile Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975. As the financial position of the Group was under stress and consequently defaulted on its obligation to secured lenders, all the lenders have classified the Company's account as Non-Performing

Assets (NPA). The Company suffered losses and cash flow of the Company was under stress. Further, the Net Worth of the Company eroded completely. The non-compliance relating to filing of e-form DPT-4 is unintentional and the compliances was missed out inadvertently.

- h. *Overdue receivables aggregating to ₹ 170 Lakhs as on March 31, 2018, towards purchase of goods included under "Trade Receivables" owed to the Company by its Foreign Customers due for more than 6 months as on March 31, 2018. These balances have not been settled till March 31, 2018. The Company is yet to make an application to the authorized dealer or Reserve Bank of India (RBI) for overdue receivable balances beyond the prescribed time limits in accordance with Foreign Exchange Management Act (FEMA). Any penalties that may be levied by RBI are presently not known and not given effect to in the INDAS financial statements.*

Management Reply:- The Company shall initiate the process for compliance of the same and is expecting to realize the said amount.

- i. *The Group has interest free borrowings, classified under Non-Current Financial Liabilities, which are borrowed from various related parties and other lenders, the repayment terms of which have not been agreed between the Group and the lenders. The Group has not fair valued such sums received in accordance with the provisions of 'Ind AS – 109 – Financial Instrument' and 'Ind AS – 113 – Fair Value Measurement'. The effect of such treatment has not been quantified by the management and hence the same is not ascertainable.*

Management Reply:- As the financial position of the Group is under stress and also it has defaulted on its obligation to secured lenders, all the lenders have classified the Group's account as Non-Performing Assets (NPA). The Group suffered losses and cash flow of the Group was under stress. Further, the Net Worth of the Group eroded completely. In order to continue the operations of the Group, the Group in the past borrowed funds from various relatives and friends of Promoters and Directors. The same was mutually agreed between the parties and no interest was charged by the lenders on the same. Also, the

repayment terms was also not fixed between the Company and the lenders. Therefore, the Group would continue to classify such borrowings as Non Current.

- j. *The non-ascertainment of complete particulars of dues to Micro, Small and Medium enterprises, if any under MSMED Act, 2006, and provisions towards interest, if any, is not ascertained at this stage which is not in conformity with 'Ind AS 37-Provision, Contingent Liabilities and Contingent Assets'.*

Management Reply:- The Group is in the process of identifying the creditors which are Micro, Small and Medium Enterprises under MSMED Act.

- k. *As stated in Note 48 to the standalone financial statements, the Company's non-current investments as at March 31, 2018 include investments aggregating ₹143 lakhs in two of its subsidiaries (of which ₹ 142.50 lakhs has been provided); and loans as at that date include dues from such subsidiaries aggregating ₹ 7,608.46 lakhs (of which ₹ 3,410 lakhs has been provided), net amount being considered good and recoverable by the management considering the factors stated in the aforesaid note. However, these subsidiaries either have accumulated losses and their consolidated net worth is fully eroded or have no transactions. Further, these subsidiaries are facing liquidity constraints due to which they may not be able to realize projections made as per their respective business plans. In the absence of sufficient appropriate evidence, we are unable to comment upon the carrying value of these non-current investments and recoverability of the aforesaid dues and the consequential impact, if any, on the accompanying standalone financial statements.*

Management Reply:- The management would like to state that the loans and advances are given in the normal course of business to a firm where the Company is a partner with majority share.

Your directors would like to state that the management of the subsidiary Company is hopeful of reviving its business with the changing economic scenario and is negotiating with the lender for amicable settlement of its dues.

- l. *The Group has not provided for interest on financing facilities amounting to ₹ 1,690 Lakhs for the year ending March 31, 2018 and the interest amount not provided cumulatively from the date of settlement upto March 31, 2018 was ₹ 4,866 Lakhs. Had the same been provided, the loss for the year ending March 31, 2018, would have increased by ₹ 1,690 lakhs. The corresponding current liabilities would have increased by the cumulative amount of interest.*

Management Reply:- The Company has settled its debts with secured lenders either on one time settlement basis or compromise settlement with defer payment schedule with some upfront payment as per the terms of sanction. In view of the absence of adequate cash flows and profits, the management of the Company has decided not to charge the same in the Profit and Loss Account.

INTERNAL AUDIT:

Pursuant to the provisions of Section 138 of the Act, read with Companies (Accounts) Rules, 2014, the Board on recommendation of the Audit Committee, re-appointed M/s. Kavish Shah & Co., Chartered Accountants, Mumbai, as Internal Auditor of the Company. The Internal Auditor monitors and evaluates the efficiency and adequacy of internal control system in the Company, its compliances with operating systems, accounting procedures and policies at all locations of the Company and reports the same to the Audit Committee on quarterly basis.

Based on the report of internal audit, management undertakes corrective action in their respective areas and thereby strengthens the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee and the Board.

SECRETARIAL AUDIT REPORT:

Pursuant to the provisions of Section 204 of the Act, read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and as recommended by the Audit Committee, M/s. Shival Mauraya & Co, Company Secretaries, Mumbai were appointed as the Secretarial Auditors of the Company to undertake Secretarial Audit of the Company for the year 2017-18. The Report of the Secretarial Auditor is appended to this Report as **Annexure III**.

With regard to observations made by the Secretarial Auditors' in their Report, your Directors would like to state as under:

- (a) *as required under section 203 of the Act the company is yet to appoint a Company Secretary;*

Managements' Reply: The management would like to state that the Company is in the process of appointment of Whole time Company Secretary. The Company has also given advertisement in the newspaper for the vacancy, however still suitable candidate is awaited.

- (b) *the company has not complied with the provisions of Section 133 of the Act pertaining to 'Indian Accounting Standard (Ind AS) 36' w.r.t. Accounting for impairment or diminishing value of its assets and Ind AS 37 w.r.t. non-ascertainment of complete particulars of dues to Micro, Small and Medium enterprises, if any under MSMED Act, 2006, the brief particulars of which are stated in the Statutory Auditor's Report in "point no c & j" under the heading Basis for Qualified opinion;*

Managements' Reply :- The Company has made the provisions for diminution in the value of its investments/assets wherever required. Management has a policy to maintain the assets and keep them in working condition, so that its value does not get affected in long run. The management is optimistic about realizing the value of its Assets / Investments nearest to its carrying value, and there is no further diminution in the value of its assets / investment other than depreciation / amortization provided for.

- (c) *in respect of outstanding deposits as at March 31, 2017, the company was required to file Form DPT-3 latest by June 30, 2017 which has not been filed and also I would like to draw attention towards the fact that in respect Deposit accepted by the Company before the commencement of the Act, within the meaning of Section 74 and 75 of the Act and rules framed thereunder, the principle of such deposit and interest due thereon remained unpaid even after the expiry;*

Managements' Reply :- To meet working capital requirements, the Holding Company raised funds by accepting unsecured loans from friends and relatives of Directors which are known to the Group without invitation to public in general after filing Statement in lieu of Advertisement (SLA) pursuant to the

provisions of Section 58A of the erstwhile Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975. As the financial position of the Group was under stress and consequently defaulted on its obligation to secured lenders, all the lenders have classified the Company's account as Non-Performing Assets (NPA). The Company suffered losses and cash flow of the Company was under stress. Further, the Net Worth of the Company eroded completely. The non-compliance relating to filing of e-form DPT-3 is unintentional and the compliances was missed out inadvertently.

- (d) *as required under Section 135 of the Act the Company has not constituted CSR Committee;*

Management Reply:- In absence of adequate profits, the Company has not constituted CSR Committee. However your Company has duly constituted the CSR Committee in F.Y. 2018-19. Details of the committee constituted is disclosed in the Board Report.

- (e) *pursuant to our observation at "a" above, the company is not in compliance with Regulation 6 of LODR which requires Company Secretary to be appointed as Compliance Officer;*

Management Reply:- same as given at point (a).

- (f) *as per the FEMA guidelines issued by Reserve Bank of India (RBI) the holding by Foreign Institutional Investors (FIIs), Non-Resident Indians (NRIs), and Persons of Indian Origin (PIOs) exceeds the ceiling limit as prescribed under the said guidelines. The Company was required to obtain approval from members by special resolution, however the Company has not obtained the same.*

Management Reply:- Special Resolution for increasing the ceiling limit of holding by Foreign Institutional Investors (FIIs), Non-Resident Indians (NRIs), and Persons of Indian Origin (PIOs) has been included for members approval in ensuing AGM to be held on September 28, 2018. The delay for the non-compliance was inadvertent and due to absence of Whole time Company Secretary in the Company.

VIGIL MECHANISM / WHISTLE BLOWER POLICY :

The Company has adopted a Vigil Mechanism / Whistle Blower Policy to deal with instance of fraud and mismanagement, if any, in accordance with

Section 177 of the Companies Act, 2013 and Regulation 22 of the Listing Regulations. The mechanism also provides for adequate safeguards against victimization of directors and employees who avails of the mechanism and also provide for direct access to the Chairman of the Audit Committee in the exceptional cases. The detail of the Vigil Mechanism / Whistle Blower Policy is explained in the Report on Corporate Governance and is also available on the website of the Company at <http://www.eurovitrified.com/pdf/Vigil%20Mechanism%20Policy.pdf>. We affirm that during the financial year 2017-18, no employee or Director were denied access to the Audit Committee.

PARTICULARS OF REMUNERATION:

During the year under review, no employee was in receipt of remuneration exceeding the limits as prescribed under provisions of Section 197 of the Companies Act, 2013 and Rule 5(2) and 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Details as required under provisions of Rule 5(2) and Rule 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed to this Report as **Annexure IV**

Disclosure with respect to the ratio of remuneration of each Director to the median employees' remuneration as required under Section 197 of the Companies Act, 2013 read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is appended to this Report as **Annexure IV**.

INTERNAL FINANCIAL CONTROL:

The Board has adopted the policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to Company Policies, safeguarding of assets, prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and timely preparation of reliable financial disclosures.

The Audit Committee evaluates the efficiency and adequacy of financial control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company and strives to maintain the Standard in Internal Financial Controls.

RISKS AND AREAS OF CONCERN:

The Company has laid down a well-defined Risk Management Policy covering the risk mapping, trend analysis, risk exposure, potential impact and

risk mitigation process. A detailed exercise is being carried out to identify, evaluate, manage and monitor both business and non-business risks. The Audit Committee and Board periodically reviews the risk and suggest steps to be taken to control and mitigate the same through a properly defined framework.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SECTION 188(1) OF THE COMPANIES ACT, 2013:

All the transactions with related parties were in the ordinary course of the business and on arm's length basis and are reported in the Notes to the Financial Statements. No material transactions were entered with the related parties during the year under review. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3) of the Act in Form AOC-2 is not applicable.

In accordance with the provisions of Regulation 23 of the Listing Regulations, the Company has formulated the Related Party Transactions Policy and the same is uploaded on the Company's website <http://www.eurovitrified.com/pdf/Policy%20on%20Related%20Person%20Transaction.pdf>.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013:

The details of loans, guarantees or investments made by the Company under Section 186 of the Act, are provided in the Notes to Financial Statements.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE:

There was no significant or material order passed by any regulator or court or tribunal, which impacts the going concern status of the Company or will have bearing on company's operations in future.

MATERIAL CHANGES AND COMMITMENT, IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENT RELATES AND THE DATE OF THE REPORT:

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year 2017-18 to which this financial statement relates and the date of this report

except the matters which are disclosed in the financial statements and its reports.

REPORT ON CORPORATE GOVERNANCE:

Pursuant to the provisions of Regulation 34 read with Schedule V of Listing Regulations, the following have been made a part of the Annual Report and are appended to this report:

- Management Discussion and Analysis;
- Report on Corporate Governance;
- Declaration on Compliance with Code of Conduct;
- Auditors' Certificate regarding compliance with conditions of Corporate Governance.

INFORMATION UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

The Company adopted a Policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company has constituted an Internal Complaint Committee under Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. There was no complaint received by committee on sexual harassment during the year under review.

COMPLIANCE WITH SECRETARIAL STANDARDS:

The Company has devised proper systems to ensure compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India and the Company strives to comply with all the applicable provisions of the same.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

Information in terms of requirement of clause (m) of Sub-Section (3) of Section 134 of the Companies Act, 2013 regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, read along with Rule 8 of the Companies (Accounts) Rules, 2014 are given in **Annexure V**.

DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON CORPORATE SOCIAL RESPONSIBILITY

INITIATIVES:

The statutory provisions of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014 has become effective during the FY 2017-18 as the Company's net profit during the FY 2016-17 exceeded the threshold limit. However the Company is not obligated to spend on CSR activities as it had incurred average net loss during the three preceding financial years.

As a good Corporate Governance initiative, the Board of Directors at its meeting held on May 29, 2018 had constituted the CSR Committee. The Committee comprises of the following members :

Name of the member	Designation
Ms. Lata Mehta	Chairperson
Mr. Dhaval Gada	Member
Mr. Gautam Pandit	Member (w.e.f May 30, 2017)

The Committee recommends to the Board of Directors for their perusal, the CSR Policy and amount of expenditure to be incurred as when the Company has aggregated net profits. The CSR Policy is also placed on the Company's website and the link for the same is <http://www.eurovitrified.com/pdf/Euro-Ceramics-Limited-CSR-Policy.pdf>.

However a report on Corporate Social Responsibility (CSR) as per Rule 8 of Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed as a separate **Annexure – VI**.

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, Lenders, 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.

By Order of the Board of Directors

Viral Nandu
Chairman & Whole Time Director
DIN 01767620

Place: Mumbai
Date: August 10, 2018

Annexures to Board's Report

Annexure I
Form No. MGT-9
Extract of Annual Return
(As on the financial year ended March 31, 2018)

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies
(Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

1.	CIN	L26914MH2002PLC135548
2.	Registration Date	April 16, 2002
3.	Name of the Company	Euro Ceramics Limited
4.	Category/Sub-Category of the Company	Non-Government Company Limited by Shares
5.	Address of the Registered office and contact details	208, Sangam Arcade, Vallabhbhai Road, Opp. Railway Station, Vile Parle (West), Mumbai, Maharashtra - 400056 Phone: 022 - 40194019, Fax: 022- 40194020 Email: sales@eurocl.com Website: www.eurovitrified.com
6.	Whether listed Company (Yes/No)	Yes. BSE Limited and National Stock Exchange of India Limited.
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Pvt. Ltd 101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai-400083 Phone: 022 – 2594 6970 / 78 Fax: 022 - 4918 6060 Email : rnt.helpdesk@linkintime.com Website: www.linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product	% to total turnover of the company
1.	Marble	2395/2396	59.41
2.	Sanitaryware	2392	39.16

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of shares	Applicable Section
1	M/s. Euro Merchandise (India) Limited Address: 208, Sangam Arcade, Vallabhbhai Road, Opp. Railway Station, Vile Parle (West), Mumbai, Maharashtra-400056	U51420MH2004PLC145654	Subsidiary	100%	2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**i. Category-wise Share Holding**

Category of shareholders		No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters										
1. Indian										
a)	Individual/ HUF	3541452	0	3541452	10.50	3541452	0	3541452	10.50	0
b)	Central Govt.	0	0	0	0	0	0	0	0	0
c)	State Govt.	0	0	0	0	0	0	0	0	0
d)	Bodies Corp.	0	0	0	0	0	0	0	0	0
e)	Bank/ FI	0	0	0	0	0	0	0	0	0
f)	Any Other	0	0	0	0	0	0	0	0	0
Sub-total(A) (1):-		3541452	0	3541452	10.50	3541452	0	3541452	10.50	0
2. Foreign										
a)	NRI- Individual	0	0	0	0	0	0	0	0	0
b)	Other Individuals	0	0	0	0	0	0	0	0	0
c)	Body Corporate	0	0	0	0	0	0	0	0	0
d)	Bank/ FI	0	0	0	0	0	0	0	0	0
e)	Any Others	0	0	0	0	0	0	0	0	0
Sub-total(A) (2):-		0	0	0	0	0	0	0	0	0
Total Share Holders of Promoters (A)=(A1+A2)		3541452	0	3541452	10.50	3541452	0	3541452	10.50	0
B. Public Shareholding										
1. Institutions										
a)	Mutual Funds	0	0	0	0	0	0	0	0	0
b)	Bank/FI	2907150	0	2907150	8.62	1846879	0	1846879	5.47	(3.14)
c)	Venture Capital	0	0	0	0	0	0	0	0	0
d)	Insurance Co.	0	0	0	0	0	0	0	0	0
e)	FIIs & QFI	0	0	0	0	0	0	0	0	0
f)	Foreign Venture Capital Investors	0	0	0	0	0	0	0	0	0
g)	Foreign Portfolio Investor	1993228	0	1993228	5.91	100002	0	100002	0.30	(5.61)
h)	Any others (specify)	0	0	0	0	0	0	0	0	0
Sub- Total –B(1)		4900378	0	4900378	14.52	1946881	0	1946881	5.77	(8.75)
2)	Central Government/ State Government(s)/ President of India	0	0	0	0	0	0	0	0	0
Sub- Total –B(2)		0	0	0	0.00	0	0	0	0.00	0.00

Category of shareholders		No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
3. Non Institutions										
a) Individual										
i)	Individual shareholders holding nominal share capital upto ₹ 1 lakh	3960784	23	3960807	11.74	5773319	23	5773342	17.11	5.37
ii)	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	11064387	0	11064387	32.80	12476919	0	12476919	36.98	4.19
b) Others (Specify)										
b-i)	Hindu Undivided Family	413622	0	413622	1.23	441466	0	441466	1.31	0.08
b-ii)	NRI (Non Repat.)	41306	0	41306	0.12	46592	0	46592	0.14	0.02
b-iii)	NRI (Repat.)	941437	2477579	3419016	10.13	923485	2477579	3401064	10.08	(0.05)
b-iv)	Clearing Member	242297	0	242297	0.72	286819	0	286819	0.85	0.13
b-v)	Bodies Corporate	6154452	0	6154452	18.24	5823182	0	5823182	17.26	(0.98)
Sub-total B (3)		22818285	2477602	25295887	74.98	25771782	2477602	28249384	83.73	8.75
Total Public Shareholding (B)= (B1+B2+B3)		27718663	2477602	30196265	89.50	27718663	2477602	30196265	89.50	0.00
C. Non Promoter Non Public Shareholding										
a. Shares held by Custodians for GDR's and ADRs		0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)		31260115	2477602	33737717	100.00	31260115	2477602	33737717	100.00	0.00

ii. Shareholding of Promoters' and Promoters group:

Sr. No	Promoters' Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in shareholding during the year
		No. of Shares	% of total shares of the company	% of shares Pledged/encumbered to total shares	No. of Shares	% of total shares of the company	% of shares Pledged/encumbered to total shares	
1	Mr. Nitesh Panchalal Shah	790000	2.34	100.00	790000	2.34	100.00	0
2	Mrs. Kasturben Talakshi Nandu	740000	2.19	100.00	740000	2.19	100.00	0
3	Mrs. Urmi Paresch Shah	460000	1.36	100.00	460000	1.36	100.00	0
4	Mr. Nenshi L Shah	371360	1.10	100.00	371360	1.10	100.00	0
5	Mr. Talakshi Lakhamshi Nandu	304790	0.90	100.00	304790	0.90	100.00	0
6	Mr. Paresch Kanji Shah	295840	0.88	100.00	295840	0.88	100.00	0
7	Mr. Kumar Panchalal Shah	280845	0.83	100.00	280845	0.83	100.00	0
8	Mr. Pratik Kumar Shah	161060	0.48	100.00	161060	0.48	100.00	0
9	Laljibhai Khirabhai Shah – HUF	137047	0.41	100.00	137047	0.41	100.00	0
10	Mr. Minal Paragbhai Shah	200	0.00	0.00	200	0.00	0.00	0
11	Mr. Anish Kumar Shah	100	0.00	0.00	100	0.00	0.00	0
12	Mr. Mahek Harish Shah	100	0.00	0.00	100	0.00	0.00	0
13	Mr. Pinank Nenshi Shah	100	0.00	0.00	100	0.00	0.00	0
14	Mrs. Gunvantiben N Shah	10	0.00	0.00	10	0.00	0.00	0
Total		3541452	10.50	100.00	3541452	10.50	100.00	0

iii. Change in Promoters' Shareholding:

Sr. No.	Promoters' Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	Mr. Nitesh Panchalal Shah				
A	At the beginning of year	790000	2.34	-	-
B	Changes during the year	No change during the year			
C	At the end of year	-	-	790000	2.34

iii. Change in Promoters' Shareholding:

Sr. No.	Promoters' Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
2	Ms. Kasturben Talakshi Nandu				
A	At the beginning of year	740000	2.19	-	-
B	Changes during the year	No change during the year			
C	At the end of year	-	-	740000	2.19
3	Mrs. Urmi Paresh Shah				
A	At the beginning of year	460000	1.36	-	-
B	Change during the year	No change during the year			
C	At the end of year	-	-	460000	1.36
4	Mr. Nenshi Ladhabsai Shah				
A	At the beginning of year	371360	1.10	-	-
B	Changes during the year	No change during the year			
C	At the end of year	-	-	371360	1.10
5.	Mr. Talakshi Lakhamshi Nandu				
A	At the beginning of year	304790	0.90	-	-
B	Changes during the year	No change during the year			
C	At the end of year	-	-	304790	0.90
6.	Mr. Paresh Kanji Shah				
A	At the beginning of year	295840	0.88	-	-
B	Changes during the year	No change during the year			
C	At the end of year	-	-	295840	0.88
7	Mr. Kumar Panchalal Shah				
A	At the beginning of year	280845	0.83	-	-
B	Changes during the year	No change during the year			
C	At the end of year	-	-	280845	0.83
8	Mr. Pratik Kumar Shah				
A	At the beginning of year	161060	0.48	-	-
B	Change during the year	No change during the year			
C	At the end of year	-	-	161060	0.48

iii. Change in Promoters' Shareholding:

Sr. No.	Promoters' Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
9	Lalji Khirabhai Shah – HUF				
A	At the beginning of year	137047	0.41	-	-
B	Change during the year	No change during the year			
C	At the end of year	-	-	137047	0.41
10	Mr. Minal Paragbhai Shah				
A	At the beginning of year	200	0.00	-	-
B	Change during the year	No change during the year			
C	At the end of year	-	-	200	0.00
11	Mr. Anish Kumar Shah				
A	At the beginning of year	100	0.00	-	-
B	Changes during the year	No change during the year			
C	At the end of year	-	-	100	0.00
12	Mr. Mahek Harish Shah				
A	At the beginning of year	100	0.00	-	-
B	Change during the year	No change during the year			
C	At the end of year	-	-	100	0.00
13	Mr. Pinank Nenshi Shah				
A	At the beginning of year	100	0.00	-	-
B	Change during the year	No change during the year			
C	At the end of year	-	-	100	0.00
14	Mrs. Gunvantiben N Shah				
A	At the beginning of year	10	0.00	-	-
B	Changes during the year				
	Date	Reason			
	16.06.2017	Sell		(10)	-
	21.07.2017	Purchase		10	0.00
C	At the end of year	-	-	10	0.00

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Shareholder's Name		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1.	Mr. Dharmesh Kishor Gathani					
A	At the beginning of year		6826757	20.23	-	-
B	Changes during the year		No change during the year			
C	At the end of year		-	-	6826757	20.23
2.	State Bank of India Stressed Assets Management Branch					
A	At the beginning of year		4135954	12.26	-	-
B	Changes during the year		No change during the year			
C	At the end of year		-	-	4135954	12.26
3	Mr. Milankumar Dhirajlal Mehta					
A	At the beginning of year		2477579	7.34	-	-
B	Changes during the year		No change during the year			
C	At the end of year		-	-	2477579	7.34
4	Bank of India					
A	At the beginning of year		1023751	3.03		-
B	Changes during the year		No change during the year			
C	At the end of year		-	-	1023751	3.03
5	ICICI Bank Limited					
A	At the beginning of year		1883399	5.58		
B	Changes during the year					
	Date	Reason				
	05 May 2017	Sell	(300000)	(0.89)	1583399	4.69
	19 May 2017	Sell	(19933)	(0.06)	1563466	4.63
	02 Jun 2017	Purchase	13020	0.04	1576486	4.67
	09 Jun 2017	Sell	(13020)	(0.04)	1563466	4.63
	16 Jun 2017	Sell	(79922)	(0.24)	1483544	4.39
	23 Jun 2017	Sell	(331920)	(0.98)	1151624	3.41
	28 Jul 2017	Purchase	7600	0.02	1159224	3.43
	04 Aug 2017	Purchase	30855	0.09	1190079	3.52
	11 Aug 2017	Sell	(38455)	(0.11)	1151624	3.41
	08 Sep 2017	Purchase	8794	0.03	1160418	3.43
	15 Sep 2017	Sell	(8794)	(0.03)	1151624	3.41
	22 Sep 2017	Purchase	14912	0.04	1166536	3.45
	29 Sep 2017	Sell	(3912)	(0.01)	1162624	3.44
	06 Oct 2017	Sell	(11000)	(0.03)	1151624	3.41
	27 Oct 2017	Purchase	32008	0.09	1183632	3.51
	03 Nov 2017	Purchase	41941	0.12	1225573	3.63

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Shareholder's Name		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
	10 Nov 2017	Sell	(73949)	(0.22)	1151624	3.41
	12 Jan 2018	Purchase	308182	0.91	1459806	4.32
	19 Jan 2018	Sell	(308182)	(0.91)	1151624	3.41
	23 Mar 2018	Sell	(182964)	(0.54)	968660	2.87
	31 Mar 2018	Sell	(95532)	(0.28)	873128	2.59
C	At the end of year				873128	2.59
6	Mr. Ganesan S.					
A	At the beginning of year		444234	1.32	-	-
B	Change during the year					
	Date	Reason				
	22 Dec 2017	Sell	(71952)	(0.21)	372282	1.10
	19 Jan 2018	Purchase	182100	0.54	554382	1.64
	26 Jan 2018	Purchase	71952	0.21	626334	1.86
C	At the end of year		-	-	626334	1.86
7	Mr. Hemang Bhagwandas Shah					
A	At the beginning of year		576000	1.71	-	-
B	Change during the year		No change during the year			
C	At the end of year		-	-	576000	1.71
8	Mr. Daksha Subhash Shah					
A	At the beginning of year		325600	0.97	-	-
B	Change during the year		No change during the year			
C	At the end of year		-	-	325600	0.97
9	Mr. Sameer Mahendra Chheda					
A	At the beginning of year		114138	0.34	-	-
B	Changes during the year					
	Date	Reason				
	07 Apr 2017	Purchase	25000	0.07	139138	0.41
	14 Apr 2017	Purchase	100889	0.30	240027	0.71
	21 Apr 2017	Purchase	80885	0.24	320912	0.95
	28 Apr 2017	Sell	(5810)	0.02	315102	0.93
	05 May 2017	Purchase	13461	0.03	328563	0.97
	12 May 2017	Sell	(10000)	(0.03)	318563	0.94
	19 May 2017	Sell	(10222)	(0.03)	308341	0.91
	16 Jun 2017	Sell	(10000)	(0.03)	298341	0.88
	23 Jun 2017	Purchase	10000	0.03	308341	0.91
	14 Jul 2017	Sell	(2490)	(0.01)	305851	0.91

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Shareholder's Name		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
	21 Jul 2017	Purchase	1190	0.00	307041	0.91
	04 Aug 2017	Purchase	14900	0.04	321941	0.95
	11 Aug 2017	Purchase	43900	0.13	365841	1.08
	15 Dec 2017	Sell	(1000)	(0.00)	364841	1.08
	05 Jan 2018	Sell	(58000)	(0.17)	306841	0.90
	12 Jan 2018	Sell	(20584)	(0.06)	286257	0.85
	19 Jan 2018	Sell	(6000)	(0.02)	280257	0.83
	16 Feb 2018	Sell	(5000)	(0.01)	275257	0.81
C	At the end of year				275257	0.81
10	Mr. Saket Saraogi					
A	At the beginning of year		0	0	-	-
B	Change during the year					
	Date	Reason				
	21 Apr 2017	Purchase	92490	0.27	92490	0.27
	28 Apr 2017	Purchase	5125	0.02	97615	0.29
	26 May 2017	Purchase	20000	0.06	117615	0.34
	02 Jun 2017	Purchase	27469	0.08	145084	0.43
	09 Jun 2017	Purchase	49211	0.15	194295	0.58
	16 Jun 2017	Purchase	60099	0.18	254394	0.75
C	At the end of year		-		254394	0.75

v. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	Name of the Director/KMP	No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1.	Mr. Viral Talakshi Nandu				
A	At the beginning of the year	NIL	NIL		
B	Changes during the year	No change during the year			
C	At the end of year			NIL	NIL
2.	Mr. Dhaval Vinod Gada				
A	At the beginning of the year	NIL	NIL		
B	Changes during the year	No change during the year			
C	At the end of year			NIL	NIL
3.	Mr. Gautam Surya Prasad Pandit				
A	At the beginning of the year	NIL	NIL		
B	Changes during the year	No change during the year			
C	At the end of year			NIL	NIL
4.	Mrs. Lata Tushar Mehta				
A	At the beginning of the year	NIL	NIL		
B	Changes during the year	No change during the year			
C	At the end of year			NIL	NIL
5.	Mr. Paresh Kanji Shah				
A	At the beginning of the year	295840	0.88		
B	Changes during the year	No change during the year			
C	At the end of year			295840	0.88
6.	Mr. Nenshi Ladhabsai Shah				
A	At the beginning of the year	371360	1.10		
B	Changes during the year	No change during the year			
C	At the end of year			371360	1.10

V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding / accrued but not due for payment.

(₹ In Lakhs)

Particulars	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year April 01, 2017				
1) Principal Amount	24,173.88	1,961.65	2,029.41	28,164.94
2) Interest due but not paid	2,236.29	-	-	2,236.29
3) Interest accrued but not due	-	-	-	-
Total of (1+2+3)	26,410.17	1,961.65	2,029.41	30,401.23
Change in Indebtedness during the financial year				
+ Addition	-	31.62	3.58	35.20
-Reduction	(656.40)	(918.67)	-	(1,575.07)
Net change	(656.40)	(887.05)	3.58	(1,539.87)
Indebtedness at the end of the financial year March 31, 2018				
1) Principal Amount	23,516.88	1,074.60	2,032.99	26,624.47
2) Interest due but not paid	2,236.29	-	-	2,236.89
3) Interest accrued but not due	-	-	-	-
Total of (1+2+3)	25,753.77	1,074.60	2,032.99	28,861.36

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:**A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:**

Sr. No	Particulars of Remuneration	Name of MD/WT/Manager		Total Amount (in ₹)
		Mr. Viral Nandu		
		Whole-Time Director		
1.	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	Nil	Nil	
	(b) Value of perquisites u/s 17(2) as per Income Tax Act, 1961	-	-	
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	
2.	Stock Option	NA	NA	
3.	Sweat Equity	NA	NA	
4.	Commission - - As % of Profit - Others, specify	-	-	
5.	Others, please specify	NA	NA	
	Total (A)	NA	NA	
	Ceiling as per the Act	Section 197 read with Schedule V of the Companies Act, 2013		

B. Remuneration of other directors:

Sr. No.	Particulars of Remuneration	Name of Directors			Total Amount (in ₹)
		Mr. Gautam Pandit	Mrs. Lata Mehta	Mr. Dhaval Gada	
1	Independent Directors				
	- Fee for attending board committee meetings	-	-	-	-
	- Commission	-	-	-	-
	- Others	-	-	-	-
	Total (1)	-	-	-	-
2	Other Non Executive Directors	NIL			
	- Fee for attending board committee meetings	-	-	-	-
	- Commission	-	-	-	-
	- Others	-	-	-	-
	Total (2)	-	-	-	-
	Total (B)= (1+2)	-	-	-	-
	Total Managerial Remuneration	-	-	-	-
	Overall Ceiling as per the Act	Section 197 read with Schedule V of the Companies Act, 2013			

C. Remuneration to Key Managerial Personnel (KMP) Other Than MD/ Manager/ WTD

Sr. No	Particulars of Remuneration	Name of the KMP	Name of the KMP	Total Amount (in ₹)
		Mr. Paresh Kanji Shah, Chief Financial Officer	Mr. Nenshi Ladhakhai Shah, Chief Executive Officer	
1.	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	12,00,000	12,00,000	24,00,000
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	0	0	0
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	0	0	0
2.	Stock Option	NA	NA	NA
3.	Sweat Equity	NA	NA	NA
4.	Commission - As % of Profit - Others, specify			0
5.	Others, please specify -	NA	NA	NA
	Total (A)	12,00,000	12,00,000	24,00,000

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

By Order of the Board of Directors

Place: Mumbai
Date: August 10, 2018

Viral Nandu
Chairman & Whole Time Director
DIN 01767620

Annexure II**Form AOC-1**

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of Subsidiaries/ Associate Companies/Joint Ventures

Part “A”: Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in ₹)

Sr. No.	Particulars	Details
1.	Name of the subsidiary	Euro Merchandise (India) Limited
2.	The date since when the subsidiary was acquired.	December 31, 2005
3.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	March 31, 2018
4.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Indian Rupees
5.	Share capital	19,00,000
6.	Reserves & surplus	(23,91,96,739)
7.	Total Assets	3,54,62,619
8.	Total Liabilities	27,27,59,360
9.	Investments	1,00,000
10.	Turnover	6,05,316
11.	Profit/(loss) before taxation	(12,14,819)
12.	Provision for taxation	(3,42,604)
13.	Profit/(loss) after taxation	(15,57,423)
14.	Proposed Dividend	Nil
15.	Extent of shareholding (in percentage)	100%

Notes:

- Names of subsidiaries which are yet to commence operations : NA
- Names of subsidiaries which have been liquidated or sold during the year : NA

Part “B”: Associates and Joint Ventures

Not Applicable as the Company does not have any Associate and Joint Venture

For and on behalf of the Board of Directors

Place: Mumbai
Date: August 10, 2018

Viral Nandu
Chairman & Whole Time Director
DIN: 01767620

Paresh Shah
Chief Financial Officer

Annexure - III

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Euro Ceramics Limited
Mumbai

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Euro Ceramics Limited** (CIN: L26914MH2002PLC135548) and having its registered office at 208, Sangam Arcade, Vallabhnbhai Road, Vile Parle (West), Mumbai -400056 (hereinafter called '**the Company**'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
(Not applicable to the company during the audit period);

- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not applicable to the company during the audit period)**;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not applicable to the company during the audit period)**; and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not applicable to the company during the audit period)**;
 - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
- (vi) There are no laws that are specifically applicable to the company based on their sector/industry.

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India;

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Standards, Guidelines, etc. as mentioned above **subject to the following observations**:

I. Pertaining to Companies Act, 2013:

- (a) *as required under section 203 of the Act the company is yet to appoint a Company Secretary;*
- (b) *the company has not complied with the provisions of Section 133 of the Act pertaining to 'Indian Accounting Standard (Ind AS) 36' w.r.t. Accounting for impairment or diminishing value of its assets and Ind AS 37 w.r.t. non-ascertainment of complete particulars of dues to Micro, Small and Medium enterprises, if any under MSMED Act, 2006, the brief particulars of which are stated in the Statutory Auditor's Report in "point no c & j" under the heading Basis for Qualified opinion;*
- (c) *in respect of outstanding deposits as at March 31, 2017, the company was required to file Form DPT-3 latest by June 30, 2017 which has not been filed and also I would like to draw attention towards the fact that in respect Deposit accepted by the Company before the commencement of the Act, within the meaning of Section 74 and 75 of the Act and rules framed thereunder, the principle of such deposit and interest due thereon remained unpaid even after the expiry;*
- (d) *as required under Section 135 of the Act the Company has not constituted CSR Committee;*

II. Pertaining to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR):

- (e) *pursuant to our observation at "a" above, the company is not in compliance with Regulation 6 of LODR which requires Company Secretary to be appointed as Compliance Officer;*

III. III Pertaining to Foreign Exchange Management Act, 1999 (FEMA):

- (f) *as per the FEMA guidelines issued by Reserve Bank of India (RBI) the holding by Foreign Institutional Investors (FIIs), Non-Resident Indians (NRIs), and Persons of Indian Origin (PIOs) exceeds the ceiling limit as prescribed under the said guidelines. The Company was required to obtain approval from members by special resolution, however the Company has not obtained the same.*

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings; agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations, standards and guidelines.

We further report that during the audit period Company has passed special resolutions through postal ballot including an option to vote through remote electronic voting ("**e-voting**"), in respect of following business:

- a. To sell / transfer / alter / mortgage / lease / dispose off its one or more undertaking/assets of the Company;
- b. Alteration of Object clause of Memorandum of Association of the Company;
- c. Adoption of new set of Articles of Association of the Company.

This report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

For **Shivlal Maurya & Co.**
Company Secretaries

Place : Mumbai
Date: August 9, 2018

Shivlal Maurya
M. No. ACS 37655 C.P. No. 14053

‘Annexure A’

To,
The Members,
Euro Ceramics Limited
Mumbai

Our report of even date is to read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provided a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Book of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulation, standards is the responsibility of management. Our examination was limited to the verification of procedures on the test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Shival Maurya & Co.
Company Secretaries

Place : Mumbai
Date: August 9, 2018

Shival Maurya
M. No. ACS 37655 C.P. No. 14053

Annexure IV

I.	Disclosure as per Section 197 (12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:	
(i)	The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year 2017-18 :-	
	Name of the Key Managerial Personnel	Ratio of remuneration to the median remuneration of the employees
	Company has not provided any remuneration to Directors. Hence, the ratio of the remuneration of each directors to the Median Remuneration of the Employee can not be determine. Non-Executive Director of the Company, are not paid any sittings fees or commission.	
(ii)	The percentage increase in remuneration of each director, CFO, CEO, Company Secretary or Manager, if any, in the financial year 2017-18	During the current financial year there were no increments in the remuneration of Director, CFO , CEO, Company Secretary or Manager
(iii)	The percentage increase in the median remuneration of employees in the financial year 2017-18	13% to 14%
(iv)	The number of permanent employees on the rolls of the company as on March 31,2018	119
(v)	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Average percentile increase in the salaries of employees other than the managerial personnel in the last financial year is 13% to 14% as against the no increment in the salary of the Chairman & Whole Time Director & Executive Director (Managerial Personnel as defined under the Act). Annual increase, if any, in remuneration is based on different grades, industry pattern, qualification & experience, responsibilities shouldered and individual performance of managerial personnel and other employees.
II.	Statement showing details of Employees of the Company as per Section 197 (12) read with Rule 5(2) and Rules 5 (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:	
	In pursuant to the provisions of Section 197(12) of the Companies Act,2013 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names of top ten employees in terms of remuneration drawn is provided in a separate annexure forming part of this Report. Pursuant to the provisions of the first proviso to Section 136(1) of the Companies Act, 2013 the Annual Report excluding the aforesaid information is being sent to the members of the Company. The said information is available for inspection at the Registered Office of the Company during working hours and any member interested in obtaining such information may write to the Compliance Officer of the Company and the same will be furnished without any fee.	
	I hereby confirm that the remuneration paid during the year is as per the remuneration policy recommended by Nomination and Remuneration Committee of the Company and adopted by the company.	
	For and on behalf of the Board of Directors	
Place: Mumbai Date: August 10, 2018	Viral Nandu Chairman & Whole Time Director DIN:01767620	Lata Mehta Chairperson of Nomination & Remuneration Committee DIN: 02027592

Annexure V**STATEMENT OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO PURSUANT TO THE PROVISIONS OF SECTION 134 OF THE COMPANIES ACT, 2013 READ WITH THE COMPANIES (ACCOUNTS) RULES, 2014**

The information required under Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 for the year ended March 31, 2018 is given below which forms part of the Boards' Report.

A. Conservation of Energy: -

During the year under review Company has adhered to the measures taken earlier for energy conservation.

In marble division, Company has used high-end cutting blades for cutting the block to improve the efficiency of the machine and reducing process time and thereby saving on the energy cost.

The efforts undertaken by the Company has enabled the Company in increasing its product output in turn resulting in saving of the product cost.

B. Research & Development and Technology Absorption : NIL**C. Foreign Exchange Earnings and Outgo:-**

The information on foreign exchange earnings and outgo are disclosed under Notes No. 27, 28 & 29 forming part of the Financial Statements.

D. Future plan of action are as under:

- To use more of green and renewable energy ;
- To produce quality product with best efficiency;
- To develop new designs in marble with in house research team.

By Order of the Board of Directors

Place: Mumbai
Date: August 10, 2018

Viral Nandu
Chairman & Whole Time Director
DIN 01767620

Annexure VI

Corporate Social Responsibility (CSR)

[Pursuant to clause (o) of section 134 of the Act and Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014]

Sr.No	Particulars				Details		
1	A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs				CSR policy of the Company is available at web link : http://www.eurovitrified.com/pdf/Euro-Ceramics-Limited-CSR-Policy.pdf		
2	The Composition of the CSR Committee.				a. Mrs. Lata T. Mehta b. Mr. Dhaval V. Gada c. Mr. Viral T. Nandu		
3	Average net profit of the company for last three financial years				The Company has incurred average net loss during the last three financial years.		
4	Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above)				NA		
5	Details of CSR spent during the financial year. a) Total amount to be spent for the financial year b) Amount unspent, if any c) Manner in which the amount spent during the financial year is detailed below:				NA		
Sr. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or Programs Local Area or other Specify the State and district where projects or programs are taken	Amount Outlay (Budget) project or program wise	Amount spent on the projects or programs Sub-heads (1)Direct expenditure on projects or programs (2) Overheads	Cumulative Expenditure upto the reporting period	Amount spent: Direct or through implementing agency
a	-	-	-	-	-	-	-
b	-	-	-	-	-	-	-
c	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-
6	In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the reasons for not spending the amount:			The statutory provisions of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014 has become effective during the FY 2017-18 as the Company's net profit during the FY 2016-17 exceeded the threshold limit. However the Company is not obligated to spend on CSR activities as it had incurred average net loss during the three preceding financial years.			

For and on behalf of the Board of Directors

Place: Mumbai
Date: August 10, 2018

Viral Nandu
Chairman
& Whole Time Director
DIN:01767620

Lata Mehta
Chairperson of Corporate
Social Responsibility Committee
DIN: 02027592

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management at Euro Ceramics Limited is pleased to present the Management Discussion and Analysis Report which provides an insight of the Company's business, Industry structure, developments, outlook, opportunities, concern areas and performance of the Company with respect to the operations and other relevant information. This Report forms part of the compliance report on Corporate Governance.

Global Overview

Financial Year 2017-18 has been advantageous for the Global economy with a notable rebound in global trade. The global economy grew at an average of 3.7% (2017) as compared to 3.2% (2016), and is expected to accelerate to 3.9% in 2018 and 2019. Investment recovery in advanced economies, continued strong growth in emerging Asia, a notable upswing in emerging Europe, and signs of recovery in several commodity exporters are some of the key drivers behind strengthened growth. Although the global economy saw good growth, there are risks emerging from increased protectionism and trade tensions between major economies and from geopolitical developments in North East Asia and the Middle East.

Persistence Market Research digs deep into the global ceramic tiles market and offers a comprehensive forecast and procures some key information through organized market research. The report, "Ceramic Tiles Market: Global Industry Analysis (2012–2016) and Forecast (2017–2025)" gauges the market and predicts the future demographics and changes of the market. The report reveals that the residential segment will govern over and above 66.9% market share and it will heave at a CAGR of 10.0% during the forecast period (2017–2025)

It is anticipated that growth in ceramic tiles market could vary in co-relation with the construction industry. Increasing residential construction requires indoor and outdoor wall covering with ceramic tiles. Rising population will significantly boost construction needs, in turn increasing demand for ceramic tiles. Furthermore, increasing commercial construction is expected to drive the global ceramic tiles market. Increasing construction in Middle East countries is expected to upsurge demand for ceramic tiles. Asia Pacific is anticipated to dominate the global ceramic tiles market owing

to positive outlook for construction industry in major markets such as India, China, Australia and New Zealand.

Industry Overview

India has witnessed a major economic reform in terms of tax regime with introduction of Goods & Service Tax (GST) from July 1, 2017. This tax regime, being at the elementary stage, is expected to result in improvement in logistics and faster movements of goods on one side and indirect tax reforms on the other side. The revitalisation of global economy continued during the financial year 2017-18 and the global economy ended with a lower benchmark owing to fears of trade work between developed economics.

The investors' confidence in this volatile environment was reflected by being bullish and taking an advantage of the correction phase of capital markets during the year under review. And thus, the business growth has experienced good flow. Infrastructure, high end architectures coupled with real estate development is a must for maintaining such sustained growth and hence is on the highest priority of the Government making it to be the focal point for our economy. Increasing per capita income resulting due to all round economic high per capita spending affects the sale and off take of our products and we foresee a prosperous future ahead. The Industry strike witnessed during the year for reduction of GST Tax rates had a positive end with demand and purchases being rebounded.

The Indian tiles industry has been on a growth trajectory for the past few years and its capacity addition keeps increasing along with additions to the varieties like wall tiles, floor tiles, and vitrified tiles. As Governmental policies transform into on ground realities (which have already started in a small way), they promise to open the floodgates for business opportunities, especially for the Indian tiles sector, over the medium term. India is the third largest tiles market in the world. While the global tiles production grew at an annualized rate of 6.30% for the period 2006-2013, tiles production in India grew almost double at 12% during the same period. Ceramic tiles that accounts for close to 60% of the total tiles demand in India is expected to grow at a CAGR of 8.70% for the period 2014-2019.

Growth Drivers

The ceramics industry is a high-energy intensive sector and its demand in India and abroad is growing

due to various factors. The key factors that are affecting increased tile off-take in India are as follows:

- **Urban housing shortage:** According to the whitepaper, Indian Housing Industry by research and consultancy firm RNCOS, it is expected that the shortage of urban housing across the country will increase to an estimated 3.41 Cr units by 2022, mainly on the back of a demand-supply gap and rising levels of income among the working class seeking to purchase houses. Besides, migration of working class people from rural to urban areas is also generating the demand for affordable housing. Between 2015 and 2031, India's pace of urbanisation is likely to increase at a compounded annual growth rate (CAGR) of 2.10%, which is estimated to be almost double of China's growth rate.
- **Increased spending:** Aggregate consumer expenditure is likely to increase from ₹ 45 trillion in 2010 to nearly ₹ 150 trillion by 2020, a more than threefold increase in 10 years. This will be accompanied by an increase in affluent and aspirer households from 48 million to more than 100 million in the same time period.
- **Governmental initiatives:** The ambitious Swachh Bharat enterprise intends to build 6 Cr toilets covering 4,041 statutory towns by 2019. The periodic maintenance of this infrastructure will catalyze demand for tiles. The Housing for All programme proposes to build around 6 Cr homes by 2022 – 4 Cr in rural India and 2 Cr in urban India. Under the Smart Cities programme, the Central Government has selected 20 cities to launch its large-scale urban makeover plan. It proposes to invest ₹. 50,802 Cr. on these cities in the first phase of an ambitious plan to set up 100 smart cities.
- **India's low per capita tiles consumption** 0.5 sqm versus global average of 1.4 sqm.
- **Potential in the rural market:** Only 4% of India's rural population lives in houses with tile flooring and 63% lives in houses with mud flooring, entailing a huge opportunity for the tile industry.
- **Export Potential:** The vitrified tiles market is one of the most dynamic in the world in terms of the kind of demand it generates. There is high demand for both high quality-high priced tiles

and at the same time there is demand for economical and cost effective products. The market is currently in the growth stage of the life cycle and it is not expected to saturate in the near future. But as the market progresses a continuous shift is expected in marketing and distribution activities. As the market witnesses increasing competition alongside the rise of the substitutes, suppliers will be forced to look for innovative ways to sustain market conditions. Significant growth across all the countries in the region means vast opportunities for growth. It is, however, important to identify fast growth markets which offer abundance of growth potential.

- **Boom in Real estate demand:** With boom in the real estate sector, the ceramic tiles market is expected to see further growth in the coming years. The report also notes the expanding production and consumption patterns of ceramic tiles in India, which is now the third largest producer in the world. With the introduction of modern technology in designing and manufacturing, the market has opened up new segments such as 3D tiles, germ-free tiles and artistic designer tiles.

SWOT Analysis

Strengths:

- State of the art manufacturing facilities
- Emphasize on Quality Products
- Established Brand
- Infrastructure and Locational Advantages to Plant
- Retained trained and skilled Human Resources

Weakness

- Liquidity Crunch and shortages of Working capital
- Low Capacity utilization affecting the cost.

Opportunities

- Expected boom in Real Estate sector
- Demand from housing, commercial sector
- Increasing infrastructure and development.

- Government's initiative for basic sanitation with Swachh Bharat Abhiyan, make in India, Housing for All, Interest subsidy etc
- Industrialization and Urbanization
- Export Opportunities

Threats

- Changing technology
- Brand recall due to low spending on branding and sales promotion
- Competition from New entrants and established players

Future Outlook

India's economy is well placed to grow at a robust pace over the next five years owing to strong domestic consumption and increase in Government spending on infrastructure. The implementation analysis and review of Goods & Service Tax (GST) mechanism will further simplify the supply chain and improve the operating environment and will act as an additional driver of consolidation at all levels market.

The Company is alert and in touch with the ground realities of the business dynamics and is confident of increasing its market share in all the spheres emerging as a leader in its segment. The overall business outlook for the Company is promising with improvement in the economic environment. Efforts towards optimisation and higher operational efficiencies are continuing. The Company examines the possibilities of revival to grab the attractive opportunities.

Risk & Concerns

For sustainable development in the global market one must be ready for some level of uncertainty. Greater the uncertainty the higher is the risk and to mitigate such risk the Company has adopted various risk management policies. The risk management function is integral to the Company and its objectives include ensuring that critical risks are identified, continuously monitored and managed effectively in order to protect the Company's business. Some of the possible risks identified by the Company are loss of consumer, branding, slower demand risk, technology obsolesces and for mitigating the said risks a formal reporting and controlling mechanisms is in place which ensures timely information availability and facilitate proactive risk management. These mechanisms are designed to cascade down

to the level of the managers so that risks at the transactional level are identified and steps are taken towards mitigation in a systematic manner.

Opportunities & Threats:

There are diverse opportunities in Marble & Tiles industry due to large scale investment in Infrastructure, modern day architecture, interior designing, construction reforms and real estate activities. The constant growth of the Industry has escalated the demand for marbles and tiles substantially both in domestic and international markets.

Further, the World is indeed becoming a Global city. Your company believes that niche opportunities exist in the Global arena which, if exploited, would yield positive results. The company has accordingly built a business model tapping these opportunities and is also aligning its strategies to utilize opportunities in the domestic market. Your company deals in special range of Sanitaryware & Marbles having exquisite textures, designs and colors for which the overseas and domestic markets, both are very demanding.

The increasing growth in construction sector has escalated the demand for marbles sanitaryware and tiles both in domestic and international markets. Your Company has the necessary expertise and flexibility to quickly adapt to the changing market condition and capture the growth in sales leading to growth for the Company.

Internal Control

The Company has adequate internal control system in place which is necessary for business efficiency and safeguarding assets of the Company. It is in commensurate with the size of the Business as well as complexities of the Business and reasonable to provide the financial control and operational control. The Management of the Company is responsible for ensuring that Internal Financial Control has been laid down in the Company and that controls are adequate and operating adequately.

Internal audit is carried out by the external professional firm of Chartered Accountant and Audit Committee reviews the same on regular basis to ensure its effectiveness.

Human Resource, Health and Safety and Environment:

The Company endeavor towards building a strong bonding with the employees and to try to develop a

healthy work atmosphere with its transparent policies. It has maintained a cordial relationship with the employees and keep motivated them by exposing them to different roles, assigning tasks and skill development and rewards for the improvisation.

The Company has policy for Safety. It believes in Safety at the first. It conducts program for health and safety awareness among the employees. The Company has also taken initiatives for clean and green environment by planting trees, using ETP plants for proper discharge of waste and reusing waste heat and water. As at March 31, 2018, the Company had strength of more than 120 employees.

Financial Statement Analysis:

Key Financial Information

During the year the Company primarily generated revenue from its marble division. Regardless the sanitaryware division being sold during the FY 2016-17, the Company still earned revenue in the current FY by utilizing the division for undertaking trading activities. The Vitrified Tiles, Wall Tiles and Aluminum Section plants were non operative during the year due to shortages of working Capital. There was no business from Realty Division.

Revenue

Net sales from continuing operations, for the financial year 2017-18 were ₹ 1,935.44 lakhs against the previous year's net sales of ₹ 1,069.08 lakhs, recording an increase by ₹ 866.36 lakhs.

Export revenue contributed around 2.34% in the total revenue during the year against 4.82% of previous year, showing a decrease in export sales. The total export turnover for financial year 2017-18 was ₹ 45.19 lakhs against ₹ 51.51 lakhs in the previous year.

Other Income of ₹ 142.06 lakhs during the financial year 2017-18, comprises of Interest on fixed deposits kept as margin money, rental income, profit on sale of fixed assets, foreign commission received and liabilities /provisions no longer payable written back. The other income for the year was decreased by ₹ 60.02 lakhs compared to previous year.

Expenditure

The total expenditure for the continuing operational business were at ₹ 5,373.09 lakhs in financial year 2017-18 as against ₹ 4,476.36 lakhs in the previous year, increased by ₹ 896.74 lakhs on account of

purchase of stock-in-trade accounted in the sanitary division and cost of material.

Staff Cost for the financial year 2017-18 was of ₹ 351.60 lakhs, lower by ₹ 72.62 lakhs, compared to previous year's cost of ₹ 424.22 lakhs, due to reduction in number of employees.

During the year Purchase of stock in trade was of ₹ 168.15 lakhs, against ₹ 13.03 lakhs of previous year, drastically increased by ₹ 155.12 lakhs due to trading activities of sanitary goods.

In cost of production the second major cost is Power and Fuel cost which amounts to ₹ 175.20 Lakhs in the financial year 2017-18 against ₹ 159.34 lakhs, due to increase in power consumption cost.

Finance Cost:

The Company's finance cost for the financial year 2017-18 was ₹ 44.14 lakhs, against ₹ 54.90 lakhs of financial year 2016-17, which mainly consist of interest on some of the borrowings, interest on late payment of statutory dues, bank charges and some foreign exchange fluctuations.

Depreciation:

There is no change in the rates of Depreciation in financial year 2017-18. The Company has provided the depreciation of ₹ 1,971.88 lakhs for the financial year 2017-18 against the previous year's ₹ 1,969.44 lakhs, based on estimated useful life of the fixed assets, for the continuing business assets.

Exceptional Item

During the year the Company has sold some of the land parcels and proceeds were used in repaying the debt of the Company. The profit from such sale of land parcels is considered as exceptional item. The total gain from such sale was ₹ 831.11 lakhs, shown separately as exceptional item in financial reporting for the year 2017-18.

Sources of Funds:

Share Capital:

There is no change in the capital structure of the Company during the financial year 2017-18.

Reserves and Surplus:

The Reserves and Surplus as at March 31, 2018 was negative at ₹ 11,274.33 lakhs, against negative ₹ 8,372.34 lakhs of previous year, increased by ₹ 2,901.99 lakhs, due to net loss incurred by the Company during the current financial Year.

Long Term Borrowings:

The long term borrowings are increased by ₹ 66.12 lakhs as on March 31, 2018 on account of deposits and loans regrouped.

Application of Funds:**Fixed Assets:**

The Net Block of fixed assets stood at ₹ 17,152.89 lakhs with net reduction by ₹ 2,112.21 lakhs on sale of some of the properties during the year.

Investment and Long Term Loans & Advances:

There is no change in the carrying value of the Investment as at March 31, 2018 amounting to ₹ 134.10 lakhs.

Long term loans and advance were reduced marginally by ₹ 63.64 lakhs, from ₹ 4,846.33 lakhs as at March 31, 2017 to ₹ 4,782.69 lakhs in as on March 31, 2018.

Current Assets & Current Liabilities:

Current Assets of the Company as on March 31, 2018 was ₹ 8,323.31 lakhs, decreased significantly by ₹ 1,991.73 lakhs due to decreased in Inventories and Trade receivables.

Current Liabilities of the Company as on March 31, 2018 was ₹ 33,404.71 lakhs against ₹ 35,184.58 lakhs as on March 31, 2017, reduced substantially by ₹ 1,779.87 lakhs on account repayment of debt of secured lenders, pursuant to settlement arrangement with them.

Cautionary Statement:

Statements in this management discussion and analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ substantially or materially from those expressed or implied. Important developments that could influence Company's operations include global and domestic financial market conditions affecting the interest rates, availability of resources for the financial sector, market for lending, changes in regulatory directions issued by the Government, tax laws, economic situation, significant changes in political and economic environment in India, applicable statutes, litigations, labour relations and interest costs and other unforeseen events, if any.

REPORT ON CORPORATE GOVERNANCE**COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:**

Corporate Governance 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 strengthens internal control systems and helps in building relationship with the 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.

As per the requirements of Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 (hereinafter referred as 'Listing Regulations') read with Schedule V of the Listing Regulations, detailed Report on Corporate Governance is set below:

BOARD OF DIRECTORS:**a) Composition:**

The Board of Directors provides strategic direction and thrust to the operations of the Company. As on March 31, 2018, the Board of Directors comprises of total four Directors out of

which three are Independent Directors. The Chairman of the Board is an Executive Director. The composition of the Board of Directors as on March 31, 2018 is in conformity with the provisions of the Companies Act, 2013 and Regulation 17 of Listing Regulations.

b) Board Procedure:

The Board meetings are generally held at the registered office of the Company. The agenda is prepared in consultation with the Chairman of the Board of Directors. The agenda for the meetings of the Board and its Committees, together with the appropriate supporting documents, are circulated well in advance of the meeting.

Matter discussed at Board meetings generally relate to Company's business operations, periodical results of the Company, approval of related party transactions, general notice of interest of Directors, review of the reports of the Audit Committee and compliance with their recommendations, suggestions, non-compliance of any regulatory provisions and status of complaints, statutory or listing requirements, etc.

c) Attendance at Board meetings:

During the year under review, the Board of Directors met five (5) times on May 30, 2017, September 01, 2017, September 14, 2017, December 13, 2017 and February 13, 2018. As stipulated, the gap between two meetings did not exceed one hundred and twenty days.

Details of composition and category of the Directors, their attendance at each Board Meetings held during the financial year 2017-18 and at the last Annual General Meeting, their directorships in other Companies and membership / chairmanship in Committees as on March 31, 2018 are as follows:

Name of Director	Category	No. of Board meetings held		Whether attended the last AGM	No. of other Directorship in other Public Companies# (refer note 1)	Membership / Chairmanship of Committees in other Companies# (refer note 2 & 3)	
		Held	Attended			Member	Chairman
Mr. Viral Nandu	Chairman /Whole-time Director	5	5	Yes	1	Nil	Nil
Mrs. Lata Mehta	Independent Director	5	5	Yes	1	2	Nil
Mr. Dhaval Gada	Independent Director	5	5	No	Nil	Nil	Nil
Mr. Gautam Pandit	Independent Director (w.e.f May 30, 2017)	4	4	Yes	Nil	Nil	Nil

Note:

1. Directorships in respect of Private Limited Companies, Companies incorporated under Section 8 of the Companies Act, 2013 and foreign companies have not been included.
2. Position in Audit Committee and Stakeholders' Relationship Committee are considered for the purpose of membership and chairmanship.
3. None of the Directors is a member of more than Ten Committees and Chairman of more than Five Committees [as specified in Regulation 26 of Listing Regulations] across all the companies in which they are directors.
4. None of the Independent Director serves as an Independent Director in more than seven listed companies [as specified in Regulation 25 of Listing Regulations].
5. No Director is related to any other Director on the Board.

d) Separate Meeting of Independent Directors:

As stipulated by the Code of Independent Directors under Schedule IV of the Companies Act, 2013 and Regulation 25(3) of the Listing Regulations, a separate meeting of the Independent Directors of the Company was held on February 13, 2018 to review the performance of Non-independent Directors (including the Chairman) and the Board as whole and also the system regarding flow of information between the Board and the Management and vice versa.

e) Directors' Familiarisation Programme:

The Company undertakes and makes necessary provision of an appropriate induction programme for new Directors and ongoing training for existing Directors. The new directors are introduced to the Company's culture, through appropriate training programmes. Such kind of training programmes helps to develop relationship of the directors with the Company and familiarise them with Company processes. The management provides such information and training either at the meeting of Board of Directors or otherwise.

The induction process is designed to:

- build an understanding of the Company processes and
- fully equip the Directors to perform their role on the Board effectively

Upon appointment, Directors receive a Letter of Appointment setting out in detail, the terms of their appointment, duties, responsibilities and expected time commitments. The details of Director's induction and familiarization are available on the Company's website at <http://www.eurovitrified.com/pdf/terms-of-appointment.pdf>

f) Agenda:

All the meetings are conducted as per well designed and structured agenda. All the agenda items are backed by necessary supporting information and documents (except for the critical price sensitive information, which is circulated in the meeting) to enable the Board to take informed

decisions. Agenda also includes minutes of the meetings of all the Board and Committees for the information of the Board. Agenda papers are circulated seven days prior to the Board Meeting. In addition, for any business exigencies, the resolutions are passed by circulation and later on placed and noted in the ensuing Board Meeting.

g) Code of Conduct:

The Board of Directors has laid down a Code of Conduct for all the Board of Directors and Senior Management Personnel. The Code covers things, such as the Company's commitment to honest and ethical personal conduct, fair competition, corporate social responsibility, sustainable environment, health and safety, transparency and compliance of laws and regulations etc. The code has been posted on Company's website at <http://www.eurovitrified.com/pdf/code-of-conduct.pdf>. All the Board members and senior management personnel have confirmed compliance with the code. A declaration by Mr. Viral Nandu, Chairman & Whole Time Director of the Company affirming the compliance of the same in respect of the financial year ended on March 31, 2018 by the members of the Board and Senior Management Personnel, as applicable to them, is also annexed to this Annual Report.

As per SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has adopted a Code of Conduct for Prevention of Insider Trading. All the Directors, employees at Senior Management and other employees who could have access to the unpublished price sensitive information of the Company are governed by this code. The trading window is closed during the time of declaration of results and occurrence of any material events as per the code.

COMMITTEES OF THE BOARD:

The Board Committees focus as on certain specific areas and make informed decisions about the same. Each Committee of the Board functions according to its charter that defines its composition, scope, power and role in accordance with the Companies Act, 2013 and the Listing Regulations. Presently, the Board has the following four Committees:

- a. Audit Committee;
- b. Stakeholders' Relationship Committee;
- c. Nomination and Remuneration Committee;
- d. Corporate Social Responsibility Committee.

The roles and responsibilities assigned to these Committees are covered under the term of reference approved by the Board and are subject to review by the Board from time to time. The minutes of the meetings of Audit Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee and Nomination and Remuneration Committee are placed before the Board for its discussions and noting. The details of the composition, terms of reference, number of meetings and attendance of these Committees are provided below:

a. Audit Committee:

The Board has constituted a well-qualified Audit Committee in accordance with the provision of Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations which exercises the powers and discharges the functions as stipulated under the applicable laws. The Committee also undertakes and reviews such matters as may be delegated by the Board from time to time.

As on March 31, 2018, the Committee comprises of three Independent Directors and one Executive Director of the Company. All the members of the Audit Committee are financially literate and Mrs. Lata Mehta, Chairperson of the Committee has the relevant accounting and related expertise. The Statutory Auditors are also invited to the meetings where the financials of the Company are discussed. 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 Five (5) times during the year under review on May 30, 2017, September 01, 2017, September 14, 2017, December 13, 2017, and February 13, 2018. The number of meetings attended by each member during the year ended March 31, 2018 is as under:

Name of the member	Designation	No. of Committee Meetings	
		Held	Attended
Ms. Lata Mehta	Chairperson	5	5
Mr. Viral Nandu	Member	5	5
Mr. Dhaval Gada	Member	5	5
Mr. Gautam Pandit	Member (w.e.f May 30, 2017)	4	4

The Compliance officer acts as the Secretary to the Committee.



Terms of reference of Audit Committee:

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 Broad terms of reference of Audit Committee are as follows:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommending the appointment/re-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.
- Matter to be included in the Director's Responsibility Statement
- Reviewing with the management, Statutory Auditors and the Internal Auditors about 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 made 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 Statutory Auditors before the audit commences regarding the 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.
- 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.
- Reviewing the Management Discussion and Analysis Report before submission to the Board.

b. Stakeholders' Relationship Committee:

The Stakeholders' Relationship Committee is duly constituted as per the provisions of Section 178 of the Companies Act, 2013 and Regulation 20 of Listing Regulations. The Committee is primarily responsible 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.

As on March 31, 2018, the Stakeholders' Relationship Committee comprises of one Executive and two Independent Directors. During the year under review, the committee met 4 (four) times on May 30, 2017, September 14, 2017, December 17, 2017 and February 13, 2018. The

number of meetings attended by each member during the year ended March 31, 2018 is as under:

Name of the member	Designation	No. of Committee Meetings	
		Held	Attended
Ms. Lata Mehta	Chairperson	4	4
Mr. Viral Nandu	Member	4	4
Mr. Dhaval Gada	Member	4	4
Mr. Gautam Pandit	Member (w.e.f May 30, 2017)	3	3

Status of Investors' Complaint:

The following is the status investors complaints received and resolved during the Financial Year 2017-18.

Opening at the beginning of the year	Received during the year	Resolved during the year	Pending at the end of the year
NIL	NIL	NIL	NIL

The Compliance Officer acts as the Secretary to the Stakeholders' Relationship Committee. Mr. Pratik Shah is the Compliance Officer of the Company.

c. Nomination & Remuneration Committee:

The constitution and terms of reference of the Nomination and Remuneration Committee are in compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations. The Committee comprises of three Non-Executive / Independent Directors.

During the year under review, the Nomination and Remuneration Committee met twice on May 30, 2017 and September 14, 2017. The number of meetings attended by each member during the year ended March 31, 2018 is as under:

Name of the member	Designation	No. of Committee Meetings	
		Held	Attended
Ms. Lata Mehta	Chairperson	2	2
Mr. Dhaval Gada	Member	2	2
Mr. Gautam Pandit	Member (w.e.f May 30, 2017)	1	1

The Compliance Officer acts as the Secretary to the Nomination & Remuneration Committee. Mr. Pratik Shah is the Compliance Officer of the Company.

➤ **Terms of reference of the Nomination & Remuneration Committee:**

The Committee is empowered to –

- Formulate criteria for determining qualifications, positive attributes and independence of Directors and evaluating the performance of the Board of Directors.
- Identification and assessing potential individuals with respect to their expertise, skills, attributes, personal and professional standing for appointment and re-appointment as Directors / Independent Directors on the Board and as Key Managerial Personnel (KMP).
- Formulate a policy relating to remuneration for the Directors, Committee and also the Senior Management Employees

Performance Evaluation criteria of Independent Directors:

The Nomination and Remuneration Committee has approved the Policy on Board evaluation, evaluation of Board Committees' functioning and evaluation of individual Director ; synopsis of which is provided in the Board's Report.

➤ **Remuneration Policy:**

The Company follows a comprehensive policy for selection, recommendation, appointment of Directors and other senior managerial employees and also on the remuneration, and such other related provisions as applicable. 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.

(a) Selection:

- Any person to be appointed as a Director on the Board of Director of the Company or as KMP or Senior Management Personnel, including Independent Directors, shall possess appropriate skills, experience and knowledge in one or more fields of sciences, actuarial sciences, banking, finance, economics, law, management, sales, marketing, administration, research, corporate governance or technical operations.
- Any person to be appointed as a Director on the Board of the Company shall possess the relevant experience and shall be able to provide policy directions to the Company, including directions on good corporate

governance.

- While appointing any person as Chief Executive Officer, Managing Director or a Whole-time Director of the Company, his / her educational qualification, work experience, industry experience, etc. shall be considered.

(b) Remuneration to Executive Directors:

- At the time of appointment or re-appointment, the remuneration if any, paid to the managing director shall be paid as may be mutually agreed between the Company (which includes the Nomination & Remuneration Committee and the Board of Directors) and the Managing Director within the overall limits prescribed under the Companies Act, 2013.
- The remuneration shall be subject to the approval of the Members of the Company in General Meeting.
- The remuneration of the Director comprises of fixed salary, allowances, perquisites, amenities and retiral benefits.
- In determining the remuneration the Nomination & Remuneration Committee shall consider the following:
 1. The relationship of remuneration and performance benchmarks is clear;
 2. Balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;
 3. Responsibility of the Managing Director's and the industry benchmarks and the current trends;
 4. The Company's performance vis-à-vis the annual budget achievement and individual performance.

(c) Remuneration of Non-Executive Directors:

The Non-Executive Directors shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board / Committee meetings. A Non-Executive Director shall be entitled to receive sitting fees for each meeting of the Board or Committee of the Board attended by him on such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

The Independent Directors of the Company shall not be entitled to participate in Stock Option

Scheme of the Company, if any, introduced by the Company.

(d) Remuneration of Senior Management Employees:

In determining the remuneration of the Senior Management employees (i.e. KMP's and Executive Committee Members) the Nomination & Remuneration Committee shall consider the following:

1. The relationship of remuneration and performance benchmark is clear;
2. The fixed pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals;
3. The components of remuneration includes salaries, perquisites and retirement benefits;

4. The remuneration including annual increment and performance incentive is decided based on the criticality of the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, industry benchmark and current compensation trends in the market.

Details of remuneration and sitting fees paid to the Directors and No. of Equity Shares held by them during the year ended March 31, 2018:

Details of remuneration/sitting fees paid during the year 2017-18 and number of shares held as on March 31, 2018 by the directors of the Company are as follows:

(Amount in ₹ except for shares)

Name of the Directors	Salary & Perquisites	Performance/ Incentive/ Bonus	Commission	Sitting Fees	Total	No. of Shares
Mr. Viral Nandu	-	-	-	-	-	-
Mrs. Lata Mehta	-	-	-	-	-	-
Mr. Dhaval Gada	-	-	-	-	-	-
Mr. Gautam Pandit	-	-	-	-	-	-

No remuneration/compensation is paid to Non-executive Directors.

GENERAL BODY MEETINGS:

a. Annual General Meetings:

Details with respect of date, location and time of preceding three Annual General Meetings are given below:

Financial Year	Date	Time	Venue	Special Resolution passed
2014-15	September 29, 2015	10.00 a.m.	Gomantak Seva Sangh, 72/A, Mahant Road Extension, Vile Parle (East), Mumbai- 400 057	-
2015-16	September 30, 2016	10.15 a.m.	Gomantak Seva Sangh, 72/A, Mahant Road Extension, Vile Parle (East), Mumbai- 400 057	-
2016-17	September 29, 2017	01.00 p.m.	Gomantak Seva Sangh, 72/A, Mahant Road Extension, Vile Parle (East), Mumbai- 400 057	-

b. Details of special resolution passed through postal ballot, the persons who conducted the postal ballot exercise and details of the voting pattern:

During the year, under review pursuant to Section 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 (including any statutory amendment(s) or re-enactment(s) made thereof for the time being in force), your Company passed the following resolutions through postal ballot as per the details below:

The voting pattern of votes casted in favour/against the resolutions passed vide Postal Ballot Notice dated March 23, 2018 is as under:

Description of the Resolution	Type of Resolution	Number of Votes polled	Votes cast in favour		Votes cast against	
			Number of Votes	%	Number of Votes	%
Sale / Transfer / Disposal etc. of Undertaking(s)/ Asset(s) of the Company	Special	4398890	4372523	99.40	26367	0.60
Alteration of object Clause of Memorandum of Association of the Company	Special	4396890	4370523	99.40	26367	0.60
Adoption of new set of Article of Association of the Company	Special	4399090	4372787	99.40	26303	0.60

The aforesaid resolutions were passed with requisite majority

Mr. Manish L. Ghia (FCS 6252 and CP No. 3531), Practising Company Secretary, Mumbai, was appointed as the Scrutinizer for conducting the said Postal Ballot and e-voting process in a fair and transparent manner.

Procedure for Postal Ballot

The Company conducted the postal ballot in accordance with the provisions of Section 110 of the Act read with Rule 22 of the Companies (Management & Administration) Rules, 2014 ("Rules"). The Company had completed the dispatch of the Postal Ballot Notice dated March 13, 2018 along with the Explanatory Statement, postal ballot form and self-addressed business reply envelopes on March 23, 2018 to the shareholders who had not registered their e-mail IDs with the Company/Depositories and also sent by e-mail the said documents to shareholders whose e-mail IDs were registered with the Company/Depositories. The Company also published a notice in the newspaper declaring the details of completion of dispatch and other requirements as mandated under the provisions of the Act and Rules framed thereunder. In compliance with the provisions of Sections 108 and 110 of the Act and rule 20 and 22 of the Rules read with Regulation 44 of the Listing Regulations, the Company had offered the facility of e-voting to its members to enable them to cast their vote electronically. The voting under the postal ballot was kept open from February 25, 2018 (9.00 a.m. IST) to March 26, 2018 (5.00 p.m. IST). Upon completion of scrutiny of the postal ballot forms and

votes cast through e-voting in a fair and transparent manner, the scrutinizer i.e. Mr. Manish L. Ghia submitted his report to the Company and the results of the postal ballot were announced by the Company on March 28, 2018. The voting results were sent to the Stock Exchanges and also displayed on the Company's website www.eurovitrifed.com and on the website of Central Depository Services (India) Limited www.evotingindia.com

None of the business at the ensuing Annual General Meeting is proposed to be transacted through Postal Ballot.

MEANS OF COMMUNICATION:

• **Publication of quarterly results:**

The quarterly/half yearly and Annual Financial Results are published in accordance with the provisions of the Listing Regulations in English Newspapers viz. Business Standard and in Marathi newspapers viz. Mahanayak. The results are also available on Company's website www.eurovitrifed.com and also on websites of National Stock Exchange of India Limited i.e. www.nseindia.com and BSE Limited i.e. www.bseindia.com.

• **Website:**

The Company's website www.eurovitrifed.com contains a separate dedicated section- "Investor Relationship" where shareholders information is available. Periodical Financial results, Shareholding Pattern and 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.

• **Presentations / Press Releases:**

The Company has not made any presentations/ press release to institutional investors or to the analysts and has not given any press release during the year under review.

GENERAL INFORMATION FOR SHAREHOLDERS:

a)	Date Time and Venue of Annual General Meeting	Date: Friday, September 28, 2018 Time: 11.00 a.m. Venue: Gomantak Seva Sangh, 72/A, Mahant Road Extension, Vile Parle (East), Mumbai - 400 057	
b)	Financial Year	April 1, 2017 to March 31, 2018	
c)	Book Closure dates	Friday, September 21, 2017 to Friday, September 28, 2018 (both days inclusive)	
d)	Cut-off date for remote e-voting:	The e-voting/voting rights of the shareholders/beneficial owners shall be reckoned on the equity shares held by them as on the cut-off date i.e. Friday, September 21, 2018.	
e)	Financial Calendar (2018-19)	Result for the quarter ended June 30, 2018	- On August 10, 2018
		Result for the quarter ending September 30, 2018	- On or before November 14, 2018
		Result for the quarter ending December 31, 2018	- On or before February 14, 2019
		Audited Result for the year/ quarter ending March 31, 2019	- On or before May 30, 2019.
f)	Dividend Payment Date	Not Applicable	
g)	Listing on Stock Exchanges	BSE Limited (BSE) 25 th Floor, P J Towers, Dalal Street, Mumbai - 400001	National Stock Exchange of (India) Limited (NSE) Exchange Plaza, C-1,Block G. Bandra Kurla Complex Bandra, East, Mumbai- 400051
		The Company has paid the listing fees to the BSE Limited and the National Stock Exchange of (India) Limited (NSE) for the financial year 2017-18.	
h)	Stock Code / Symbol ISIN with CDSL and NSDL	BSE - 532823 NSE – EUROCERA INE649H01011	
i)	Commodity price risk or foreign exchange risk and hedging activities	Not Applicable	

j) **Market Price Data and Indices:**

The monthly high and low quotations of shares traded on the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) with corresponding details of BSE Sensex and NSE Nifty during each month in 2017-18 are as follows:

Month	BSE*		BSE Sensex* (Points)		NSE**		NSE Nifty** (Points)	
	High (in ₹)	Low (in ₹)	High	Low	High (in ₹)	Low (in ₹)	High	Low
Apr-17	9.31	6.82	30184.22	29241.98	9.20	6.75	9367.15	9075.15
May-17	15.08	9.50	31255.28	29804.12	15.00	9.60	9649.60	9269.90
Jun-17	12.45	8.17	31522.87	30680.66	12.30	8.30	9709.30	9448.75
Jul-17	10.00	8.40	32672.66	31017.11	9.80	8.35	10114.85	9543.55
Aug-17	8.80	6.55	32686.48	31128.02	9.20	6.40	10137.85	9685.55
Sep-17	7.92	6.52	32524.11	31081.83	7.85	6.60	10178.95	9687.55
Oct-17	8.80	6.20	33340.17	31440.48	8.85	6.15	10384.50	9831.05
Nov-17	7.77	6.63	33865.95	32683.59	7.70	6.70	10490.45	10094.00
Dec-17	8.18	6.81	34137.97	32565.16	8.30	6.80	10552.40	10033.35
Jan-18	10.18	7.35	36443.98	33703.37	10.00	7.00	11171.55	10404.65
Feb-18	8.60	6.50	36256.83	33482.81	8.75	6.40	11171.35	10276.30
Mar-18	7.34	5.10	34278.63	32483.84	7.45	4.80	10525.50	9951.90

Source: * www.bseindia.com, ** www.nseindia.com

k) **Shareholding Pattern as on March 31, 2018:**

Sr. No.	Category	Number of shares held	Percentage of Shareholding (%)
1	Promoters	35,41,452	10.49
2	Foreign Portfolio Investors	1,00,002	0.30
3	Bodies Corporate	58,23,182	17.26
4	Financial Institutions/Banks	18,46,879	5.48
5	Clearing Member	2,86,819	0.86
6	Hindu Undivided family	4,41,466	1.30
7	Non Resident Indians	34,47,656	10.22
8	Resident Individuals (Public)	1,82,50,261	54.09
	Total	3,37,37,717	100.00

l) Distribution of shareholding as on March 31, 2018 :

Shareholding (No. of Shares)	Number of Shareholders	% of total number of Shareholders	Total Number of Shares	% of Total Number of issued Shares
1 to 500	6804	71.99	1021394	3.03
501 to 1000	1067	11.29	947228	2.81
1001 to 2000	612	6.48	983554	2.91
2001 to 3000	254	2.68	674929	2.00
3001 to 4000	120	1.27	441925	1.31
4001 to 5000	167	1.77	807652	2.40
5001 to 10000	206	2.18	1569257	4.65
10001 and above	221	2.34	27291778	80.89
Total	9451	100.00	3,37,37,717	100.00

m) Share Transfer System:

All shares sent or transferred in physical form are registered by the Registrar and Share Transfer Agent within prescribed time, if documents are found in order. Shares under objection are returned within two weeks. All requests for dematerialization of shares are processed and the confirmation is given to the respective depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) within 21 days. The Company obtains half-yearly Certificate of Compliance with the share transfer formalities from a Practicing Company Secretary as required under Regulation 40(9) of the Listing Regulations and files a copy of the Certificate with the concerned Stock Exchanges.

n) Dematerialization of shares and liquidity:

As on March 31, 2018 the total number of Equity Shares of the Company in dematerialised form stood at 3,12,60,115 Shares (representing 92.66% of the Company's Paid-up Equity Share Capital of the Company).

o) Outstanding ADRs, GDRs, Warrants or any convertible instruments conversion date and impact on Equity:

As on March 31, 2018 the Company does not have any outstanding ADRs, GDRs, Warrants or any convertible instruments.

p) Plant Location:

Survey No. 510511 512517/1
Bhachau Dudhai Road
Bhachau (Kutch)
Gujarat-370140

q) Registrar & Share Transfer Agent:

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
101,247 Park, L.B.S. Marg, Vikhroli (West),
Mumbai-400083
Tel: 91 22 2594 6970
Fax: 91 22 2594 6969
E-mail: helpline@linkintime.co.in

r) Address for Investor Correspondence:

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

Mr. Pratik Shah
Compliance Officer
Euro Ceramics Limited
208 Sangam Arcade Vallabhkhair Road
Opp. Railway Station Vile Parle (West)
Mumbai - 400056
E-mail: sales@eurocl.com
Tel No.: 91 22 4019 4019
Fax No.: 91 22 4019 4020

DISCLOSURES

a) Subsidiary Company:

As on March 31, 2018, the Company has one subsidiary Company i.e. 'Euro merchandise (India) limited' which is not a "Material Subsidiary" as per the definition under Regulation 16(1)(c) of the Listing Regulations. The Policy on determination of Material Subsidiary of the

Company is available on the website of the Company at: <http://www.eurovitrified.com/pdf/Policy%20on%20Determining%20the%20Material%20Subsidiaries.pdf>.

b) Related-party transactions:

There were no materially significant transactions with related parties, pecuniary transactions or relationship between the Company and its Directors during the Financial Year ended March 31, 2018 that may have potential conflict with the interest of the Company at large.

The transactions with the related parties, as per the requirements of the Indian Accounting Standard (Ind AS) 24, are disclosed in the Notes on Accounts, forming part of the Annual Report. The policy on dealing with Related Party Transaction is available on Company's website at <http://www.eurovitrified.com/pdf/Policy%20on%20Related%20Person%20Transaction.pdf>.

c) Compliance related to Capital Market:

The Company has complied with the requirements of the Stock Exchanges, Securities and Exchange Board of India (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.

d) Vigil Mechanism / Whistle Blower Policy:

The Company promotes ethical behavior in all its business activities and has put a mechanism of reporting illegal or unethical behavior. The Company has a vigil mechanism / whistle blower policy wherein the employees are free to report violations of laws, rules, regulations or unethical conduct to their immediate supervisor or such other person as may be notified by the management to the employees / workers. The confidentiality of those reporting violation is maintained and they are not subjected to any discriminatory practice. However, no violation of laws or unethical conduct etc was brought to the notice of the Management or Audit Committee during the year ended March 31, 2018. We affirm that during the financial year 2017-18, no employee or director of the Company was denied access to the Audit Committee. Vigil Mechanism/Whistle Blower Policy is also

available on the website of the Company at <http://www.eurovitrified.com/pdf/Vigil%20Mechanism%20Policy.pdf>

e) Auditors' Certificate on compliance with the provisions relating to Corporate Governance:

Auditors' Certificate on compliance of conditions of the Listing Regulations relating to Corporate Governance by the Company is annexed to this Report.

f) Disclosure of Accounting Treatment:

In the preparation of financial statement, the Company has followed the Indian Accounting Standards issued by the Institute of the Chartered Accountants of India to the extent applicable. The Accounting Policies followed by the Company to the extent relevant, are set out in this report.

g) Disclosure of Risk Management:

The Company has adopted the Risk Management Policy which includes procedure to inform Board members about the risk assessment and minimization procedure, which is periodically reviewed by the Audit Committee and the Board.

h) CEO / CFO Certification:

In terms of Regulation 17(8) of the Listing Regulations, Mr. Nenshi L. Shah, CEO and Mr. Paresh Kanji Shah, CFO of the Company have submitted a certificate to the Board of Directors in the prescribed format in respect of financial year ended March 31, 2018.

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

The Company has complied and disclosed all mandatory corporate governance requirements as stipulated under Regulation 17 to 27 and sub-regulation (2) of Regulation 46 and Part C of Corporate Governance of Sub Para (2) to (10) of Schedule V of Listing Regulations except that the Company does not have a Company Secretary as per Regulation 6 of Listing Regulations.

The details of adoption of the non-mandatory recommendations under Regulation 27 of the Listing Regulations are mentioned hereunder:

- Reporting of Internal Auditor: The Internal Auditor reports to the Audit Committee.

DECLARATION ON COMPLIANCE WITH CODE OF CONDUCT:

I, Mr. Viral Nandu, Chairman & Whole Time Director of the Company, hereby confirm 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 financial year 2017-18.

By Order of the Board of Directors

Place: Mumbai
Date: August 10, 2018

Viral Nandu
Chairman & Whole Time Director
DIN 01767620

Auditors Certificate on Compliance of the Corporate Governance

To,
The Members of
Euro Ceramics Limited

We have examined the records concerning Compliance of the conditions of Corporate Governance by **Euro Ceramics Limited** ("the Company"), for the year ended March 31, 2018, as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2) and paragraphs C and D of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations").

The compliance of conditions of Corporate Governance is responsibility of the 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.

We have examined the relevant records of the Company in accordance with the Generally Accepted Accounting Standards in India, to the extent relevant and as per the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India.

On the basis of relevant records and documents maintained and furnished to us and the information and explanations given to us by the Company's Management, to the best of our knowledge and belief, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulation 17 to 27 and clauses (b) to (i) of Regulation 46(2) and paragraphs C and D of Schedule V of the Listing Regulations for the year ended March 31, 2018 except the following:

1. Non appointment of Company Secretary pursuant to Regulation 6 of the Listing Regulations..
2. Since the net profit of the Company crossed the threshold of 5 Cr during FY 2016-17, it was required to constitute a Corporate Social Responsibility (CSR) Committee and adopt a CSR Policy for FY 2017-18. However the Company inadvertently did not constitute the CSR Committee or formulate a CSR Policy for FY 2017-18.

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

For Rasesh Shah & Associates
Chartered Accountants
ICAI Firm Registration No. 108671W

Place: Mumbai
Date: August 10, 2018

CA Mehul Shah
Partner
Membership No. 137148

INDEPENDENT AUDITOR'S REPORT**TO THE MEMBERS OF EURO CERAMICS LIMITED****Report on the Standalone Indian Accounting Standards (Ind AS) Financial Statements**

1. We have audited the accompanying standalone Ind AS financial statements of **Euro Ceramics Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Standalone Ind AS Financial Statements").

Management's Responsibility for the Standalone Ind AS Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements to give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ("Ind AS") specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Basis of Qualified Opinion

Our audit opinion is qualified for the following matters:

- (a) ***The Company's current liabilities exceeds its current assets and net worth of the Company has been fully eroded, these events indicate a material uncertainty that casts a significant doubt on the Company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business. The financial results do not disclose the fact***

that the fundamental accounting assumption of going concern has not been followed.

- (b) We draw attention towards the fact that the Company's financial facilities/arrangements including Term Loans, Working Capital Facilities and Non Fund Based Credit Facilities have expired and the accounts with the Banks have turned into Non Performing Assets.

Some of the bank lenders have initiated legal proceedings against the Company for recovery of their respective debts at the Debt Recovery Tribunal and have taken symbolic possession of the securities u/s. 13(4) of the SARFAESI Act, 2002. However the Company has been able to renegotiate with the secured lenders and arrive at an amicable settlement of its debts. The Company has made the settlement of its total debt outstanding with the secured lenders. Accordingly some of the lenders have been settled completely on one time settlement basis and others have agreed for deferred payment along with some upfront payment based on their respective terms of settlement. In view of the above settlement, the Company has not provided the interest on the outstanding dues payable as per the settlement terms on the outstanding agreed amount of settlement amounting to ₹ 1,119 Lakhs for the year ended March 31, 2018 and the interest amount not provided cumulatively from the date of settlement upto March 31, 2018 was ₹ 2,172 Lakhs. Had the same been accounted for, the net loss (after tax) would have decreased and current liabilities for the year ended March 31, 2018 would have increased by that amount. In addition to this, the Company has been continuously incurring substantial losses since past few years and as on March 31, 2018, the Company's current liabilities exceed its current assets by ₹ 25,082.40 Lakhs. Further, the net-worth of the Company has fully eroded and the Company had also filed registration u/s. 15(1) of the erstwhile Sick Industrial Companies (Special Provisions) Act, 1985, before the erstwhile Hon'ble Board for Industrial & Financial Reconstruction.

- (c) We draw attention towards the fact that the Company has not provided for impairment or diminishing value of its assets/investment as per 'Ind AS 36 – Impairment of Assets' as notified under Section 133 of the Companies Act, 2013. The effect of such Impairment or diminishing value has not been quantified by

the management and hence the same is not ascertainable.

- (d) We draw attention to the fact that financial statements are subject to receipt of confirmation of balances from many of the debtors, loans & advances, investments, banks, sundry creditors and other liabilities. Pending receipt of confirmation of these balances and consequential reconciliations / adjustments, if any, the resultant impact on the financial statements is not ascertainable.
- (e) We draw attention to Note No. 34(d) of the Standalone Ind AS financial statement which states that, the Company had imported various Capital Goods and Spares and Consumables for the 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 fulfil quantified exports within a period of eight years from the date of respective licenses. The Custom Duties so saved amounted to ₹ 30,76,45,374/- and the corresponding Export obligation to be fulfilled amounted to ₹ 2,46,11,62,991/-, however as on March 31, 2018, the Export obligation yet to be fulfilled amounted to ₹ 169,19,04,058/-. The stipulated period of 8 years to fulfill Export obligation has already expired and the company is required to pay the said saved Custom Duty together with interest @ 15% p.a. but the same has not been provided in books of accounts by the Company and the final liability is presently unascertainable.
- (f) We draw attention to the fact that, as required under Section 203 of the Act the Company is yet to appoint a Company Secretary and the Company is not in compliance with Regulation 6 of LODR which requires Company Secretary to be appointed as Compliance Officer.
- (g) We draw attention towards the fact that, in respect of deposits accepted by the Company before the commencement of this Act, within the meaning of section 74 & 75 of the Act and the Rules framed there under, the principal amount of such deposits and interest due thereon remained unpaid even after expiry of one year from such commencement and the Company has not filed a statement within a period of three months from such commencement or from the date on which such payments, are due, with the Registrar details as prescribed u/s.74(1)(a).

- (h) *We draw attention towards overdue receivables aggregating to ₹ 170 Lakhs as on March 31, 2018, towards purchase of goods included under "Trade Receivables" owed to the Company by its Foreign Customers due for more than 6 months as on March 31, 2018. These balances have not been settled till March 31, 2018. The Company is yet to make an application to the authorized dealer or Reserve Bank of India (RBI) for overdue receivable balances beyond the prescribed time limits in accordance with Foreign Exchange Management Act (FEMA). Any penalties that may be levied by RBI are presently not known and not given effect to in the INDAS financial statements.*
- (i) *The Company has interest free borrowings, classified under Non-Current Financial Liabilities and Current Financial Liabilities which are borrowed from various related parties and other lenders, the repayment terms of which have not been agreed between the Company and the lenders. The Company has considered the amount borrowed to be the fair value and disclosed the same in the financial statements. However in the absence of any repayment terms and interest rate, the amount disclosed may not be the fair value, in accordance with the provisions of 'Ind AS – 109 – Financial Instrument' and 'Ind AS – 113 – Fair Value Measurement'. The effect of such treatment has not been quantified by the management and hence the same is not ascertainable.*
- (j) *We draw attention to the facts that the non-ascertainment of complete particulars of dues to Micro, Small and Medium enterprises, if any under MSMED Act, 2006, and provisions towards interest, if any, is not ascertained at this stage which is not in conformity with 'Ind AS 37-Provision, Contingent Liabilities and Contingent Assets'.*
- (k) *We draw attention to Note No. 52 of the Standalone Ind AS financial statement which states that, the Company's non-current investments as at March 31, 2018 include investments aggregating ₹ 143 Lakhs in two of its subsidiaries (of which ₹ 142.50 Lakhs has been provided); and loans as at that date include dues from such subsidiaries aggregating ₹ 7,608.46 Lakhs (of which ₹ 3,410 Lakhs has been provided), net amount being considered good and recoverable by the management considering the factors stated in the aforesaid note. Also, attention is*

drawn toward Note 34(b), which states that the Company has given guarantee for loans taken by Subsidiary Company from bank and the terms and conditions of the same are not prejudicial to the interest of the Company, as per the management. However, these subsidiaries either have accumulated losses and their consolidated net worth is fully eroded or have no transactions. Further, these subsidiaries are facing liquidity constraints due to which they may not be able to realize projections made as per their respective business plans. In the absence of sufficient appropriate evidence, we are unable to comment upon the carrying value of these non-current investments and recoverability of the aforesaid dues and the consequential impact, if any, on the accompanying standalone financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, **except for the matters** illustrated and described in the **Basis of Qualified Opinion** the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at March 31, 2018, and its total comprehensive income (comprising of loss and other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other Matter

9. The comparative financial information of the Company for the year ended March 31, 2017 and the transition date opening balance sheet as at April 1, 2016 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements for the years ended March 31, 2017 and March 31, 2016 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by the predecessor auditor who expressed a modified opinion vide reports dated May 30, 2017 and May 30, 2016 respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
11. As required by Section 143 (3) of the Act, we report that:
- (a) We have sought and except for the possible effect of the matter described in the Basis of Qualified Opinion paragraph above, and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) Except for the possible effect of the matter described in the Basis of Qualified Opinion paragraph above, in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) Except for the possible effect of the matter described in the Basis of Qualified Opinion paragraph above, in our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under section 133 of the Act read with Rules issued thereunder;
 - (e) The matters described in the 'Basis of Qualified Opinion' paragraph above, in our opinion may have an adverse effect on the functioning of the Company;
 - (f) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; and
 - (h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
 - i. The Company has disclosed the impact, of pending litigations as at March 31, 2018 on its financial position in its standalone Ind AS financial statements – Refer Note 34;
 - ii. The Company did not have any long-term contracts including derivative contracts as at March 31, 2018; and
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2018; and
 - iv. The disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from November 8, 2016 to December 30, 2016 which is not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

For Rasesh Shah & Associates
Chartered Accountants
Firm Registration Number: 108671W

CA Mehul Shah
Partner
Membership Number: 137148

Place : Mumbai
Date : May 29, 2018

“Annexure A” to the Independent Auditors' Report

The Annexure 'A' referred to in our Independent Auditors' Report to the members of the Company on the standalone Ind AS financial statements of **Euro Ceramics Limited** for the year ended March 31, 2018, we report that:

- I. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
- (b) The property, plant and equipment covering significant value were physically verified during the year by the management at such intervals which in our opinion, provides for the physical verification of all the property, plant and equipment at reasonable intervals having regard to the size of the Company and nature of its business. According to the information and explanations given to us, no material discrepancies were noticed on such verification;
- (c) According to the information and explanations given to us, the title deeds of immovable properties, as disclosed in Note 3 to the standalone Ind AS financial statements, are held in the name of the Company, **except for the following:**

Sr. No.	Particulars	Gross Block as at March 31, 2018 (Amount in ₹)	Net Block as at March 31, 2018 (Amount in ₹)	Remark
(1)	2.17 Acres	0.95 Lakhs	0.95 Lakhs	Registration with Government Authorities pending
(2)	48.24 Acres	34.89 Lakhs	34.89 Lakhs	Yet to be converted into Non-Agricultural from Agricultural purpose or there are discrepancies in respect of measurement as compared to Government Records

- ii. In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year and no material

discrepancies between physical inventory and book records were noticed on physical verification.

- iii. According to the information and explanation given to us, the Company has granted unsecured loans to party covered in the register maintained under Section 189 of the Companies Act.

(a) In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loan have not been specifically defined and hence we are unable to comment as to whether the same are prejudicial to the interest of the Company or not.

(b) In our opinion and according to the information and explanations given to us, there are no stipulations made regarding repayment of principal amount and interest in respect of loans granted by the Company to parties covered in the register maintained under Section 189 of the Companies Act, 2013. Hence we are unable to comment as to regularity of repayments of principal and interest amount. In absence of specific stipulations for repayment of principal and interest we are unable to comment on the overdue amounts in respect thereof and steps taken for their recovery.

- iv. In our opinion and according to the information and explanations given to us, the Company has generally complied with the provisions of Section 185 and 186 of Companies Act, 2013 with respect to the loans, investments, guarantees and security.

- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits during the year from the public within the meaning of Section 73 & Section 76 of the Companies Act, 2013 and the Rules framed there under to the extent notified. Further in respect of deposits accepted by the company before the commencement of this Act, within the meaning of Section 74 & Section 75 of the Companies Act, 2013 and the Rules framed there under to the extent notified, the principal amount of such deposits and interest due thereon remained unpaid even till date. The Company had filed an application within the meaning of Section 74(2) with the National Company Law Tribunal requesting to allow further time for compliance, however the National Company Law Tribunal has dismissed the extension request.

- vi. The Central Government has not specified maintenance of cost records under sub-Section (1) of Section 148 of the Act, in respect of Company's products. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- vii. (a) According to the information and explanation given to us and the records of the Company examined by us, in our opinion the Company has been facing liquidity stress since past few years due to which there were delays in depositing various undisputed statutory dues with appropriate authorities including provident fund, employee's state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable and there are no arrears of outstanding statutory dues as at the year-end for a period of more than six months from the date they became payable.
- (b) According to the information and explanation given to us and the records of the Company examined by us, there are no dues of income tax, sales tax, service tax, duty of excise, value added tax, as at March 31, 2018, which have not been deposited on account of any dispute. However there are dues of duty of customs which have not been deposited on account of a dispute which are as under:

(In ₹ Lakhs)

Name of the Statute	Nature of Dues	Amount ₹	Period to which the amount relates	Forum where the dispute is pending
Customs Act, 1962	Custom Duty	1185.11	F.Y. 2005-2013	High Court of Mumbai
Customs Act, 1962	Custom Duty	1782.77	F.Y. 2006-2014	High Court of Mumbai
Customs Act, 1962	Custom Duty	28.65		CESTAT, Ahmedabad
Central Excise Act, 1961	Excise Duty	171.88		High Court of Gujarat
The Gujarat Value Added Tax Act, 2003	Sales Tax / VAT	13.96	F.Y. 2012-2013	Joint Commissioner Of Sales Tax (Appeal)(Rajkot)
The Gujarat Value Added Tax Act, 2003	Sales Tax / VAT		F.Y. 2013-2014	Joint Commissioner Of Sales Tax (Appeal)(Rajkot)

- (c) There were no amounts required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2018.
- viii. In our opinion and according to the information and explanations given to us the Company had defaulted in repayment of loans and interests dues to the banks. Some of the bank lenders have initiated legal proceedings against the Company for recovery of their respective debts at the Debt Recovery Tribunal and have taken symbolic possession of the securities u/s. 13(4) of the SARFAESI Act, 2002. However the Company has been able to renegotiate with the secured lenders and arrive at an amicable settlement of its debts. The Company has made the settlement of its total debt outstanding with the secured lenders. Accordingly some of the lenders have been settled completely on one time settlement basis and others have agreed for deferred payment along with some up-front payment based on their respective terms of settlement. In view of the above settlement, the Company has not provided the interest on the outstanding dues payable as per the settlement terms on the outstanding agreed amount of settlement amounting to ₹ 1,119 Lakhs for the year ended March 31, 2018 as given under:

Name of the Bank	Principal Outstanding as on the date of turning NPA (In ₹ Lakhs)	Agreed Settlement Amount (In ₹ Lakhs)	Amount Paid upto March 31, 2018 as per settlement terms (In ₹ Lakhs)	Interest Outstanding as per agreed terms of settlement as on March 31, 2018 (In ₹ Lakhs)
State Bank of India	25,598.96	14,500.00	6,405.10	1,557.95
The Cosmos Co-Op Bank Ltd	5,805.03	4,000.00	1,482.00	613.25
Total	31,403.99	18,500.00	7,887.10	2,171.20

- ix. In our opinion, the Company has applied the term loans for the purposes for which these were raised. The Company did not raised money by way of initial public offer/ further public offer (including debt instruments) during the year.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its

- officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- xiii. In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable Ind AS.
- xiv. The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its Directors and hence provisions of Section 192 of the Act are not applicable.
- xvi. The company is not required to be registered under Section 45 IA of the Reserve Bank of India Act, 1934 and hence reporting under clause 3 (xvi) of the Order are not applicable to the Company.

For Rasesh Shah & Associates
Chartered Accountants
Firm Registration Number: 108671W

CA Mehul Shah
Partner
Membership Number: 137148

Place : Mumbai
Date : May 29, 2018

“Annexure B” to the Independent Auditor's Report

Referred to in paragraph 11 (g) of the Independent Auditor's Report of even date to the Members of Euro Ceramics Limited on standalone financial statement for the year ended March 31, 2018.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of Euro Ceramics Limited (“the Company”) as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on, the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (“the Guidance Note”) issued by the Institute of Chartered Accountants of India (“ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (“the Act”).

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Basis of Qualified Opinion

In our opinion, according to the information and explanations given to us and based on our audit procedure performed, the following material weakness has been identified in the operating effectiveness of the Company's internal financial controls over financial reporting as at March 31, 2018:

The Company's internal financial controls in respect of supervisory and review controls over process of determining of (a) carrying value of the Company's non-current investments in its subsidiaries; and (b) recoverability of loans, due from such subsidiaries were not operating effectively. Absence of aforesaid assessment in accordance with the accounting principles generally accepted in India could potentially result in a material misstatement in the carrying value of investments in such subsidiaries and the aforesaid dues from such subsidiaries and consequently, could also impact the profit (financial performance including other comprehensive income) after tax.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial controls over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

Opinion

In our opinion, except for the possible effects of the material weakness described above in the Basis for Qualified Opinion paragraph, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone financial statements of the Company as at and for the year ended March 31, 2018, and the material weakness has affected our opinion on the standalone financial statements of the Company and we have issued a qualified opinion on the standalone financial statements.

For Rasesh Shah & Associates
Chartered Accountants
Firm Registration Number: 108671W

CA Mehul Shah
Partner
Membership Number: 137148

Place : Mumbai
Date : May 29, 2018

BALANCE SHEET AS AT MARCH 31, 2018

(Amount in ₹)

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
(1) ASSETS				
Non-current assets				
(a) Property, Plant and Equipment	3	1,715,288,622	1,926,509,265	2,864,679,523
(b) <u>Financial Assets</u>				
(i) Investments	4	13,410,750	13,410,750	13,410,750
(ii) Other financial assets	5	653,512	438,201	478,201
(c) Other non-current assets	6	18,338,586	69,734,228	66,371,130
(2) Current assets				
(a) Inventories	7	236,363,273	323,465,014	319,327,962
(b) <u>Financial Assets</u>				
(i) Trade receivables	8	107,287,989	191,023,220	184,046,264
(ii) Cash and cash equivalents	9	1,453,431	13,691,686	55,555,761
(iii) Bank balances other than (iii) above	9	1,027,507	-	-
(iv) Loans	10	478,269,456	484,633,801	453,874,487
(v) Other financial assets	11	34,712	221,417	163,832
(c) Other current assets	12	7,894,971	18,469,301	16,994,887
Total Assets		2,580,022,809	3,041,596,883	3,974,902,797
EQUITY AND LIABILITIES				
EQUITY				
(a) Equity Share capital	13	337,377,170	337,377,170	337,377,170
(b) Other Equity	14	(1,127,433,159)	(837,234,453)	(2,073,958,924)
LIABILITIES				
Non-current liabilities				
(a) <u>Financial Liabilities</u>				
(i) Borrowings	15	29,608,119	22,995,980	20,216,394
Current liabilities				
(a) <u>Financial Liabilities</u>				
(i) Borrowings	16	281,142,858	376,110,258	422,451,142
(ii) Trade payables	17	351,671,347	384,833,199	366,330,891
(iii) Other financial liabilities	18	2,577,814,357	2,652,208,113	4,801,677,871
(b) Other current liabilities	19	126,659,667	100,216,874	92,861,775
(c) Provisions	20	3,182,450	5,089,741	7,946,477
Total Equity and Liabilities		2,580,022,809	3,041,596,883	3,974,902,797

In terms of our report attached
For Rasesh Shah & Associates
Chartered Accountants
Firm Registration Number: 108671W

For and on behalf of the Board of Directors

CA Mehul Shah
Partner
Membership No.: 137148

Viral T. Nandu
Chairman &
Whole Time Director
DIN : 01767620

Paresh K. Shah
Chief Financial
Officer

Place : Mumbai
Date : May 29, 2018

Place : Mumbai
Date : May 29, 2018

STATEMENT OF PROFIT AND LOSS

(Amount in ₹)

Particulars	Note No.	For the year ended March 31, 2018	For the year ended March 31, 2017
Continuing Operations			
I Revenue From Operations	21	203,002,758	117,696,297
II Other Income	22	14,205,916	20,208,548
III Total Income (I+II)		217,208,673	137,904,846
IV EXPENSES			
Cost of materials consumed	23	206,665,199	145,636,468
Purchases of Stock-in-Trade	24	16,815,563	1,303,116
Changes in inventories of finished goods, Stock-in-Trade and work-in-progress	25	3,312,868	(35,724,346)
Excise Duty	26	9,458,738	10,788,238
Employee benefits expense	27	35,160,090	42,421,641
Finance costs	28	4,414,105	5,490,504
Depreciation and amortization expense	3	197,188,901	196,944,490
Other expenses	29	64,294,498	80,775,526
Total expenses (IV)		537,309,961	447,635,637
V Profit/(loss) before exceptional items and tax (III-IV)		(320,101,288)	(309,730,791)
VI Exceptional Items	30	83,110,819	500,452,185
VII Profit/(loss) before tax from Continuing Operations (V-VI)		(236,990,469)	190,721,394
VIII Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
(3) Short Provision of Earlier Years		-	-
(4) Mat Credit Entitlement - Reversal		53,263,683	-
IX Profit (Loss) for the period from continuing operations (VII-VIII)		(290,254,152)	190,721,394
Discontinued Operations			
X Profit/(loss) from discontinued operations before tax	31	-	58,391,339
XI Net Profit from Disposal of Assets of Discontinuing operations		-	271,586,519
XII Tax expense of discontinued operations		-	-
XIII Profit/(loss) from Discontinued operations (after tax) (X-XI)		-	329,977,858
XIV Profit/(loss) for the period (IX+XII)		(290,254,152)	520,699,252
XV Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss		55,446	2,616,417
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
B (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
XVI Total Comprehensive Income for the period (XIII+XIV)		(290,198,706)	523,315,669
Other Comprehensive Income for the period)			
XVII Earnings per equity share (for continuing operation):	32		
(1) Basic		(8.60)	5.65
(2) Diluted		(8.60)	5.65
XVIII Earnings per equity share (for discontinued operations)	32		
(1) Basic		-	9.78
(2) Diluted		-	9.78
XIX Earnings per equity share (for discontinued & continuing operations)	32		
(1) Basic		(8.60)	15.43
(2) Diluted		(8.60)	15.43

In terms of our report attached

For Rasesh Shah & Associates

Chartered Accountants

Firm Registration Number: 108671W

For and on behalf of the Board of Directors

CA Mehul Shah**Partner**

Membership No.: 137148

Viral T. Nandu

Chairman &

Whole Time Director

DIN : 01767620

Paresh K. Shah

Chief Financial

Officer

Place : Mumbai**Date : May 29, 2018****Place : Mumbai****Date : May 29, 2018**

CASH FLOW STATEMENT AS AT MARCH 31, 2018

(Amount in ₹)

	As at March 31, 2018		As at March 31, 2017	
A. Cash flow from operating activities				
Net Profit / (Loss) before extraordinary items, exceptional items & tax		(320,101,288)		(309,730,791)
Adjustments for:				
Depreciation and amortisation	197,188,901		196,944,490	
(Profit) / loss on sale / write off of assets & Investments	(22,112)		3,885,944	
Changes in fair value of financial assets / liabilities at fair value through Profit & Loss A/c.	55,446		2,616,417	
Finance costs	4,414,105		5,490,504	
Interest income	(867,208)		(79,569)	
Royalty	-		(9,000,000)	
Rental income from investment properties	(7,497,390)		(1,513,343)	
Share of (profit)/Loss from partnership firms	3,629	193,275,371	216,600	198,561,043
Operating profit / (loss) before working capital changes		(126,825,917)		(111,169,749)
Changes in working capital:				
Adjustments for (increase) / decrease in operating assets:				
Inventories	87,101,741		(4,137,052)	
Trade receivables	83,735,231		(6,976,955)	
Loans and Advances	6,364,345		(31,128,729)	
Other financial assets	(28,606)		(17,585)	
Other assets	7,678,781		(4,837,512)	
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	(33,161,852)		18,502,308	
Other current liabilities	(47,950,964)		(2,142,114,659)	
Provisions	(1,907,291)	101,831,386	(2,856,736)	(2,173,566,921)
		(24,994,531)		(2,284,736,669)
Cash flow from discontinuing operations		-		126,987,335
Cash generated from operations		(24,994,531)		(2,157,749,334)
Net income tax (paid) / refunds		-		-
Net cash flow from / (used in) operating activities (A)		(24,994,531)		(2,157,749,334)
B. Cash flow from investing activities				
Capital expenditure on fixed assets, including capital advances	-		(5,614,766)	
Proceeds from sale of fixed assets	97,164,672		1,006,210,000	
Royalty Received	-		9,000,000	
Interest received	867,208		79,569	
Rental income from investment properties	7,497,390		1,513,343	
Amounts received from partnership firms	(3,629)	105,525,641	(216,600)	1,010,971,546
		105,525,641		1,010,971,546
Cash flow from extraordinary/exceptional items		-		-
		105,525,641		1,010,971,546
Net income tax (paid) / refunds		-		369,410
Net cash flow from / (used in) investing activities (B)		105,525,641		1,011,340,956

CASH FLOW STATEMENT AS AT MARCH 31, 2018

(Amount in ₹)

	As at March 31, 2018		As at March 31, 2017	
C. Cash flow from financing activities				
Repayment of long-term borrowings	(88,355,261)		(43,561,298)	
Repayment of other short-term borrowings	-		-	
Finance cost	(4,414,105)		(5,490,504)	
		(92,769,366)		(49,051,802)
Cash flow from extraordinary items		-		1,153,596,105
Net cash flow from / (used in) financing activities (C)		(92,769,366)		1,104,544,303
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		(12,238,256)		(41,864,075)
Cash and cash equivalents at the beginning of the year		13,691,686		55,555,761
Effect of exchange differences on restatement of foreign currency				
Cash and cash equivalents		-		-
Cash and cash equivalents at the end of the year		1,453,431		13,691,686
Reconciliation of Cash and cash equivalents with the Balance Sheet:				
Cash and cash equivalents as per Balance Sheet (Refer Note 13)		1,453,431		13,691,686
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements		-		-
Net Cash and cash equivalents		1,453,431		13,691,686
Add: Current investments considered as part of Cash and cash equivalents		-		-
Cash and cash equivalents at the end of the year *		1,453,431		13,691,686
* Comprises:				
(a) Cash on hand		1,182,242		978,545
(b) Cheques, drafts on hand		-		-
(c) Balances with banks		-		-
(i) In current accounts		271,190		12,713,142
(ii) In EEFC accounts		-		-
(iii) In deposit accounts with original maturity of less than 3 months		-		-
(iv) In earmarked accounts (Refer Note (ii) below)		-		-
(d) Others - Fixed Deposits Kept as Margin Money		-		-
		1,453,431		13,691,686

Note: The cash flow statement is prepared using the "indirect method" set out in IND AS 7 - Statement of Cash Flows.

In terms of our report attached

For Rasesh Shah & Associates

Chartered Accountants

Firm Registration Number: 108671W

For and on behalf of the Board of Directors**CA Mehul Shah****Partner**

Membership No.: 137148

Viral T. Nandu

Chairman &

Whole Time Director

DIN : 01767620

Paresh K. Shah

Chief Financial

Officer

Place : Mumbai**Date : May 29, 2018****Place : Mumbai****Date : May 29, 2018**

(a) **Equity share capital**

Particulars	Note	Number of Shares	Amount In ₹
Equity Shares of ₹ 10 each issued, subscribed and paid As at April 1, 2016	13	33,737,717	337,377,170
Changes in equity share capital during the year		-	-
As at March 31, 2017	13	33,737,717	337,377,170
Changes in equity share capital during the year		-	-
As at March 31, 2018	13	33,737,717	337,377,170

Particulars	Reserves & Surplus				Other Comprehensive Income		Total equity attributable to Equity Holders
	Capital Reserve	Securities Premium Account	General Reserve	Retained Earnings	Remeasurements of Defined Benefit Obligation	Fair Value through OCI	
Balance at April 1, 2016	49,728,952	1,096,659,721	(583,446,056)	(2,633,796,254)	-	(3,105,286)	(2,073,958,924)
Addition during the year	713,408,802	-	-	-	-	-	713,408,802
Profit for the year	-	-	-	520,699,252	-	-	520,699,252
Utilised / transferred during the year	-	-	-	-	-	-	-
Other Comprehensive Income for the year	-	-	-	-	2,616,417	-	2,616,417
Balance at March 31, 2017	763,137,754	1,096,659,721	(583,446,056)	(2,113,097,003)	2,616,417	(3,105,286)	(837,234,453)
Addition during the year	-	-	-	-	-	-	-
Profit for the year	-	-	-	(290,254,152)	-	-	(290,254,152)
Utilised / transferred during the year	-	-	-	-	-	-	-
Other Comprehensive Income for the year	-	-	-	-	55,446	-	55,446
Balance at March 31, 2018	763,137,754	1,096,659,721	(583,446,056)	(2,403,351,155)	2,671,863	(3,105,286)	(1,127,433,159)

Notes forming part of the Standalone Financial Statements for the Year Ended March 31, 2018

1 CORPORATE INFORMATION

EURO CERAMICS LIMITED ("ECL" or "the Company") is a limited company domiciled in India and was incorporated on April 16, 2002. Equity shares of the Company are listed in India on the Bombay stock exchange and the National stock exchange. The registered office of the Company is located at 208, Sangam Arcade, Vallabhnbhai Road, Opp. Railway Station, Vile Parle - West, Mumbai - 400056. The Company is into manufacturing of Vitrified Tiles, Wall Tiles and Agglomerated Marbles and has state of art plant at Bachau, Kutch, Gujarat. The tile plant's technology is imported from SACMI, Italy.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) (Amendment) Rules, 2016. For all periods up to and including the year ended March 31, 2017, the Company prepared its financial statements in accordance with Indian GAAP including accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These financial statements for the year ended March 31, 2018 are the first being prepared in accordance with Ind AS. The financial statements have been prepared on a historical cost basis, except certain assets and liabilities measured at fair value (refer accounting policies). The financial statements are presented in INR, except where otherwise stated.

2.2 Summary of Significant Accounting Policies

a) Current versus Non-Current Classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset/liability is treated as current when it is:

- Expected to be realised or intended to be sold or consumed or settled in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised/settled within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other assets and liabilities are classified as non-current.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has determined its operating cycle, as explained in Schedule III of the Companies Act, 2013, as twelve months, having regard to the nature of business being carried out by the Company. The same has been considered for classifying assets and liabilities as 'current' and 'non-current' while preparing the financial statements.

b) Property, plant and equipment

Tangible Assets

Under the previous GAAP (Indian GAAP), property, plant and equipment were carried in the balance sheet at cost net of accumulated depreciation and accumulated impairment losses, if any as at March 31, 2016. The Company has elected to regard those values of property as deemed cost at the date of the transition to Ind AS, i.e., April 1, 2016.

Property, plant and equipment are stated at cost [i.e., cost of acquisition or construction inclusive of freight, erection and commissioning charges, non-

refundable duties and taxes, expenditure during construction period, borrowing costs (in case of a qualifying asset) upto the date of acquisition/ installation], net of accumulated depreciation and accumulated impairment losses, if any.

When significant parts of property, plant and equipment (identified individually as component) are required to be replaced at intervals, the Company derecognizes the replaced part, and recognizes the new part with its own associated useful life and it is depreciated accordingly. Whenever major inspection/overhaul/repair is performed, its cost is recognized in the carrying amount of respective assets as a replacement, if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the statement of profit and loss.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Property, plant and equipments are eliminated from financial statements, either on disposal or when retired from active use. Losses/gains arising in case retirement / disposals of property, plant and equipment are recognized in the statement of profit and loss in the year of occurrence.

Depreciation on property, plant and equipments are provided to the extent of depreciable amount on the straight line (SLM) Method. Depreciation is provided at the rates and in the manner prescribed in Schedule II to the Companies Act, 2013.

The residual values, useful lives and methods of depreciation/amortization of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

c) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization.

Intangible assets with finite lives (i.e. software and licenses) are amortized over

the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and method for an intangible asset is reviewed at least at the end of each reporting period. Costs relating to computer software are capitalised and amortised on straight line method over their estimated useful economic life of six years.

d) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur.

e) Impairment of Non-Financial Assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss.

f) Inventories

Raw materials, work-in-progress, finished goods, packing materials, stores and spares, stock-in-trade, trading and other products are carried at the lower of cost and net realizable value. However, materials and other items held for use in production of inventories are not written down below cost if the finished goods in

which they will be incorporated are expected to be sold at or above cost.

In determining the cost of raw materials, packing materials, stock-in-trade, stores and spares, trading and other products, weighted average cost method is used. Cost of inventory comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition.

Cost of finished goods and work-in-progress includes the cost of raw materials, packing materials, an appropriate share of fixed and variable production overheads, excise duty as applicable and other costs incurred in bringing the inventories to their present location and condition.

g) Revenue Recognition

Revenue is recognized when it is probable that economic benefits associated with a transaction flows to the Company in the ordinary course of its activities and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates allowed by the Company.

Revenue includes only the gross inflows of economic benefits, including excise duty, received and receivable by the Company, on its own account. Amounts collected on behalf of third parties such as sales tax, value added tax and goods and service tax are excluded from revenue.

h) Foreign Currency Transactions

Initial recognition :

On initial recognition, transactions in foreign currencies entered into by the Company are recorded in the functional currency (i.e. Indian Rupees), by applying to the foreign currency amount, the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the Statement of Profit and Loss.

Measurement of foreign currency items at reporting date:

Foreign currency monetary items of the Company are translated at the closing exchange rates. Non-monetary items that are measured at historical cost in a foreign currency, are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency, are translated using the exchange rates at the date when the fair value is measured.

Exchange differences arising out of these translations are recognized in the Statement of Profit and Loss.

i) Taxes on Income

Tax expense is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current tax:

Current tax is measured at the amount expected to be paid/ recovered to/from the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred tax:

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date."

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The Company has not provided for Deferred Tax Liability / Assets in accordance with Ind AS-12 (Deferred Taxes) as the Company has accumulated brought forward business losses and depreciation under the Income Tax Act.

Also, the Management expects no probability of having taxable profits in near future against which deductible temporary differences can be utilised and therefore expects no cash outflow in relation to taxes.

j) Employee Benefits

Short term employee benefits: All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and they are recognized in the period in which the employee renders the related service. The Company recognizes the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

Post-employment benefits:

I. Defined contribution plans:

The Company makes payments to defined contribution plans such as provident fund and employees' state insurance. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due.

II. Defined benefit plans:

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which

they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Other long-term employee benefits:

Other long-term employee benefits are recognised as an expense in the Statement of Profit and Loss as and when they accrue. The Company determines the liability using the Projected Unit Credit Method, with actuarial valuations carried out as at the balance sheet date. Actuarial gains and losses in respect of such benefits are charged to the Statement of Profit and Loss."

k) Provisions, Contingent liabilities and Contingent assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liability is disclosed in the case of:

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- a present obligation arising from past events, when no reliable estimate is possible.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

l) Earnings per Share

Basic earnings per equity share is calculated by dividing the net profit for the year attributable to equity shareholders by weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit for the year attributable to equity shareholders and the weighted average numbers of shares outstanding during the year are adjusted for the effects of all dilutive potential equity share.

m) Cash and Cash Equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks, on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

n) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets :**Classification**

The Company classifies financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.

Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

For purposes of subsequent measurement

financial assets are classified in below categories:

- Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model.

- Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

Derecognition

A financial asset is primarily derecognized when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

Impairment of financial assets

The Company assesses impairment based on expected credit losses (ECL) model for measurement and recognition of impairment

loss, the calculation of which is based on historical data, on the financial assets that are trade receivables or contract revenue receivables and all lease receivables.

Financial liabilities :

Classification

The Company classifies all financial liabilities as subsequently measured at amortized cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

Initial recognition and measurement

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

- **Financial liabilities at amortised cost**
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.
- **Financial liabilities at fair value through profit or loss**
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This

category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of profit and loss.

- **Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss."

- Offsetting of financial instruments :

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

o) Fair Value Measurements

The Company measures financial instruments such as derivatives and certain investments, at fair value at each balance sheet date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1-** Quoted (unadjusted) market prices in active markets for identical assets or liabilities

- Level2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the balance sheet on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

- p) Unless specifically stated to be otherwise, these policies are consistently followed.

2.3 Significant accounting estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the date of the financial statements. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In particular, the Company has identified the following areas where significant judgements, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the financial statements. Changes in estimates are accounted for prospectively.

Contingencies

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal, contractor, land access and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgments and the use of estimates regarding the outcome of future events.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the standalone financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

- Impairment of non-financial assets
- Defined benefit plans
- Fair value measurement of financial instruments
- Impairment of financial assets

Notes forming part of the Standalone Financial Statements for the Year Ended March 31, 2018

Note 3 :- PROPERTY, PLANT AND EQUIPMENT

Particulars	Land	Buildings	Plant and Equipment	Furniture and Fixtures	Office Equipments	Vehicles	Computers	Power Project	Total Tangible Assets
Gross Carrying Amount (at deemed cost)									
As at April 1, 2016	94,544,616	874,050,661	4,603,601,799	47,794,865	13,273,316	20,035,310	10,384,308	268,032,690	5,931,717,665
Additions	-	-	5,367,976	-	194,800	-	31,990	-	5,614,766
Disposal	86,418,117	134,982,856	929,607,916	32,422,677	466,052	2,747,788	609,691	-	1,187,255,097
At March 31, 2017	8,126,499	739,067,805	3,679,381,859	15,372,188	13,002,064	17,287,522	9,806,607	268,032,690	4,750,077,234
Additions	-	-	-	-	-	-	-	-	-
Disposal	521,161	16,149,888	24,879,815	-	-	2,293,328	-	-	43,844,192
At March 31, 2018	7,605,338	722,917,917	3,654,502,044	15,372,188	13,002,064	14,994,194	9,806,607	268,032,690	4,706,233,042
Accumulated depreciation									
As at April 1, 2016	-	222,898,540	2,532,758,620	44,939,013	12,572,320	16,125,272	10,235,695	227,508,583	3,067,038,043
Depreciation Charge	-	24,533,376	238,609,702	140,577	19,683	1,167,801	53,536	1,015,811	265,540,486
Accumulated depreciation on disposals	-	(38,614,454)	(436,062,579)	(30,780,126)	(442,749)	(2,558,321)	(552,328)	-	(509,010,559)
At March 31, 2017	-	208,817,462	2,335,305,743	14,299,462	12,149,254	14,734,752	9,736,903	228,524,394	2,823,567,970
Depreciation Charge	-	20,714,626	174,159,787	119,158	45,424	1,105,167	28,927	1,015,811	197,188,901
Accumulated depreciation on disposals	-	(5,766,368)	(22,179,355)	-	-	(1,866,727)	-	-	(29,812,450)
At March 31, 2018	-	223,765,720	2,487,286,175	14,418,620	12,194,678	13,973,192	9,765,830	229,540,205	2,990,944,421
Net Book Value									
As at April 1, 2016	94,544,616	651,152,121	2,070,843,179	2,855,852	700,996	3,910,038	148,613	40,524,107	2,864,679,523
As at March 31, 2017	8,126,499	530,250,343	1,344,076,116	1,072,726	852,810	2,552,770	69,704	39,508,296	1,926,509,265
As at March 31, 2018	7,605,338	499,152,197	1,167,215,869	953,568	807,386	1,021,002	40,777	38,492,485	1,715,268,622

Notes:

- Property, Plant & Equipment gross carrying amount as at April 1, 2016 is as per IGAAP.
- Term Loans from Banks are secured against the first charge on Fixed Assets of the Company by mortgage of all movable and immovable assets.
- The Depreciation pertaining to discontinued operations included in the above block, for the year ended March 31, 2017 is ₹ 6,85,95,996.
- The Depreciation pertaining to continuing operations included in the above block, for the year ended March 31, 2017 is ₹ 19,69,44,490.

Certain land under possession of the Company are pending for registration in the name of the Company.

Notes forming part of the financial statements

Note 4:- FINANCIAL ASSETS - NON-CURRENT INVESTMENTS

Particulars		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
		₹	₹	₹
Investments :				
(a) Investment in equity instruments - Unquoted, fully paid up (At Cost or Deemed Cost)				
(i) of subsidiaries				
Euro Merchandise (India) Limited				
1,90,000 (As at March 31, 2017: 1,90,000, April 1, 2015: 1,90,000)				
Equity Shares of ₹ 10 each fully paid up	14,250,000			
Less : Provision for diminution in investment	(14,250,000)	-	-	-
(ii) of other entities				
Euro Glass Private Limited				
13,00,000 (As at March 31, 2017: 13,00,000, April 1, 2016: 13,00,000) Equity Shares of ₹ 10 each fully paid up		13,000,000	13,000,000	13,000,000
The Cosmos Co-Operative Bank Ltd.				
35,075 (As at March 31, 2017: 35,075, April 1, 2016: 35,075)				
Equity Shares of ₹ 10 each in (Pledged with Bank)		350,750	350,750	350,750
		13,350,750	13,350,750	13,350,750
(b) Investment in government or trust securities (At Cost or Deemed Cost)				
6 Years National Savings Certificate (Deposited with Sales Tax Department)		10,000	10,000	10,000
(c) Investment in partnership firms				
M/s. Euro Realtors (Fixed Capital)				
Share of Profit/Loss - 95% and Other Partner - 5%		50,000	50,000	50,000
Total		13,410,750	13,410,750	13,410,750

Note 5 :- OTHER FINANCIAL ASSETS

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	₹	₹	₹
Bank Deposits			
(kept as margin money having maturity more than 12 months for guarantees given to government authorities)	653,512	438,201	478,201
Total	653,512	438,201	478,201

Notes forming part of the financial statements

Note 6 :- OTHER NON-FINANCIAL ASSETS

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	₹	₹	₹
Unsecured, considered good			
(a) Security deposits	10,889,514	10,628,837	11,093,798
(b) Advance income tax (Net of Provisions)	7,449,072	5,841,708	2,013,649
(c) MAT Credit Entitlement	-	53,263,683	53,263,683
Total	18,338,586	69,734,228	66,371,130

Note 7 :- INVENTORIES

(As Valued and Certified by Management, at cost or NRV whichever is lower)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	₹	₹	₹
(a) Raw Materials & Consumables	103,817,190	182,595,247	175,984,859
(b) Work-in-progress	43,322,476	5,400,752	27,323,746
(c) Finished goods (other than those acquired for trading)	58,228,644	89,002,003	54,059,102
(d) Stock-in-trade (acquired for trading)	12,039,705	22,500,938	16,646,495
(e) Stores and spares	16,824,689	19,324,689	40,813,827
(f) Power & Fuel	39,068	65,423	116,078
(g) Packing Materials	2,091,501	4,575,961	4,383,855
Total	236,363,273	323,465,014	319,327,962

Note 8 :- TRADE RECEIVABLES

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	₹	₹	₹
Unsecured, considered good	107,287,989	191,023,220	184,046,264
Unsecured, considered doubtful	59,864,349	47,446,739	47,446,739
Less : Provision for Doubtful Debts	(59,864,349)	(47,446,739)	(47,446,739)
Total	107,287,989	191,023,220	184,046,264
Of the above trade receivables, from Related Parties	2,375,908	11,617,135	9,923,365
Others	104,912,081	179,406,085	174,122,899
Total	107,287,989	191,023,220	184,046,264

Note:

- (a) Trade receivables are short term and non-interest bearing and are considered a reasonable approximation of fair value.

Notes forming part of the financial statements

Note 9 :- CASH AND BANK BALANCES

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	₹	₹	₹
(a) Cash and cash equivalents			
(i) Balances with banks In current accounts	271,190	12,713,142	54,700,516
(ii) Cash on hand	1,182,242	978,545	855,245
Total	1,453,431	13,691,686	55,555,761
Other Bank Balances In earmarked accounts			
(i) Fixed Deposits with Banks with original maturity of more than 3 months and remaining maturities of less than 12 months	1,027,507	-	-
Total	1,027,507	-	-

For the purpose of Cash Flows, cash and cash equivalents comprises the following:

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	₹	₹	₹
(i) Balances with banks - In current accounts	271,190	12,713,142	54,700,516
(ii) Cash on hand	1,182,242	978,545	855,245
Total	1,453,431	13,691,686	55,555,761

Note 10 :- LOANS

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	₹	₹	₹
Unsecured, considered good			
(a) Loans and advances to related parties	761,281,155	761,284,784	777,111,144
Less : Provision for dimunition in Loans & Advances	(340,967,347)	(340,967,347)	(340,967,347)
	420,313,808	420,317,437	436,143,797
(b) Others	57,955,648	64,316,364	17,730,690
Total	478,269,456	484,633,801	453,874,487

Note 11 :- OTHER FINANCIAL ASSETS

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	₹	₹	₹
Unsecured, considered good			
Interest Accrued On Fixed Deposits	34,712	221,417	163,832
Total	34,712	221,417	163,832

Notes forming part of the financial statements

Note 12 :- OTHER CURRENT ASSETS

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	₹	₹	₹
(a) Prepaid expenses	467,998	580,784	1,743,898
(b) Balances with government authorities			
(i) CENVAT credit receivable	-	728,964	(8,252)
(ii) VAT credit receivable	34,494	6,256	2,041,695
(iii) Service Tax credit receivable	-	3,565,225	3,936,277
(iv) Advance Custom Duty	225,647	436,823	205,680
(v) Duty Credit on Focus Licenses	118,599	118,599	118,599
(c) Advances to Suppliers	3,135,104	9,539,023	5,896,697
(d) Advances to Employees not recoverable in Cash and adjusted against salaries	3,913,129	3,493,626	3,060,293
Total	7,894,971	18,469,301	16,994,887

Note 13 :- EQUITY SHARE CAPITAL

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Number of Shares	₹	Number of Shares	₹	Number of Shares	₹
(a) Authorised						
Equity shares of ₹ 10 each	35,000,000	350,000,000	35,000,000	350,000,000	35,000,000	350,000,000
(b) Issued, Subscribed and fully paid up						
Equity shares of ₹ 10 each	33,737,717	337,377,170	33,737,717	337,377,170	33,737,717	337,377,170
Total	33,737,717	337,377,170	33,737,717	337,377,170	33,737,717	337,377,170

13.1 Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Number of Shares	₹	Number of Shares	₹	Number of Shares	₹
At the beginning of the year	33,737,717	337,377,170	33,737,717	337,377,170	33,737,717	337,377,170
Changes in Equity Share Capital	-	-	-	-	-	-
Outstanding at the end of the year	33,737,717	337,377,170	33,737,717	337,377,170	33,737,717	337,377,170

Terms and Rights attached to the Equity Shares:

The Company has only one class of equity shares having a par value of ₹10/- per share. Each holder of equity shares is entitled to one vote per share. No Dividends were proposed by the Board of Directors for the financial year 2017-18 / 2016-2017 / 2015-2016. In the event of liquidation of the company, equity shareholders will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution shall be in proportion to the number of equity shares held by shareholders.

Notes forming part of the financial statements

13.2 Shareholder holding more than 5% shares of total equity shares:

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Number of Shares Held	% holding in that class of shares	Number of Shares Held	% holding in that class of shares	Number of Shares Held	% holding in that class of shares
Equity shares with voting rights						
Dharmesh Kishor Gathani Jointly with Deena Kishor Gathani	6,826,757	20.23%	6,826,757	20.23%	6,826,757	20.23%
State Bank of India	4,135,954	12.26%	4,135,954	12.26%	4,135,954	12.26%
Milankumar Dhirajlal Mehta	2,477,579	7.34%	2,477,579	7.34%	2,477,579	7.34%
Aspire Emerging Fund	-	-	1,993,228	5.91%	-	-
ICICI Bank Ltd	-	-	1,883,399	5.58%	2,633,728	7.81%

13.3 Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash, bonus shares and shares bought back for the period of 5 years immediately preceding the Balance Sheet date:

Particulars	Aggregate number of shares				
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
Equity shares with voting rights					
Shares issued on conversion of Compulsorily Convertible Debentures of even numbers pursuant to completion of its tenure, without its payments being received in cash	-	-	-	-	- 5,159,705

Notes forming part of the financial statements

Note 14 :- OTHER EQUITY

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	₹	₹	₹
(a) Capital reserve			
Opening balance	763,137,754	49,728,952	49,728,952
Add: Additions during the year	-	713,408,802	-
Less: Utilised / transferred during the year	-	-	-
Closing balance	763,137,754	763,137,754	49,728,952
(b) Securities premium account			
Opening balance	1,096,659,721	1,096,659,721	1,096,659,721
Add : Premium on shares issued during the year	-	-	-
Less : Utilised during the year	-	-	-
Closing balance	1,096,659,721	1,096,659,721	1,096,659,721
(c) General reserve			
Opening balance	(583,446,056)	(583,446,056)	10,000,000
Add: Transferred from surplus in Statement of Profit and Loss	-	-	-
Less: Utilised / transferred during the year	-	-	(593,446,056)
Closing balance	(583,446,056)	(583,446,056)	(583,446,056)
(d) Surplus / (Deficit) in Statement of Profit and Loss			
Opening balance	(2,113,097,003)	(2,633,796,254)	(2,511,066,567)
Add: Profit / (Loss) for the year	(290,254,152)	520,699,252	(122,729,687)
Less: Appropriations	-	-	-
Closing balance	(2,403,351,155)	(2,113,097,003)	(2,633,796,254)
(e) Other Comprehensive Income			
Opening balance	(488,869)	(3,105,286)	(3,105,286)
Add: Items that will not be reclassified to profit or loss	55,446	2,616,417	-
Closing balance	(433,423)	(488,869)	(3,105,286)
Total (a + b + c + d + e)	(1,127,433,159)	(837,234,453)	(2,073,958,924)

Nature and Purpose of Reserves:

(i) Capital Reserve

Accumulated capital surplus not available for distribution of dividend and expected to remain invested permanently.

(ii) Securities Premium Reserve

Securities premium is used to record the premium on issue of shares or debentures. The reserve will be utilised in accordance with the provisions of the Companies Act, 2013.

(iii) General Reserve

General reserve is created from time to time by way of transfer of profits from retained earnings for appropriation purposes. General reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income.

(iv) Fair Value through Other Comprehensive Income

The Company has elected to recognise changes in the fair value of certain assets / liabilities through OCI. These changes are accumulated within the OCI reserve within other equity. The Company transfers amounts from this reserve to retained earnings when the relevant assets are derecognised. The balance created in this reserve is on account of fair valuation of Zero Coupon Bonds issued by the Company.

Notes forming part of the financial statements

Note 15 :- NON CURRENT FINANCIAL LIABILITIES - BORROWINGS

Particulars	Non Current	Current Maturities	Non Current	Current Maturities	Non Current	Current Maturities
	As at March 31, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2017	As at April 1, 2016	As at April 1, 2016
SECURED:						
Term loans						
- From banks	-	1,401,643,640	-	1,467,343,640	-	3,528,924,068
Vehicle Loans	-	1,401,643,640	-	1,467,343,640	-	3,528,924,068
	-	-	-	-	-	53,093
Total	-	1,401,643,640	-	1,467,343,640	-	3,528,977,162
UNSECURED:						
(a) Zero Coupon Bonds	26,158,119	-	22,995,980	-	38,500,000	-
Less: Write off of Prepaid Interest shown under Asset	-	-	-	-	(21,388,892)	-
Add: Impact of Fair Value as on 31-Mar-17	-	-	-	-	3,105,286	-
	26,158,119	-	22,995,980	-	20,216,394	-
(b) Deposits	3,450,000	-	-	-	-	-
(c) Loans and advances from related parties	-	-	-	-	-	-
Total	29,608,119	1,401,643,640	22,995,980	1,467,343,640	20,216,394	3,528,977,162
Less: Transfer to Other Financial Liability	-	(1,401,643,640)	-	(1,467,343,640)	-	(3,528,977,162)
Total (Secured + Unsecured)	29,608,119	-	22,995,980	-	20,216,394	-

15.1 The Company has been incurring losses since F.Y.2011-12 onwards which has resulted in erosion of its net worth and depletion in its working capital. Eventually there were defaults in the repayment of obligations to banks and the relevant loan accounts - Term Loans, Cash Credits and other Non-Fund Based Credits classified as Non Performing Assets by the Lenders. Consequently the Lenders have called-off their advances and issued notice for recovery under section 19 of Recovery of Debts (DRT) and under section 13(2) of the Securitization & Reconstruction of Financial Assets & Enforcement of Security (Second) Interest (SARFAESI) Act, 2002 to the Company. The Company had settled the secured lenders by entering into compromise settlement arrangement with lenders, and accordingly some of the lenders are settled completely by payment of upfront amount and some of the lenders have granted deferred payment schedule with some upfront payment. However outstanding of such lenders whose dues are still pending, is shown as total outstanding less the amount paid to them under settlement scheme.

15.2 The Company on the basis of audited accounts for the financial year ended March 31, 2013 has filed the reference under section 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985 before the Hon'ble Board For Industrial And Financial Reconstruction (BIFR). The above reference has been duly registered by the Learned Registrar of Hon'ble BIFR. However Ministry of Finance, vide notification dated November 25, 2016 has repealed the Sick Industrial (Special Provisions) Act 1985 (SICA) with effect from December 1, 2016. Accordingly BIFR Board is dissolved from that date and all the proceedings that were pending before BIFR, may be referred to the National Company Law Tribunal (NCLT), constituted under the Companies Act 2013, under the provisions of The Insolvency and Bankruptcy Act 2016 within 180 days from such date.

15.3 In the light of the above scenario, all the term loans from banks are no longer treated as Non-Current Borrowings, but have been classified as Current maturities of Loans & Credit Facilities from Banks under Other Financial Liabilities in Note No. 18.

15.4 All the Term Loans from Banks are secured against the first charge on Fixed Assets of the Company by mortgage of all movable and immovable assets and second charge on the current assets of the Company by hypothecation and against personal guarantees of the Directors. Some of the term loans are also further secured against collateral securities and pledge of promoter shares.

15.5 385 Zero Coupon Bonds are issued to lender in pursuant to scheme of CDR, having face value of ₹ 1,00,000/- each, redeemable after March 31, 2021 amounting to ₹ 3,85,00,000/-. However the same has been revalued at and effective rate of 13.75% compounding quarterly to arrive at present fair value in accordance with Ind AS.

15.6 There is no specific repayment schedule which has been prescribed by the Lenders for the borrowing under the head Deposits and Loans and Advances from related parties.

Notes forming part of the financial statements**Note 16:- CURRENT FINANCIAL LIABILITIES - BORROWINGS**

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	₹	₹	₹
UNSECURED:			
(a) Loans and advances from related parties	81,302,025	173,269,425	214,758,743
(b) Deposits	199,840,834	202,840,834	207,692,399
Total	281,142,858	376,110,258	422,451,142

Note 17 :- TRADE PAYABLES

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	₹	₹	₹
Total Outstanding dues of Micro, Small and Medium Enterprises	3,794,544	3,430,761	3,705,761
Total Outstanding dues of Creditors other than Micro, Small and Medium Enterprises	347,876,803	381,402,438	362,625,130
Total	351,671,347	384,833,199	366,330,891

17.1 The information of amounts outstanding to Micro, Small and Medium Enterprises has been determined to the extent such parties could be identified on the basis of the information available with the Company regarding the status of suppliers under the MSME. (Refer Note 40)

17.2 Trade payables are non-interest bearing and are normally settled within 90 days except for SME's which are settled within 45 days.

17.3 Disclosures with respect to related party transactions given in Note 49.

Note 18 :- OTHER FINANCIAL LIABILITIES

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	₹	₹	₹
(a) Current Maturities of Long Term Debts	2,351,688,456	2,417,388,456	4,510,381,054
(b) Interest accrued and due on borrowings	223,628,998	223,628,998	286,041,222
(c) Employees Benefits	2,496,903	11,190,659	5,255,595
Total	2,577,814,357	2,652,208,113	4,801,677,871

18.1 Lenders have called off their advances granted by way of Term Loans, Cash Credit Facilities and other Non fund Base Limits, and in light of such scenario all the Term Loans and working capital borrowings have been classified as Current Maturities of Loans and Credit Facilities from Banks under Other Current Financial Liabilities.

18.2 Working capital loan from banks are secured against the hypothecation of present and future stocks of Raw Materials, Stock-In-Process, Finished Goods, Stock-In-Trade, Stores & Spares, Consumables and Book Debts and against the collateral securities & Personal Guarantee given by the Directors and Related Parties.

Note 19 :- OTHER CURRENT LIABILITIES

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	₹	₹	₹
(i) Statutory Dues Payable	7,963,511	17,452,899	15,371,350
(ii) Payables on purchase of fixed assets	-	163,251	3,960,591
(iii) Trade / security deposits received	773,740	2,227,807	1,808,207
(iv) Advances from Customers & Others	117,922,416	80,372,918	71,721,627
Total	126,659,667	100,216,874	92,861,775

Notes forming part of the financial statements**Note 20 :- CURRENT LIABILITIES - PROVISIONS**

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	₹	₹	₹
Provision for employee benefits:			
(i) Provision for bonus	-	1,188,429	1,854,371
(ii) Provision for leave encashments	502,180	1,014,015	1,464,669
(iii) Provision for gratuity	2,680,270	2,887,297	4,627,437
Total	3,182,450	5,089,741	7,946,477

Note 21 :- REVENUE FROM CONTINUING OPERATIONS

Particulars	For the period ended March 31, 2018	For the period ended March 31, 2017
	₹	₹
(a) Sale of Products (including excise duty) (Refer Note 21.1 and 21.4)	199,216,676	117,696,297
(b) Sale of services (Refer Note 21.2)	2,997,534	-
(c) Other operating revenues (Refer Note 21.3)	788,548	-
Total	203,002,758	117,696,297

Particulars	For the period ended March 31, 2018	For the period ended March 31, 2017
	₹	₹
21.1 Sale of products comprises:		
Manufactured goods		
Tiles	118,348,540	116,163,008
Others	-	-
Total - Sale of manufactured goods	118,348,540	116,163,008
Traded goods		
Sanitaryware	80,868,136	-
Tiles	-	1,533,290
Total - Sale of traded goods	80,868,136	1,533,290
Total - Sale of products	199,216,676	117,696,297
21.2 Sale of services comprises:		
Others	2,997,534	-
Total - Sale of services	2,997,534	-
21.3 Other operating revenues comprise:		
Other operating revenues comprise:		
Sale of scrap	788,548	-
Total - Other operating revenues	788,548	-

21.4 Sale of goods includes excise duty collected from customers of ₹ 94,58,738 (March 31, 2017: ₹ 10,788,238)

21.5 Consequent of introduction of Goods and Service Tax (GST) with effect from July 1, 2017, Central excise, Value Added Tax (VAT) etc. have been subsumed into GST. In accordance with Indian Accounting Standard - 18 (Ind AS 18) on Revenue and Schedule III of the Companies Act, 2013, unlike Excise Duties, levies like GST, VAT etc. are not part of revenue. Accordingly, the figures for the year ended March 31, 2018 are not strictly comparable with previous year.

Notes forming part of the financial statements

Note 22 :- OTHER INCOME

Particulars	For the period ended March 31, 2018	For the period ended March 31, 2017
	₹	₹
(a) Interest income	867,208	79,569
(b) Net gain on foreign currency transactions and translation (other than considered as finance cost)	-	1,871,076
(c) Other non-operating income (net of expenses directly attributable to such income)	13,338,708	18,257,903
Total	14,205,916	20,208,548

Particulars	For the period ended March 31, 2018	For the period ended March 31, 2017
	₹	₹
22.1 Interest income comprises:		
(a) Interest from banks on:		
- Margin Money deposits	165,974	63,663
(b) Interest on others	701,235	-
(c) Interest on income tax refund	-	15,906
Total - Interest income	867,208	79,569

Particulars	For the period ended March 31, 2018	For the period ended March 31, 2017
	₹	₹
22.2 Other non-operating income comprises:		
(a) Rental income from properties	7,497,390	1,513,343
(b) Royalty Received	-	9,000,000
(c) Profit on Sale of Fixed Assets	106,340	-
(d) Foreign Commission Received	1,504,564	-
(d) Liabilities / provisions no longer required written back	4,230,414	7,744,560
Total - Other non-operating income	13,338,708	18,257,903

Note 23 :- COST OF MATERIAL CONSUMED

Particulars	For the period ended March 31, 2018	For the period ended March 31, 2017
	₹	₹
Opening stock	187,171,209	170,171,234
Add: Purchases	125,402,681	161,177,356
	312,573,890	331,348,590
Less: Closing stock	105,908,691	185,712,122
Cost of material consumed	206,665,199	145,636,468
Material consumed comprises:		
Clay	1,017,227	-
Feldspar	461,386	-
Quartz	29,712	-
Marble & Stone	82,795,951	50,256,182
Resin	21,116,649	-
Powder Chemicals for Resin	48,465,817	45,913,735
Binders & Others	-	-
Others	52,778,457	49,466,551
Total	206,665,199	145,636,468

Notes forming part of the financial statements**Note 24 :- PURCHASE OF STOCK IN TRADE**

Particulars	For the period ended March 31, 2018	For the period ended March 31, 2017
	₹	₹
Sanitary	16,515,364	-
Tiles and Marble	300,199	1,303,116
Total	16,815,563	1,303,116

Note 25 :- CHANGE IN INVENTORIES

Particulars	For the period ended March 31, 2018	For the period ended March 31, 2017
	₹	₹
Inventories at the end of the year:		
Finished goods	58,228,644	49,684,943
Work-in-progress	43,322,476	5,400,752
Stock-in-trade	12,039,705	-
	113,590,825	55,085,695
Inventories at the beginning of the year:		
Finished goods	89,002,003	18,503,543
Work-in-progress	5,400,752	857,806
Stock-in-trade	22,500,938	-
	116,903,693	19,361,349
Net (increase) / decrease	3,312,868	(35,724,346)

25.1 Inventories at the beginning of the year Apr 1, 2017 includes the inventories of Discontinued Operations ₹6,18,17,998.

Note 26 :- EXCISE DUTY ON SALE OF GOODS

Particulars	For the period ended March 31, 2018	For the period ended March 31, 2017
	₹	₹
Excise Duty on Sale of Goods	9,458,738	10,788,238
Total	9,458,738	10,788,238

Note 27 :- EMPLOYEE BENEFIT EXPENSES

Particulars	For the period ended March 31, 2018	For the period ended March 31, 2017
	₹	₹
Salaries and Wages	33,721,634	38,357,477
Contributions to provident and other funds	973,626	1,947,459
Employees Benefit - Gratuity as per Ind AS 19	756,615	888,301
Employees Benefit - Leave Encashment - as per Ind AS 19	(499,810)	(462,678)
Staff welfare expenses	208,025	1,691,082
Total	35,160,090	42,421,641

Notes forming part of the financial statements**Note 28 :- FINANCE COSTS**

Particulars	For the period ended March 31, 2018	For the period ended March 31, 2017
	₹	₹
(i) Interest expense on Borrowings	3,162,142	2,782,002
(ii) Interest expense on Others	321,246	1,359,017
(iii) Other borrowing costs	203,316	1,349,485
(iv) Net (gain) / loss on foreign currency transactions and translation (considered as finance cost)	727,401	-
Total	4,414,105	5,490,504

Note 29 :- OTHER EXPENSES

Particulars	For the period ended March 31, 2018	For the period ended March 31, 2017
	₹	₹
Consumption of stores and spare parts	5,259,391	22,579,588
Excise Duty variance on Opening and Closing Inventories	(5,081,686)	1,064,240
Power and fuel	17,520,960	15,934,306
Processing Charges	2,295,598	9,783,274
Repairs and maintenance - Buildings	-	1,352,285
Repairs and maintenance - Machinery	94,139	68,341
Repairs and maintenance - Others	607,737	1,180,877
Insurance	1,113,209	2,512,615
Rent, Rates and taxes	8,702,313	3,531,313
Travelling and conveyance	-	-
Freight and forwarding	527,698	345,089
Donations and contributions	-	140,000
Payments to auditors (Refer Note 29.1 below)	250,000	540,000
Loss on fixed assets sold / scrapped / written off	84,228	3,885,944
Bad trade and other receivables, loans & advances written off	12,417,610	-
Share of Profit / Loss from Partnership Firm	3,629	216,600
Selling and Distribution Expenses	2,499,900	1,654,204
Legal and Professional Fees	9,854,656	8,231,053
Miscellaneous expenses	8,145,115	7,755,799
Total	64,294,498	80,775,526

29.1 Payments to the auditors comprises (net of input tax credit, where applicable):

Particulars	For the period ended March 31, 2018	For the period ended March 31, 2017
	₹	₹
As auditors - statutory audit	250,000	360,000
For taxation matters - considered as Professional fees	-	180,000
Total	250,000	540,000

Note 30 :- EXCEPTIONAL ITEMS

Particulars	For the period ended March 31, 2018	For the period ended March 31, 2017
	₹	₹
Profit on Sale of Land and Building at Kutch	83,110,819	-
Cessation of Liability on account of One-Time Settlement (Refer Note 30.1)	-	500,452,185
Total	83,110,819	500,452,185

Notes forming part of the financial statements

30.1 The Company had during the year 2017-18 made the settlement of its total debt outstanding with the secured lenders. Accordingly some of the lenders have been settled completely on one time settlement basis and others have agreed for deferred payment along with some upfront payment based on their respective terms of settlement. The gain on account of settlement of debt pertaining to working capital finance or general corporate loans was considered as exceptional item in profit and loss account. The gain on account of settlement of debt pertaining to term loans for project had been credited to capital reserve account.

Note 31 :- DISCONTINUED OPERATIONS

31.1 The Company had sold/transferred its Sanitaryware Business Undertaking including Land, Building, Plant and Machineries by executing an Agreement to Sale of Assets, on March 29, 2017. Accordingly the Sanitaryware Business was considered under Discontinued Operations and the financial statements have been presented for its continuing business which includes Tiles, Aluminum and Realty Division and disclosure is made for discontinued business in compliance with Ind Accounting Standard 105 (Ind AS 105). Accordingly profit or loss from discontinued operations and profit or loss on disposal of assets of discontinued operations is shown separately in profit and loss account.

Particulars	For the period ended March 31, 2018	For the period ended March 31, 2017
	₹	₹
Revenue from Discontinued Operations	-	453,225,220
Expenses	-	394,833,881
Profit Before Tax	-	58,391,339
Tax Expenses	-	-
Profit After Tax	-	58,391,339
Net Cash Flow from Operating Activity	-	58,391,339
Add: Depreciation	-	68,595,996
Net Cash flow from Investing Activity (Sale of Division)	-	271,586,519
Net Cash flow from Discountinuing Operations	-	398,573,854

Notes forming part of the financial statements

Note 32 :- EARNINGS PER SHARE

Particulars	For the period ended March 31, 2018	For the period ended March 31, 2017
	₹	₹
Continuing Operations		
Profit attributable to equity holders of the Company	(290,254,152)	190,721,394
Weighted average number of equity shares in calculating basic earnings per share (Nos.)	33,737,177	33,737,177
Weighted average number of equity shares in calculating diluted earnings per share (refer note below) (Nos.)	33,737,177	33,737,177
Earnings per Share		
- Basic (₹)	(8.60)	5.65
- Diluted (₹)	(8.60)	5.65
Discontinuing Operations		
Profit attributable to equity holders of the Company	-	329,977,858
Weighted average number of equity shares in calculating basic earnings per share (Nos.)	33,737,177	33,737,177
Weighted average number of equity shares in calculating diluted earnings per share (refer note below) (Nos.)	33,737,177	33,737,177
Earnings per Share		
- Basic (₹)	-	9.78
- Diluted (₹)	-	9.78
Total Earning per Share from Continuing and Discontinuing Operations		
Profit attributable to equity holders of the Company	(290,254,152.00)	520,699,252
Weighted average number of equity shares in calculating basic earnings per share (Nos.)	33,737,177.00	33,737,177
"Weighted average number of equity shares in calculating diluted earnings per share (refer note below) (Nos.)"	33,737,177.00	33,737,177
Earnings per Share		
- Basic (₹)	(8.60)	15.43
- Diluted (₹)	(8.60)	15.43

Note 33 DISCLOSURE OF SIGNIFICANT INVESTMENTS IN SUBSIDIARIES:

Sr. No.	Name	Country of Incorporation	Ownership Interest of Euro Ceramics Limited		
			As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
1	Euro Merchandise India Private Limited	India	100%	100%	100%
2	Euro Realtors (Partnership Firm)	India	95%	95%	95%

Note 34 COMMITMENTS, CONTINGENCIES AND LITIGATIONS

I	CONTINGENT LIABILITIES	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
		₹	₹	₹
a.	Bank Guarantees	255,000	255,000	255,000
b.	Guarantees given to the Banks for the loans taken by the Euro Merchandise (India) Ltd.	162,000,000	162,000,000	162,000,000
c.	Claims against the Company not acknowledged as debt	-	-	-
d.	Excise Duty	17,187,560	17,187,560	17,187,560
e.	Customs Duty	2,864,153	2,864,153	2,864,153
f.	Sales Tax / VAT	6,840,438	6,840,438	6,840,438
g.	Other	3,079,900	3,079,900	3,079,900

Notes forming part of the financial statements

- h. The Company, had imported various Capital Goods and Spares and Consumables for the 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 fulfil quantified exports within a period of eight years from the date of respective licenses. The total Custom Duties so saved amounted to ₹ 30,76,45,374/- and the corresponding Export obligation to be fulfilled amounted to ₹ 2,46,11,62,991/-, however as on March 31, 2018, the Export obligation yet to be fulfilled amounted to ₹ 169,19,04,058/-. The stipulated period of 8 years to fulfill Export obligation has already expired and the company is required to pay the said saved Custom Duty together with interest @ 15% p.a. but the same has not been provided in books of accounts by the Company and the final liability is presently unascertainable. Also, the Commissioner of Customs has passed the order and raised a demand of ₹ 2,967.88 lakhs in two of the above EPCG license and the Company has filed appeal with the appropriate authorities against the said demand orders.

The Company is contesting the above demands and the management, including its solicitor, believe that its position will likely be upheld in the appellate process. No tax expense has been accrued in the financial statements for the tax demand raised. The Company has certain litigations involving customers, vendors and suppliers and based on legal advice of in-house legal team, the management believes that no material liability will devolve on the Company in respect of these litigations.

II	COMMITMENTS	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
		₹	₹	₹
	Estimated amount of contracts remaining to be executed on capital account and not provided for	-	-	-

Note 35 VALUES OF IMPORTED AND INDIGENOUS RAW MATERIALS, CONSUMABLES, STORES & SPARES, ETC. CONSUMED

		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
		₹	₹	₹
a.	Raw Materials & Consumables			
	-Imported	94,067,416	81,488,650	170,237,582
	-Indigenous	112,597,783	64,147,818	49,093,393
b.	Stores and Spares			
	-Imported	38,226	152,904	257,297
	-Indigenous	5,221,165	22,426,683	1,260,715

Note 36 VALUES OF IMPORTS ON CIF BASIS IN RESPECT OF :

		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
		₹	₹	₹
a.	Raw Materials & Consumables	19,597,433	81,389,642	203,599,661
b.	Stores & Spares	-	130,625	-
c.	Trading Goods	3,027,422	2,888,754	1,752,440

Note 37 EXPENDITURE IN FOREIGN CURRENCY

		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
		₹	₹	₹
a.	Foreign Traveling Expenses	781,055	3,319,100	188,931

Notes forming part of the financial statements**Note 38 EARNINGS IN FOREIGN CURRENCY**

		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
		₹	₹	₹
a.	FOB value of Exports (excluding sales to SEZ)	4,177,751	2,561,816	1,438,657

Note 39 DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

Sr. No.	Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
		₹	₹	₹
(a)	Unhedged Foreign Currency Exposure :			
I	Outstanding Creditors for Purchase of Raw Material, Consumables & Spares	USD 1,513,017.57	USD 1,514,241.87	USD 1,424,672.57
II	Outstanding Creditors for Purchase of Raw Material, Consumables & Spares	EURO 25,718.35	EURO 25,718.35	EURO 88,751.28
III	Outstanding Creditors for Capital Goods	-	-	EURO 49000
IV	Outstanding Debtors	USD 218,393.81	USD 218,393.81	USD 218,393.81
V	Advance to Creditors for Purchase of Raw Material, Consumables & Spares	USD 20,662	USD 17,918.88	USD 54,237.78
VI	Advance from Debtors	USD 16,219.24	USD 14303.24	USD 9,692.24
VII	Advance from Debtors	GBP 13,659.13	GBP 13,659.13	GBP 3,922.03

Notes forming part of the financial statements**40 DUES TO MICRO AND SMALL ENTERPRISES:**

The dues to Micro and Small Enterprises as required under the Micro, Small and Medium Enterprises Development Act, 2006 to the extent information available with the company is given below:

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	₹	₹	₹
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year			
- Principal amount due to micro and small enterprises	3,794,544	3,430,761	3,705,761
- Interest due on above	-	-	-
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006	-	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-	-

41 DEFERRED TAXES

The Company has not provided for Deferred Tax Liability / Assets in accordance with Ind AS-12 (Deferred Taxes) as the Company has accumulated brought forward business losses and depreciation under the Income Tax Act. Also, the Management expects no probability of having taxable profits in near future against which deductible temporary differences can be utilised and therefore expects no cash outflow in relation to taxes.

42 BALANCE CONFIRMATIONS

Balances of certain debtors, creditors, loans and advances are subject to confirmation.

43 CORPORATE SOCIAL RESPONSIBILITY

The Company is not required to contribute any sums towards Corporate Social Responsibility as the Company has net loss as computed in accordance with Section 198 of Companies Act, 2013.

44 In the opinion of the Management current assets have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated except where indicated otherwise.**45 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company is exposed primarily to Market Risk (fluctuations in foreign currency exchange rates and interest rate), Credit Risk and Liquidity risk, which may adversely impact the fair value of its financial instruments. The Company assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Company.

The management reviews and agrees policies for managing each of these risks, which are summarised below.

I Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk. Financial instruments affected by market risk includes, loans and borrowings and deposits.

The sensitivity analyses of the above mentioned risk in the following sections relate to the position as at March 31, 2018 and March 31, 2017.

Notes forming part of the financial statements

The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and other post retirement obligations; provisions; and the non-financial assets.

The following assumptions have been made in calculating the sensitivity analyses:

- The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2017 and March 31, 2016.

A. INTEREST RATE RISK:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

Exposure to interest rate risk

The Company has borrowed funds from financial institutions and the same are due for repayment. The Lenders have called off their advances granted by way of Term Loans, Cash Credit Facilities and other Non fund Base Limits, and in light of such scenario all the Term Loans and working capital borrowings have been classified as Current Maturities of Loans and Credit Facilities from Banks under Other Current Financial Liabilities. The Company is not charging any interest on the same based on settlement with the lenders, and such loans are carried by the Company at their amortised cost. The Company considers to have no exposure of interest rate risk on such borrowings as the Company does not expects any cash outflow on such borrowings.

The Company had accepted deposits (against Statement in lieu of Advertisement) and loans and advances from related parties. The same are interest free and repayable on demand by the Company. Therefore the Company has not discounted the same and has disclosed the same as current financial liabilities. The Company does not expect any exposure to interest rate risk on such borrowings.

The Company also has issued Zero Coupon bond which are recorded at fair value at the prevailing discount rate. The Company has fixed amount liable to be paid during its maturity and therefore the Company does not have any exposure to interest rate risk on such borrowings also.

B. FOREIGN CURRENCY SENSITIVITY

Foreign currency risk is the risk that the fair value of future cash flows of an exposure will fluctuate because of changes in exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency). The exposure of entity to foreign currency risk is very limited on account of limited transactions in foreign currency. The following tables demonstrate the sensitivity to a reasonably possible change in USD and EURO exchange rates, with all other variables held constant.

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EURO exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

	Change in Exchange Rate	Effect on profit before tax on account of Change in USD Rate	Effect on profit before tax on account of Change in EURO Rate	Effect on profit before tax on account of Change in GBP Rate
31-Mar-18				
INR	+5%	(4,239,530)	(89,484)	63,026
INR	-5%	4,239,530	89,484	(63,026)
31-Mar-17				
INR	+5%	(4,220,652)	(76,860)	55,237
INR	-5%	4,220,652	76,860	(55,237)

Notes forming part of the financial statements

II CREDIT RISK:

Credit risk is the risk or potential of loss that may occur due to failure of borrower/counterparty to meet the obligation on agreed terms and conditions of the financial contract. Credit risk arises from financial assets such as cash and cash equivalents, loans, trade receivables and financial guarantees. The company have a credit risk management policy in place to limit credit losses due to non-performance of financial counterparties and customers. The Company monitor's its exposure to credit risk on an ongoing basis at various levels.

The maximum credit risk exposure relating to financial assets is represented by the carrying value as at the Balance Sheet date.

Trade Receivables

The Company routinely assesses the financial strength of its customers and, as a consequence, believes that its trade receivable credit risk exposure is limited. The management of the company regularly evaluate the individual customer receivables. This evaluation takes into consideration a customer's financial condition and credit history, as well as current economic conditions. Trade receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received. The company regularly track the outstanding trade receivables and proper action is taken by the company for collection of overdue trade receivables.

Cash and cash equivalents and financial guarantees

Company's cash equivalents and short-term available-for-sale investments are carried at fair value. Cash and cash equivalents are deposited with financial institutions that management believes are of high credit quality and accordingly, minimal credit risk exists. The company mitigates the credit risk of its financial instruments by dealing with nationalized banks and reputed private banks with high credit rating.

III LIQUIDITY RISK:

Liquidity risk refers to the probability of loss arising from a situation where there will not be enough cash and/or cash equivalents to meet the needs of depositors and borrowers, sale of illiquid assets will yield less than their fair value and illiquid assets will not be sold at the desired time due to lack of buyers. The primary objective of liquidity management is to provide for sufficient cash and cash equivalents at all times and any place in the world to enable us to meet our payment obligations. Currently the company is facing liquidity crises on account of business slowdown, huge borrowings and other fixed costs.

The below table is based on the earliest date on which the company required to pay.

Particulars	Year ended March 31, 2018			
	< 1 Year	1-3 Year	> 3 Year	Total
Long Term Borrowings	-	-	29,608,119	29,608,119
Short Term Borrowings	281,142,858	-	-	281,142,858
Trade Payables	351,671,347	-	-	351,671,347
Other Financial Liabilities	2,577,814,357	-	-	2,577,814,357
Total Financial Liabilities	3,210,628,562	-	29,608,119	3,240,236,681

Particulars	Year ended March 31, 2017			
	< 1 Year	1-3 Year	> 3 Year	Total
Long Term Borrowings	-	-	22,995,980	22,995,980
Short Term Borrowings	376,110,258	-	-	376,110,258
Trade Payables	384,833,199	-	-	384,833,199
Other Financial Liabilities	2,652,208,113	-	-	2,652,208,113
Total Financial Liabilities	3,413,151,570	-	22,995,980	3,436,147,550

Notes forming part of the financial statements

Particulars	Year ended April 1, 2016			
	< 1 Year	1-3 Year	> 3 Year	Total
Long Term Borrowings	-	-	20,216,394	20,216,394
Short Term Borrowings	422,451,142	-	-	422,451,142
Trade Payables	366,330,891	-	-	366,330,891
Other Financial Liabilities	4,801,677,871	-	-	4,801,677,871
Total Financial Liabilities	5,590,459,905	-	20,216,394	5,610,676,299

46 CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes to economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital, issue new shares for cash, repay debt, put in place new debt facilities or undertake other such restructuring activities as appropriate.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

No changes were made in the objectives, policies or processes during the year ended March 31, 2018 and March 31, 2017

47 FAIR VALUES

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
	₹	₹	₹	₹	₹	₹
Financial Assets						
Investment	13,410,750	13,410,750	13,410,750	13,410,750	13,410,750	13,410,750
Trade Receivables	107,287,989	107,287,989	191,023,220	191,023,220	184,046,264	184,046,264
Loans	478,269,456	478,269,456	484,633,801	484,633,801	453,874,487	453,874,487
Cash and Cash Equivalents	1,453,431	1,453,431	13,691,686	13,691,686	55,555,761	55,555,761
Bank Balances (Other than Cash and Cash Equivalents)	1,027,507	1,027,507	-	-	-	-
Other Financial Assets	688,224	688,224	659,618	659,618	642,033	642,033
Total Financial Assets	602,137,356	602,137,356	703,419,075	703,419,075	707,529,295	707,529,295
Financial Liabilities						
Non-Current borrowings	29,608,119	29,608,119	22,995,980	22,995,980	20,216,394	20,216,394
Current borrowings	281,142,858	281,142,858	376,110,258	376,110,258	422,451,142	422,451,142
Trade Payables	351,671,347	351,671,347	384,833,199	384,833,199	366,330,891	366,330,891
Other Financial Liabilities	2,577,814,357	2,577,814,357	2,652,208,113	2,652,208,113	4,801,677,871	4,801,677,871
Total Financial Liabilities	3,240,236,681	3,240,236,681	3,436,147,550	3,436,147,550	5,610,676,299	5,610,676,299

Notes forming part of the financial statements

The management assessed that cash and cash equivalents, other bank balances, trade receivables and trade payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- Long-term fixed-rate and variable-rate receivables/Borrowings are evaluated by the company based on parameters such as interest Rates, specific country risk factors, individual credit worthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.

- The fair values of the Company's interest-bearing borrowings and loans are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period.

48 EMPLOYEE BENEFIT PLANS

Defined Contribution Plan : General Description

The Company has recognized the following amounts in statement of Profit & Loss :

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	₹	₹	₹
Employer's Contribution to Provident Fund	899,012	1,772,221	1,574,839
Employer's Contribution to Employees' State Insurance	70,636	45,162	29,549

Defined Benefit Plan : General Description

Gratuity: Each employee rendering continuous service of 5 years or more is entitled to receive gratuity amount equal to 15/26 of the monthly emoluments for every completed year of service subject to maximum of ₹ 20 Lakhs at the time of separation from the company. The Company has Group Gratuity Policy managed by LIC and SBI Life Insurance Co. Ltd., the below mentioned disclosure have been obtained from them.

Other Long Term Employee Benefits : General Description

Leave Encashment: Each employee is entitled to get 15 earned leaves for each completed year of service. Encashment of earned leaves is allowed during service leaving a minimum balance of 60 days subject to maximum accumulation up to 60 days. In addition, each employee is entitled to get 7 sick leaves at the end of every year.

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

Notes forming part of the financial statements

Changes in the present value of Defined Benefit obligations

Particulars	Gratuity (Funded)	Leave Encashment (Unfunded)
Defined Benefit obligations as at April 1, 2016	5,593,933	1,464,669
Current Service Cost	544,491	502,736
Past Service Cost	-	-
Interest Cost	401,085	105,017
Benefits Paid	-	-
Actuarial (Gain)/Loss on obligations - OCI	(2,685,715)	(1,070,431)
Defined Benefit Obligation as at March 31, 2017	3,853,794	1,001,991
Current Service Cost	473,724	301,642
Past Service Cost	97,238	-
Interest Cost	259,397	76,452
Benefits Paid	(908,196)	-
Actuarial (Gain)/Loss on obligations - OCI	(189,831)	(877,903)
Defined Benefit Obligation as at March 31, 2018	3,586,126	502,180

Changes in the fair value of plan assets :

Particulars	Gratuity (Funded)
Fair value of plan assets as at April 1, 2016	966,496
Contribution by Employer	-
Contribution by Employees	-
Interest Income	69,298
Benefits paid	-
Expected return on plan assets	-
Return on plan assets (excluding amounts included in net interest expense) - OCI	-
Actuarial Gain / (Loss) on Plan assets	(69,298)
Fair value of plan assets at March 31, 2017	966,496
Contribution by Employer	908,196
Contribution by Employees	-
Interest Income	73,744
Benefits paid	(908,196)
Expected return on plan assets	60,641
Return on plan assets (excluding amounts included in net interest expense) - OCI	(60,641)
Actuarial Gain / (Loss) on Plan assets	(134,384)
Fair value of plan assets at March 31, 2018	905,856

Notes forming part of the financial statements

Reconciliation of Fair Value of Plan assets and Defined Benefit Obligation :

Particulars	Gratuity (Funded)	Leave Encashment (Unfunded)
Fair Value of Plan Assets as at April 1, 2016	966,496	-
Defined Benefit Obligation as at April 1, 2016	(5,593,933)	(1,464,669)
Amount recognised in the Balance Sheet as at April 1, 2016	(4,627,437)	(1,464,669)
Fair Value of Plan Assets as at March 31, 2017	966,496	-
Defined Benefit Obligation as at March 31, 2017	(3,853,794)	(1,001,991)
Amount recognised in the Balance Sheet as at March 31, 2017	(2,887,298)	(1,001,991)
Fair Value of Plan Assets as at March 31, 2018	905,856	-
Defined Benefit Obligation as at March 31, 2018	(3,586,126)	(502,180)
Amount recognised in the Balance Sheet as at March 31, 2018	(2,680,270)	(502,180)

Amount recognised in the Statement of Profit and Loss

Particulars	Gratuity (Funded)	Leave Encashment (Unfunded)
Current Service Cost	473,724	301,642
Past Service Cost - Plan Amendment	97,238	-
Net Interest Expense	185,653	76,452
Remeasurement of Net Benefit Liability / (Asset)	-	(877,903)
Amount recognised in the Statement of Profit and Loss for the year ended March 31, 2018	756,615	(499,810)
Current Service Cost	544,491	502,736
Past Service Cost - Plan Amendment	-	-
Net Interest Expense	331,787	105,017
Remeasurement of Net Benefit Liability / (Asset)	-	(1,070,431)
Amount recognised in the Statement of Profit and Loss for the year ended March 31, 2017	876,278	(462,678)

Amount recognised in Other Comprehensive Income

Particulars	Gratuity (Funded)	Leave Encashment (Unfunded)
Actuarial (gain)/ loss on obligations	(189,831)	(877,903)
Return on plan assets ((Gain) / Loss) (excluding amounts included in net interest expense)	134,384	-
Amount recognised in Other Comprehensive Income for the year ended March 31, 2018	(55,447)	(877,903)
Actuarial (gain)/ loss on obligations	(2,685,715)	(1,070,431)
Return on plan assets ((Gain) / Loss) (excluding amounts included in net interest expense)	69,298	-
Amount recognised in Other Comprehensive Income for the year ended March 31, 2017	(2,616,417)	(1,070,431)

Notes forming part of the financial statements

The principal assumptions used in determining gratuity liability for the Company's plans are shown below:

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Discount rate (in %)			
Gratuity	7.63%	7.17%	7.68%
Leave Encashment	7.63%	7.17%	7.68%
Salary Escalation (in %)			
Gratuity	7.00%	7.00%	7.00%
Leave Encashment	7.00%	7.00%	7.00%
Return on Plan Assets (in %)			
Gratuity	7.63%	7.17%	7.68%
Leave Encashment	-	-	-
Attrition Rate			
Gratuity	5.00%	5.00%	5.00%
Leave Encashment	5.00%	5.00%	5.00%

A quantitative sensitivity analysis for significant assumption as at March 31, 2018 is as shown below:

Particulars	Gratuity	Leave Encashment
	Impact on defined benefit obligation	Impact on defined benefit obligation
Discount Rate		
+ 1%	3,260,231	453,539
- 1%	3,966,025	560,153
Salary Escalation		
+ 1%	3,943,905	521,001
- 1%	3,266,004	484,003
Attrition Rate		
+ 1%	3,583,508	503,350
- 1%	3,589,303	500,980
Mortality Rate		
+10%	3,586,657	502,274

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following payments are expected contributions to the defined benefit plan (Gratuity) in future years (In absolute terms i.e. undiscounted):

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Within the next 12 months (next annual reporting period)	191,224	200,770	559,899
Between 2 and 5 years	1,047,551	1,268,281	1,458,346
Between 5 and 10 years	1,434,571	1,575,540	2,042,981
Beyond 10 years	3,920,552	3,759,393	4,495,125
Total expected payments	6,593,898	6,803,984	8,556,351

Notes forming part of the financial statements**49 RELATED PARTY DISCLOSURES****A. List of Related Parties**

- (a) **Entities substantially owned directly or indirectly by the Company, irrespective of whether transactions have occurred or not :-**

Euro Merchandise (India) Limited

Euro Realtors

- (b) **Enterprise owned by Key Management Personnel or major shareholders of the reporting enterprise and enterprises that have a member of key management in common with the reporting enterprise :-**

Euro Glass Private Limited

Euro Polaad Minerals & Steel LLP

Neelam Metal

Neelam Ply & Laminates

Euro Solo Energy Systems Private Limited

Subhnen Ply Private Limited

Euro India Cylinders Limited

Kanch Ghar

Euro Solar Power Private Limited

Monex Stationers

Euro Foundation

Maxim Enterprises

Gala Enterprises

- (c) **Directors and Key Management Personnel:-**

Name of Person	Designation
Viral T. Nandu	Chairman & Whole time Director
Lata T. Mehta	Independent Director
Dhaval V. Gada	Independent Director
Gautam S. Pandit	Independent Director
Nenshi L. Shah	CEO
Paresh K. Shah	CFO
Pratik K. Shah	Key Management Personnel
Kumar P. Shah	Key Management Personnel
Talakshi L. Nandu	Key Management Personnel

- (d) **Relatives of Key Management Personnel :-**

Nenshi L. Shah H.U.F.	Shantilal L. Shah H.U.F.	Rekhaben Nishar
Manjari H. Shah	Hitesh S. Shah H.U.F.	Kasturben T. Nandu
Nitesh P. Shah	Hitesh S. Shah	Viral T. Nandu
Shantaben L. Shah	Urmi P. Shah	Guntantiben N. Shah
Pinank N. Shah	Parag K. Shah	Dimple A. Shah
Parita V. Nandu	Shantilal L. Shah	Mahek H. Shah
Dhruti P. Shah	Anish K. Shah	Hiral M. Shah

Notes forming part of the financial statements**(e) During the year following transactions were carried out with the related parties in the ordinary course of business :-**

Nature of Transactions	Period ended	Subsidiary	Enterprises having common Key Management Personnel	Key Management Personnel	Relative of the Key Management Personnel
Sales Service and other income	31-Mar-18 31-Mar-17 01-Apr-16	- 2,047,835 1,039,765	- 17,250 148,500	- - -	- - -
Purchase of goods and services	31-Mar-18 31-Mar-17 01-Apr-16	- - -	- 10,382 -	4,950,000 5,400,000 4,600,000	300,000 150,000 -
Director's Remuneration/Sitting Fees	31-Mar-18 31-Mar-17 01-Apr-16	- - -	- - -	- - 800,000	- - -
Loans/Advances Taken	31-Mar-18 31-Mar-17 01-Apr-16	- - -	- 99,750 1,650,000	- - -	- - -
Loans/Advance Repaid	31-Mar-18 31-Mar-17 01-Apr-16	- - -	85,742,400 6,849,750 1,284,500	5,673,075 19,868,214 531,000	- - -
Loans/Advances Given	31-Mar-18 31-Mar-17 01-Apr-16	- - -	- - -	- - -	- - -
Loans/Advance Received Back	31-Mar-18 31-Mar-17 01-Apr-16	- - -	- - -	- - -	- - -
Outstanding balance as on date:					
Loans Payable	31-Mar-18 31-Mar-17 01-Apr-16	- - -	418,841 86,161,241 111,912,147	73,779,934 79,599,934 96,222,444	7,103,250 7,508,250 6,624,152
Loans Given	31-Mar-18 31-Mar-17 01-Apr-16	760,846,934 760,850,563 773,667,163	- - -	- - -	434,221 434,221 3,443,981
Amount Receivable	31-Mar-18 31-Mar-17 01-Apr-16	2,375,908 11,608,084 9,923,365	9,051 - -	- - -	- - -
Amount Payable	31-Mar-18 31-Mar-17 01-Apr-16	- - -	1,040,065 1,040,065 1,025,255	- - -	- - -

50 The Company does not have a Company Secretary as required under the provision of Section 203 of the Companies Act, 2013. The Company is in the process of appointing a whole time Company Secretary as required by the provision of Section 203 of the Companies Act, 2013.

51 The Company suffered losses on account of economic slow down and global recession post 2009, which has affected the operation of the Company and its cashflows. Consequently the Company's financial facilities/arrangements including Term Loans, Working Capital Facilities and Non Fund Based Credit Facilities have expired and the accounts with the Banks were turned into Non Performing Assets due to defaults in payment, since more than 3 years. Some of the banks have initiated legal proceedings against the Company for recovery of their respective debts at the Debt Recovery Tribunal and have taken symbolic possession of the securities u/s. 13(4) of the SARFAESI Act, 2002. However the Company has been able to renegotiate with the secured lenders and arrived at a amicable settlement of its debts and made the settlement of its total debt outstanding with the secured lenders. Accordingly some of the lenders have been settled completely on one time settlement basis and others have agreed for deferred payment along with some upfront payment based on their respective terms of settlement. In view of the

Notes forming part of the financial statements

above settlement, the Company has not provided the interest on the outstanding dues payable as per the settlement terms on the outstanding agreed amount of settlement to ₹ 1,119 Lakhs for the year ended March 31, 2018 and the interest amount not provided cumulatively from the date of settlement upto March 31, 2018 was ₹ 2,172 Lakhs. Had the same been accounted for, the net profit (after tax) would have decreased and current liabilities for the year ended March 31, 2017 would have increased by that amount.

52 The Company as at March 31, 2018 has (i) non-current investments aggregating ₹ 143 lacs in two of its subsidiaries (of which ₹ 142.50 lacs has been provided); and (ii) loans dues from such subsidiaries aggregating ₹ 7,608.46 lacs (of which ₹ 3,410 lacs has been provided), net amount being considered good and recoverable by the management. While such entities have incurred losses and consolidated net-worth of both entities as at March 31, 2018 has been fully eroded, the underlying projects are expected to achieve adequate profitability on changing economic scenario. Therefore, based on certain estimates like future business plans, growth prospects and other factors, the management believes that the realizable amount of these subsidiaries is substantially higher than the carrying value of the investments and loans due from this subsidiary. Also, substantial amount has already been provided based on the estimates and rest amount is considered as good and recoverable.

53 Segment information, as required under Ind AS 108 "Operating Segment", has been provided in the consolidated financial statements of the Company and therefore, no separate disclosure on segment information is given in these standalone financial statements.

54 The standalone financial statements for the year ended March 31, 2018 were approved by the Board of Directors on May 29, 2018.

55 FIRST TIME ADOPTION OF IND AS

These financial statements, for the year ended March 31, 2018, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2017, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2018, together with the comparative period data as at and for the year ended March 31, 2017, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 1, 2016, the Company's date of transition to Ind AS. This note explains exemptions availed by the Company in restating its Previous GAAP financial statements, including the balance sheet as at April 1, 2016 and the financial statements as at and for the year ended March 31, 2017.

Exemptions Applied:

1 Mandatory Exceptions

a) Estimates :

The estimates at April 1, 2016 and at March 31, 2017 are consistent with those made for the same dates in accordance with Previous GAAP (after adjustments to reflect any differences in accounting policies).

b) Classification and measurement of financial assets :

Financial Instruments :

Financial assets like security deposits received and security deposits paid, has been classified and measured at amortised cost on the basis of the facts and circumstances that exist at the date of transition to Ind AS. Since, it is impracticable for the Company to apply retrospectively the effective interest method in Ind AS 109, the fair value of the financial asset or the financial liability at the date of transition to Ind AS by applying amortised cost method, has been considered as the new gross carrying amount of that financial asset or the financial liability at the date of transition to Ind AS.

c) Impairment of financial assets: (Trade receivables and other financial assets)

At the date of transition to Ind AS, the Company has determined that there significant increase in credit risk since the initial recognition of a financial instrument would require undue cost or effort, the Company has recognised a loss allowance at an amount equal to lifetime expected credit losses at each reporting date until that financial instrument is derecognised (unless that financial instrument is low credit risk at a reporting date).

2 Optional Exemptions :

a) Deemed cost-Previous GAAP carrying amount: (PPE and Intangible)

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the

Notes forming part of the financial statements

previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. Accordingly, the company has elected to measure all of its property, plant and equipment at their previous GAAP carrying value.

b) Investment in subsidiaries, jointly controlled entities and associates in Standalone financial statements :

At transition date, entity may choose to account for its investment at:

- Cost as per Ind AS 27 determined at transition date.
 - Fair value as per Ind AS 113 (only on transition date).
 - Previous GAAP carrying amount.
 - Fair value as per Ind AS 109 (recurring fair valuation without recycling).
- The company has elected to apply previous GAAP carrying amount exemption.

56 :- RECONCILIATION OF EQUITY AS AT APRIL 1, 2016**(Amount in ₹)**

Particulars	Indian GAAP (As at April 1, 2016)	Ind AS Adjustments	Ind AS (As at April 1, 2016)
(1) ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	2,864,679,523	-	2,864,679,523
(b) <u>Financial Assets</u>			
(i) Investments	13,410,750	-	13,410,750
(ii) Loans	87,760,022	(87,760,022)	-
(iii) Other financial assets	-	478,201	478,201
(c) Other non-current assets	-	66,371,130	66,371,130
(2) Current assets			
(a) Inventories	319,327,962	-	319,327,962
(b) <u>Financial Assets</u>			
(i) Trade receivables	184,046,264	-	184,046,264
(ii) Cash and cash equivalents	56,033,962	(478,201)	55,555,761
(iii) Bank balances other than (iii) above	-	-	-
(iv) Loans	470,869,374	(16,994,887)	453,874,487
(v) Other financial assets	163,832	-	163,832
(c) Other current assets	-	16,994,887	16,994,887
Total Assets	3,996,291,689	(21,388,892)	3,974,902,797
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share capital	337,377,170	-	337,377,170
(b) Other Equity	(2,070,853,638)	(3,105,286)	(2,073,958,924)
LIABILITIES			
Non-current liabilities			
(a) <u>Financial Liabilities</u>			
(i) Borrowings	315,067,665	(294,851,271)	20,216,394
Current liabilities			
(a) <u>Financial Liabilities</u>			
(i) Borrowings	145,883,477	276,567,665	422,451,142
(ii) Trade payables	366,330,891	-	366,330,891
(iii) Other financial liabilities	-	4,801,677,871	4,801,677,871
(b) Other current liabilities	4,894,539,646	(4,801,677,871)	92,861,775
(c) Provisions	7,946,477	-	7,946,477
Total Equity and Liabilities	3,996,291,689	(21,388,892)	3,974,902,797

Notes forming part of the financial statements

56 :- RECONCILIATION OF PROFIT AND LOSS AS AT MARCH 31, 2017 (Contd..)

(Amount in ₹)

Particulars	Indian GAAP (As at April 1, 2016)	Ind AS Adjustments	Ind AS (As at April 1, 2016)
Continuing Operations			
I Revenue From Operations	106,908,059	10,788,238	117,696,297
II Other Income	20,208,548	-	20,208,548
III Total Income (I+II)	127,116,607	10,788,238	137,904,846
IV EXPENSES			
Cost of materials consumed	145,636,468	-	145,636,468
Purchases of Stock-in-Trade	1,303,116	-	1,303,116
Changes in inventories of finished goods, Stock-in-Trade and work-in-progress	(35,724,346)	-	(35,724,346)
Excise Duty	-	10,788,238	10,788,238
Employee benefits expense	39,805,224	2,616,417	42,421,641
Finance costs	6,988,697	(1,498,193)	5,490,504
Depreciation and amortization expense	196,944,490	-	196,944,490
Other expenses	80,775,526	-	80,775,526
Total expenses (IV)	435,729,175	11,906,462	447,635,637
V Profit/(loss) before exceptional items and tax (I-IV)	(308,612,568)	(1,118,224)	(309,730,791)
VI Exceptional Items	500,452,185	-	500,452,185
VII Profit/(loss) before tax from Continuing Operations (V-VI)	191,839,617	(1,118,224)	190,721,394
VIII Tax expense:			
(1) Current tax	-	-	-
(2) Deferred tax	-	-	-
(3) Short Provision of Earlier Years	-	-	-
(4) Mat Credit Entitlement - Reversal	-	-	-
IX Profit (Loss) for the period from continuing operations (VII-VIII)	191,839,617	(1,118,224)	190,721,394
Discontinued Operations			
X Profit/(loss) from discontinued operations before tax	58,391,339	-	58,391,339
XI Net Profit from Disposal of Assets of Discontinuing operations	271,586,519	-	271,586,519
XII Tax expense of discontinued operations	-	-	-
XIII Profit/(loss) from Discontinued operations (after tax) (X-XI)	329,977,858	-	329,977,858
XIV Profit/(loss) for the period (IX+XII)	521,817,475	(1,118,224)	520,699,252
XV Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss	-	2,616,417	2,616,417
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-
B (i) Items that will be reclassified to profit or loss	-	-	-
(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-
XVI Total Comprehensive Income for the period (XIII+XIV) (Comprising Profit / (Loss) and Other Comprehensive Income for the period)	521,817,475	1,498,193	523,315,669

Notes forming part of the financial statements

Footnotes to the reconciliation of equity as at April 1, 2016 and March 31, 2017 and Profit & Loss for the year ended March 31, 2017:

1 Zero Coupon Bond

Under the Previous GAAP, the Company had created liability of Zero Coupon Bond which was disclosed under long term borrowings at the amount payable on maturity and also the Company created prepaid asset under the head long term loans and advances and at every reporting date the asset was amortised and charged to the Profit and Loss. Under Ind AS, the Company has fair valued the same using the applicable discount rate and the difference on transition date has been debitted or credited to retained earnings through OCI. Also, adjustment for the same has been made on the date of transition to Ind AS.

2 Defined benefit liabilities

Both under Previous GAAP and Ind AS, the company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Previous GAAP, the entire cost, including actuarial gains and losses, are charged to profit & loss. Under Ind AS, remeasurements [comprising of actuarial gains and losses, excluding amounts included in net interest on the net defined benefit liability] are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI.

3 ECL for Trade Receivables

Under the previous GAAP, provision for bad debt was recognised for the doubtful debtors on a case to case basis. However, under Ind AS, the Company assesses impairment based on expected credit losses (ECL) model for measurement and recognition of impairment loss on the financial assets that are trade receivables accounting for both non-payment and delay of receivable.

4 Deposits and Loans and advances from related parties

The Company had accepted deposits (against Statement in lieu of Advertisement) and loans and advances from related parties. The same are interest free and repayable on demand by the Company. Therefore the Company has not discounted the same and has disclosed the same as current financial liabilities.

Footnotes to the reconciliation of Profit & Loss for the year ended March 31, 2017:

1 Sale of goods

Under Previous GAAP, sale of goods was presented as net of excise duty. However, under Ind AS, sale of goods includes excise duty. Excise duty on sale of goods is separately presented on the face of statement of profit and loss. Thus sale of goods under Ind AS has increased with a corresponding increase in other expense. There is, however, no impact on profit for the year on account of the same.

2 Defined benefit liabilities

Both under Previous GAAP and Ind AS, the company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Previous GAAP, the entire cost, including actuarial gains and losses, are charged to profit & loss. Under Ind AS, remeasurements [comprising of actuarial gains and losses, excluding amounts included in net interest on the net defined benefit liability] are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI.

3 Interest on Zero Coupon Bonds

Under the Previous GAAP, the Company had created liability of Zero Coupon Bond which were disclosed under long term borrowings at the amount payable on maturity and also created prepaid assets under the head long term loans and advances and at every reporting date the asset was amortised and charged to the Profit and Loss. Under Ind AS, the Company has fair valued the same in at the applicable discount rate and the difference on transition date has been debitted or credited to retained earnings through OCI. The impact on the date of transition has been directly given in the reserves and surplus.

4 ECL for trade receivables

Under the previous GAAP, provision for bad debt was recognised for the doubtful debtors on a case to case basis. However, under Ind AS, the Company assesses impairment based on expected credit losses (ECL) model for measurement and recognition of impairment loss on the financial assets that are trade receivables accounting for both nonpayment and delay of receivable.

Notes forming part of the financial statements**5 Other comprehensive income**

Under Previous GAAP, the company has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Previous GAAP profit & loss to profit or profit & loss as per Ind AS. Further, Previous GAAP profit & loss is reconciled to total comprehensive income as per Ind AS.

6 Re-classification

The company has reclassified previous year figures to conform to Ind AS classification.

In terms of our report attached

For Rasesh Shah & Associates

Chartered Accountants

Firm Registration Number: 108671W

For and on behalf of the Board of Directors

CA Mehul Shah

Partner

Membership No.: 137148

Viral T. Nandu

Chairman &

Whole Time Director

DIN : 01767620

Paresh K. Shah

Chief Financial

Officer

Place : Mumbai

Date : May 29, 2018

Place : Mumbai

Date : May 29, 2018

**Statement on Impact of Audit Qualifications on Standalone Financial Statements for the
Financial Year ended March 31, 2018**

[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

(₹. In Lakhs except EPS)

I	Sr. No.	Particulars	Audited Figures (As reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1	Turnover/ Income	2,172.09	2,172.09
	2	Total Expenditure	5,373.10	6,492.66
	3	Exceptional Item [Gain/(Loss)]	831.11	831.11
	3	Net Profit/(Loss)	(2,369.90)	(3,489.47)
	4	Other Adjustments	(532.64)	(532.64)
	5	Net Profit/(Loss) from Discontinuing Operations	0.00	0.00
	6	Net Profit/(Loss) on disposal of assets of discontinued operations	0.00	0.00
	4	Net Profit /(Loss) of the period	(2,902.54)	(4,022.11)
	5	Earnings Per Share	(8.60)	(11.92)
	6	Total Assets	25,800.23	25,800.23
	7	Total Liabilities	33,700.79	35,871.99
	8	Net Worth	(7,900.56)	(10,071.76)
	9	Any other financial item(s)		
II	Audit Qualification		Refer Annexure	
	a.	Details of Audit Qualification		
	b.	Type of Audit Qualification		
	c.	Frequency of Qualification		
	d.	For Audit Qualification(s) where the impact is quantified by the Auditor, Management's view		
	e.	For Audit Qualifications(s) where the impact is not quantified by the Auditor		
	i.	Management's estimation on the impact of audit qualification		
	ii.	If Management is unable to estimate the impact, reasons for the same		
	iii.	Auditor's comments on (i) or (ii) above.		
III	Signatories		Sd/-	
	1)	Whole Time Director	Viral T. Nandu	
	2)	CFO	Paresh K. Shah	
	3)	Audit Committee Chairman	Dhaval Gada	
	4)	Auditor	For Rasesh Shah & Associates Chartered Accountant FRN 108671W Sd/- CA Mehul R. Shah Partner Mem. No. 137148	

**ANNEXURE TO STATEMENT ON IMPACT OF AUDIT QUALIFICATION OF THE
STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018**

Sr. No.	Details of Audit Qualification	Type of Audit Qualification	Frequency of Qualification	For Audit Qualifications where the impact is quantified by the auditor, management's view	For Audit Qualifications where the impact is not quantified by the Auditor		
					(i) Management estimation on the impact of audit qualification	(ii) If management is unable to estimate the impact, reasons for the same.	(iii) Auditor's comment on (i) and (ii)
1	The Financial Statement have been prepared on a "going concern" basis, despite the fact that the Company's financial facilities/arrangements have expired and the same are overdue for repayment and the net-worth of the Company fully eroded and the lenders and creditors have initiated legal proceedings against the Company for recovery.	Qualified	Repeated	Your Directors would like to state that the Company is operational & Manufacturing Marble and employed around 90 employees. The Company & its management with its positive efforts could sale its fixed assets of Sanitaryware business undertaking and land, and settled its debt with many of its secured lenders either on one time settlement basis or deferred payment schedule with some upfront payment as per their terms of compromise settlement. It is also making serious efforts in reviving its tiles division operation. The management has taken and been taking all diligent steps under legal advice, to defend the Company in all the litigation. Considering the reduction in debt burden and considering the ample opportunities in the market and growth drivers for the industry per say, Directors are optimistic about the turnaround of the Company with the infusion of the long term funds and working capital fund with support of the lenders.	N.A.	N.A.	N.A.

**ANNEXURE TO STATEMENT ON IMPACT OF AUDIT QUALIFICATION OF THE
STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018**

Sr. No.	Details of Audit Qualification	Type of Audit Qualification	Frequency of Qualification	For Audit Qualifications where the impact is quantified by the auditor, management's view	For Audit Qualifications where the impact is not quantified by the Auditor		
					(i) Management estimation on the impact of audit qualification	(ii) If management is unable to estimate the impact, reasons for the same.	(iii) Auditor's comment on (i) and (ii)
2	The Company has not provided for interest on financing facilities amounting to Rs. 1,119 Lakhs for the year ending March 31, 2018 and the interest amount not provided cumulatively from the date of settlement upto March 31, 2018 was ₹ 2,172 Lakhs. Had the same been provided, the loss for the year ending March 31, 2018, would have increased by ₹ 1,119 Lakhs. The corresponding current liabilities would have increased by the cumulative amount of interest.	Qualified	Repeated	The Company has settled its debts with secured lenders either on one time settlement basis or compromise settlement with defer payment schedule with some upfront payment as per the terms of sanction. In view of the absence of adequate cash flows and profits, the management of the Company has decided not to charge the same in the Profit and Loss Account.	Approx. amount quantified	Approx. amount quantified	Approx. amount quantified
3	The Company has not provided for impairment or diminishing value of its assets/ investment as per "Ind AS 36- Impairment of Assets" as notified under the Section 133 of the Companies Act, 2013. The effect of such impairment or diminishing value has not been quantified by the management and hence the same is not ascertainable.	Qualified	Repeated	The Company has made the provisions for diminution in the value of its investments/assets wherever required. Management has a policy to maintain the assets and keep them in working condition, so that its value does not get affected in long run. The management is optimistic about realizing the value of its Assets / Investments nearest to its carrying value, and there is no further diminution in the value of its assets / investment other than depreciation/amortization provided for.	N.A.	N.A.	N.A.

**ANNEXURE TO STATEMENT ON IMPACT OF AUDIT QUALIFICATION OF THE
STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018**

Sr. No.	Details of Audit Qualification	Type of Audit Qualification	Frequency of Qualification	For Audit Qualifications where the impact is quantified by the auditor, management's view	For Audit Qualifications where the impact is not quantified by the Auditor		
					(i) Management estimation on the impact of audit qualification	(ii) If management is unable to estimate the impact, reasons for the same.	(iii) Auditor's comment on (i) and (ii)
4	The financial statements are subject to receipt of confirmation of balances from many debtors, loans & advances, investments, banks, sundry creditors and other liabilities. Pending receipt of confirmation of these balances and consequential reconciliations / adjustments, if any, the resultant impact on the financial statements is not ascertainable	Qualified	Repeated	Your management would like to state that the Company is in the process of obtaining the confirmations from debtors, creditors, lenders and loans advances in routine course of business and have obtained from some of them. The reconciliations are made and the effects have been given in the books of accounts wherever required.	N.A.	N.A.	N.A.

**ANNEXURE TO STATEMENT ON IMPACT OF AUDIT QUALIFICATION OF THE
STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018**

Sr. No.	Details of Audit Qualification	Type of Audit Qualification	Frequency of Qualification	For Audit Qualifications where the impact is quantified by the auditor, management's view	For Audit Qualifications where the impact is not quantified by the Auditor		
					(i) Management estimation on the impact of audit qualification	(ii) If management is unable to estimate the impact, reasons for the same.	(iii) Auditor's comment on (i) and (ii)
5	The Company had imported various Capital Goods & Spares & Consumables for the 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 respective licenses. The Custom Duties so saved amounted to ₹ 30,76,45,374/- and the corresponding Export obligation to be fulfilled amounted to ₹ 2,46,11,62,991/-, however as on 31st March 2018, the Export obligation yet to be fulfilled amounted to ₹ 1,69,19,04,058/-.	Qualified	Repeated	The Company had a good export track record in the past and has completed its EPCG obligation in more than 8 licenses in the past. However due to adverse market conditions during the period 2008, 2009 and 2010 and global economy slowdown the total exports of the Company were affected drastically and in the later years the financial position of the Company was further affected due to liquidity crunch, which in a way affected the overall revenue of the Company, including the export revenues and also the net worth of the Company turned negative and the Company had also referred to BIFR under the provision of Sick Industrial Companies Act. The Company has applied for extension of time for export for the said licenses with the authorities, however the same was not granted and further the Company has applied to High Court for appropriate remedy in the said matters.	N.A.	N.A.	N.A.
	The stipulated period of 8 years to fulfill Export obligation has already expired and the company is required to pay the said saved Custom Duty together with interest @ 15% p.a. but the same has not been provided in books of accounts by the Company and the final liability is presently unascertainable.						

**ANNEXURE TO STATEMENT ON IMPACT OF AUDIT QUALIFICATION OF THE
STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018**

Sr. No.	Details of Audit Qualification	Type of Audit Qualification	Frequency of Qualification	For Audit Qualifications where the impact is quantified by the auditor, management's view	For Audit Qualifications where the impact is not quantified by the Auditor		
					(i) Management estimation on the impact of audit qualification	(ii) If management is unable to estimate the impact, reasons for the same.	(iii) Auditor's comment on (i) and (ii)
6	Attention is drawn to the fact that, as required under Section 203 of the Act the company is yet to appoint a Company Secretary and the company is not in compliance with Regulation 6 of LODR which requires Company Secretary to be appointed as Compliance Officer.	Qualified	Repeated	The management would like to state that the Company is in the process of appointment of Whole time Company Secretary. The Company has also given advertisement in the newspaper for the vacancy, however still suitable candidate is awaited.	N.A.	N.A.	N.A.

**ANNEXURE TO STATEMENT ON IMPACT OF AUDIT QUALIFICATION OF THE
STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018**

Sr. No.	Details of Audit Qualification	Type of Audit Qualification	Frequency of Qualification	For Audit Qualifications where the impact is quantified by the auditor, management's view	For Audit Qualifications where the impact is not quantified by the Auditor		
					(i) Management estimation on the impact of audit qualification	(ii) If management is unable to estimate the impact, reasons for the same.	(iii) Auditor's comment on (i) and (ii)
7	In respect of deposits accepted by the company before the commencement of this Act, within the meaning of section 74 & 75 of the Act and the Rules framed there under, the principal amount of such deposits and interest due thereon remained unpaid even after expiry of one year from such commencement and the Company has not filed a statement within a period of three months from such commencement or from the date on which such payments, are due, with the Registrar details as prescribed u/s.74(1)(a).	Qualified	Repeated	To meet working capital requirements, the Company raised funds by accepting unsecured loans from friends and relatives of Directors which are known to the Company without invitation to public in general after filing Statement in lieu of Advertisement (SLA) pursuant to the provisions of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975. As the financial position of the Company was under stress and consequently defaulted on its obligation to secured lenders, all the lenders have classified the Company's account as Non-Performing Assets (NPA). The Company suffered losses and cash flow of the Company was under stress. Further, the Net Worth of the Company eroded completely. The non-compliance relating to filing of eform DPT-4 is unintentional and the compliances was missed out inadvertently.	N.A.	N.A.	N.A.

**ANNEXURE TO STATEMENT ON IMPACT OF AUDIT QUALIFICATION OF THE
STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018**

Sr. No.	Details of Audit Qualification	Type of Audit Qualification	Frequency of Qualification	For Audit Qualifications where the impact is quantified by the auditor, management's view	For Audit Qualifications where the impact is not quantified by the Auditor		
					(i) Management estimation on the impact of audit qualification	(ii) If management is unable to estimate the impact, reasons for the same.	(iii) Auditor's comment on (i) and (ii)
8	Overdue receivables aggregating to Rs. 170 Lakhs as on March 31, 2018, towards sales of goods included under "Trade Receivables" owed to the Company by its Foreign Customers due for more than 6 months as on March 31, 2018. These balances have not been settled till March 31, 2018. The Company has yet to make an application to the authorized dealer or Reserve Bank of India (RBI) for overdue receivable balances beyond the prescribed time limits in accordance with Foreign Exchange Management Act (FEMA).	Qualified	Repeated	The Company shall initiate the process for compliance of the same and is expecting to realize the said amount.	N.A.	N.A.	N.A.

**ANNEXURE TO STATEMENT ON IMPACT OF AUDIT QUALIFICATION OF THE
STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018**

Sr. No.	Details of Audit Qualification	Type of Audit Qualification	Frequency of Qualification	For Audit Qualifications where the impact is quantified by the auditor, management's view	For Audit Qualifications where the impact is not quantified by the Auditor		
					(i) Management estimation on the impact of audit qualification	(ii) If management is unable to estimate the impact, reasons for the same.	(iii) Auditor's comment on (i) and (ii)
9	The Company has interest free borrowings, classified under Non-Current Financial Liabilities, which are borrowed from various related parties and other lenders, the repayment terms of which have not been agreed between the Company and the lenders. The Company has not fair valued such sums received in accordance with the provisions of 'Ind AS – 109 – Financial Instrument' and 'Ind AS – 113 – Fair Value Measurement'. The effect of such treatment has not been quantified by the management and hence the same is not ascertainable.	Qualified	Repeated	As the financial position of the Company is under stress and also it has defaulted on its obligation to secured lenders, all the lenders have classified the Company's account as Non-Performing Assets (NPA). The Company suffered losses and cash flow of the Company was under stress. Further, the Net Worth of the Company eroded completely. In order to continue the operations of the Company, the company in the past borrowed funds from various of relatives and friends of Promoters and Directors. The same was mutually agreed between the parties and no interest was charged by the lenders on the same. Also, the repayment terms was also not fixed between the Company and the lenders. Therefore, the Company would continue to classify such borrowings as Non Current.	N.A.	N.A.	N.A.

**ANNEXURE TO STATEMENT ON IMPACT OF AUDIT QUALIFICATION OF THE
STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018**

Sr. No.	Details of Audit Qualification	Type of Audit Qualification	Frequency of Qualification	For Audit Qualifications where the impact is quantified by the auditor, management's view	For Audit Qualifications where the impact is not quantified by the Auditor		
					(i) Management estimation on the impact of audit qualification	(ii) If management is unable to estimate the impact, reasons for the same.	(iii) Auditor's comment on (i) and (ii)
10	The non-ascertainment of complete particulars of dues to Micro, Small and Medium enterprises, if any under MSMED Act, 2006, and provisions towards interest, if any, is not ascertained at this stage which is not in conformity with with 'Ind AS 37-Provision, Contingent Liabilities & Contingent Assets'.	Qualified	Repeated	The Company is in the process of identifying the creditors which are Micro, Small and Medium Enterprises under MSMED Act	N.A.	N.A.	N.A.
11	In our opinion and according to the information and explanations given to us, there are no stipulations made regarding repayment of principal amount and interest in respect of loans granted by the Company to parties covered in the register maintained under section 189 of the Companies Act, 2013. Hence we are unable to comment as to regularity of repayments of principal and interest amount.	Qualified	Repeated	The management would like to state that the loans and advances are given in the normal course of business to a firm where the Company is a partner with majority share.	N.A.	N.A.	N.A.

**ANNEXURE TO STATEMENT ON IMPACT OF AUDIT QUALIFICATION OF THE
STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018**

Sr. No.	Details of Audit Qualification	Type of Audit Qualification	Frequency of Qualification	For Audit Qualifications where the impact is quantified by the auditor, management's view	For Audit Qualifications where the impact is not quantified by the Auditor		
					(i) Management estimation on the impact of audit qualification	(ii) If management is unable to estimate the impact, reasons for the same.	(iii) Auditor's comment on (i) and (ii)
12	The Company has given guarantee for loans taken by its subsidiary from bank. The terms and conditions of the same are not prejudicial to the interest of the Company. The said subsidiary has been continuously incurring losses and its net worth has been fully eroded and there is substantial doubt whether the said subsidiary would be able to repay its liabilities or realize its assets.	Qualified	Repeated	Your directors would like to state that the management of the subsidiary Company is hopeful of reviving its business with the changing economic scenario and is negotiating with the lender for amicable settlement of its dues.	N.A.	N.A.	N.A.

INDEPENDENT AUDITORS' REPORT**To the Members of EURO CERAMICS LIMITED****Report on the Consolidated Indian Accounting Standards (Ind AS) Financial Statements**

1. We have audited the accompanying consolidated Ind AS financial statements of **EURO CERAMICS LIMITED** ("hereinafter referred to as the Holding Company") and its subsidiaries (the Holding Company and its subsidiary together referred to as "the Group"), comprising of the consolidated Balance Sheet as at March 31, 2018, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Cash Flow Statement for the year then ended and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated cash flows and changes in equity of the Group in accordance with accounting principles generally accepted in India including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the

financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
4. We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.
6. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated Ind AS financial statements.

Basis for Qualified

- a) *The Group's, current liabilities exceeds its current assets and net worth of the Group has been fully eroded, these events indicate a material uncertainty that casts a significant doubt on the Group's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business. The financial results do not disclose the fact that the fundamental accounting assumption of going concern has not been followed.*
- b) *We draw attention towards the fact that the Group's financial facilities/arrangements including Term Loans, Working Capital Facilities and Non Fund Based Credit Facilities have expired and the accounts with the Banks have turned into Non Performing Assets.*

Some of the bank lenders have initiated legal proceedings against the Holding Company and its subsidiaries for recovery of their respective debts at the Debt Recovery Tribunal and have taken symbolic possession of the securities u/s. 13(4) of the SARFAESI Act, 2002. However the management has been able to renegotiate with the secured lenders and arrive at an amicable settlement of its debts. The management has made the settlement of its total debt outstanding with the secured lenders. Accordingly some of the lenders have been settled completely on one time settlement basis and others have agreed for deferred payment along with some upfront payment based on their respective terms of settlement. In view of the above settlement, the Group's management has not provided the interest on the outstanding dues payable as per the settlement terms on the outstanding agreed amount of settlement amounting to ₹ 1,690 Lakhs for the year ended March 31, 2018 and the interest amount not provided cumulatively from the date of settlement upto March 31, 2018 was ₹ 4,866 Lakhs. Had the same been accounted for, the net loss (after tax) would have increased and current liabilities for the year ended March 31, 2018 would have increased by that amount. In addition to this, the Group has been continuously incurring substantial losses since past few years and as on March 31, 2018, the Group's current liabilities exceed its current assets by ₹ 39,404.45 Lakhs. Further, the net-worth of the Group has fully eroded and the Holding Company had also filed

registration u/s. 15(1) of the erstwhile Sick Industrial Companies (Special Provisions) Act, 1985, before the erstwhile Hon'ble Board for Industrial & Financial Reconstruction.

- c) *We draw attention towards the fact that the Holding Company and its subsidiary companies has not provided for impairment or diminishing value of its assets/investment as per 'Ind AS 36 –Impairment of Assets' as notified under Section 133 of the Companies Act, 2013. The effect of such Impairment or diminishing value has not been quantified by the management and hence the same is not ascertainable.*
- d) *We draw attention to the fact that financial statements are subject to receipt of confirmation of balances from many of the debtors, loans & advances, investments, banks, sundry creditors and other liabilities. Pending receipt of confirmation of these balances and consequential reconciliations / adjustments, if any, the resultant impact on the consolidated financial statements is not ascertainable.*
- e) *According to the information and explanations given to us, the Holding Company has given the guarantee for loans taken by Subsidiary Company from bank. The terms and conditions of the same are not prejudicial to the interest of the Holding Company, as per the management. However in our opinion the Subsidiary Company has been continuously incurring losses and its net worth has been fully eroded and there is substantial doubt whether the Subsidiary Company would be able to repay its liabilities or realize its assets. Also, the Holding Company has granted loans to one of the subsidiary entity which is a partnership firm, however, the subsidiary entity has no revenue and we doubt whether the Subsidiary entity would be able to repay its liabilities or realize its assets.*
- f) *We draw attention to Note No. 37(d) of the Consolidated Ind AS financial statement which states that, the Holding Company had imported various Capital Goods and Spares and Consumables for the 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 fulfil quantified exports within a period of eight years from the date of respective licenses. The Custom Duties so saved amounted to ₹*

30,76,45,374/- and the corresponding Export obligation to be fulfilled amounted to ₹ 2,46,11,62,991/-, however as on 31st March 2018, the Export obligation yet to be fulfilled amounted to ₹ 169,19,04,058/-. The stipulated period of 8 years to fulfil Export obligation has already expired and the Holding Company is required to pay the said saved Custom Duty together with interest @ 15% p.a. but the same has not been provided in books of accounts by the Holding Company and the final liability is presently unascertainable.

- g) We draw attention to the fact that, as required under Section 203 of the Act the Holding Company is yet to appoint a Company Secretary and the Holding Company is not in compliance with Regulation 6 of LODR which requires Company Secretary to be appointed as Compliance Officer.
- h) We also draw attention towards the fact that, in respect of deposits accepted by the Holding company before the commencement of this Act, within the meaning of section 74 & 75 of the Act and the Rules framed there under, the principal amount of such deposits and interest due thereon remained unpaid even after expiry of one year from such commencement and the Company has not filed a statement within a period of three months from such commencement or from the date on which such payments, are due, with the Registrar details as prescribed u/s.74(1)(a).
- i) We also draw your attention towards overdue receivables aggregating to ₹ 203.52 Lakhs as on March 31, 2018, towards purchase of goods included under "Trade Receivables" owed to the Holding Company and Subsidiary Company by its Foreign Customers due for more than 6 months as on March 31, 2018. These balances have not been settled till March 31, 2018. The Group is yet to make an application to the authorized dealer or Reserve Bank of India (RBI) for overdue receivable balances beyond the prescribed time limits in accordance with Foreign Exchange Management Act (FEMA). Any penalties that may be levied by RBI are presently not known and not given effect to in the INDAS financial statements.
- j) The Group has interest free borrowings, which are repayable on demand, classified under Non-Current Financial Liabilities and Current Financial Liabilities, which are borrowed from various related parties and other lenders, the

repayment terms of which have not been agreed between the Group and the lenders. The Group has considered the amount borrowed to be the fair value and disclosed the same in the financial statements. However in the absence of any repayment terms and interest rate, the amount disclosed may not be the fair value, in accordance with the provisions of 'Ind AS – 109 – Financial Instrument' and 'Ind AS – 113 – Fair Value Measurement'. The effect of such treatment has not been quantified by the Group's management and hence the same is not ascertainable.

- k) In our opinion and according to the information and explanations given to us, there are no stipulations made regarding repayment of principal amount and interest in respect of loans granted by the Holding Company to parties covered in the register maintained under section 189 of the Companies Act, 2013. Hence we are unable to comment as to regularity of repayments of principal and interest amount.
- l) We draw attention to the facts that the non-ascertainment of complete particulars of dues to Micro, Small and Medium enterprises, if any under MSMED Act, 2006, and provisions towards interest, if any, is not ascertained at this stage which is not in conformity with 'Ind AS 37-Provision, Contingent Liabilities and Contingent Assets'.

Opinion

- 7. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of report of other auditor on separate financial statements and on the other financial information of a subsidiary, **except for the matters** illustrated and described in the **Basis of Qualified Opinion**, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the consolidated financial position of the Group as at March 31, 2018, and their consolidated financial performance (including other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

Other Matter

8. We did not audit the financial statement of one subsidiary, whose financial statements reflect total assets of ₹ 354.62 Lakhs and net liabilities of ₹ 2372.96 Lakhs as at March 31, 2018, total revenue of ₹ 28.35 Lakhs, total comprehensive income (comprising of loss and other comprehensive loss) of ₹ 15.57 Lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statement have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated Ind AS financial statements in so far as it relates to the amounts and disclosures included in respect of these subsidiary and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid subsidiary, is based solely on the report of the other auditor.

9. We have relied on the unaudited financial statements of one subsidiary entity which is a partnership firm, whose financial statements reflect total assets of ₹ 9728.35 Lakhs and net liabilities of ₹ 9728.35 Lakhs including partners share as at March 31, 2018, having revenue as NIL, as considered in the consolidated Ind AS financial statements. These financial statements are unaudited and have been furnished to us by the Management, and our opinion on the consolidated Ind AS financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiary and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid subsidiary is based solely on such unaudited financial statements certified by the management.

Our opinion on the consolidated Ind AS financial statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

10. The comparative financial information of the Group for the year ended March 31, 2017 and the transition date opening balance sheet as at April 1, 2016 included in these consolidated Ind AS financial statements, are based on the previously issued statutory financial statements for the years ended March 31, 2017 and March 31, 2016 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by the predecessor

auditor, who expressed an qualified opinion vide reports dated May 30, 2017 and May 30, 2016 respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the Group on transition to the Ind AS have been audited by us, on which we have expressed a qualified opinion vide our report dated, May 29, 2018.

Report on Other Legal and Regulatory Requirements

11. As required by Section 143 (3) of the Act, we report, to the extent applicable, that:
- We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.
 - Except for the possible effect of the matter described in the Basis of Qualified Opinion paragraph above, in our opinion, proper books of account as required by law have been kept by the Group so far as appears from our examination of those books;
 - The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Statement of Cash Flow and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose preparation of the consolidated Ind AS financial statements.
 - Except for the possible effect of the matter described in the Basis of Qualified Opinion paragraph above, in our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under section 133 of the Act read with Rules issued thereunder;
 - The matters described in the 'Basis of Qualified Opinion' paragraph above, in our opinion may have an adverse effect on the functioning of the Company;
 - On the basis of the written representations received from the directors of the Holding Company as on March 31, 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company, none of the directors of the Group is disqualified as on March 31, 2018 from being

appointed as a director in terms of Section 164 (2) of the Act.

- (g) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company, its subsidiary company and subsidiary entity incorporated in India and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
- (h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The consolidated Ind AS financial statements disclose the impact, if any, of pending litigations as at March 31, 2018 on the consolidated financial position of the Group— Refer Note 37 to the consolidated Ind AS financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts as at March 31, 2018; and

- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary company during the year ended March 31, 2018.
- iv. The disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from November 8, 2016 to December 30, 2016 which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.

For Rasesh Shah & Associates
Chartered Accountants
Firm Registration Number: 108671W

CA Mehul Shah
Partner
Membership No. 137148

Place: Mumbai
Date: May 29, 2018

“Annexure A” to the Independent Auditor’s Report

Referred to in paragraph 11 (g) of the Independent Auditor’s Report of even date to the Members of Euro Ceramics Limited on consolidated financial statement for the year ended March 31, 2018.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

In conjunction with our audit of the consolidated Ind AS financial statements of Euro Ceramics Limited (“the Holding Company”) and its subsidiaries, (the Holding Company and its subsidiaries together referred to as ‘the Group’) as at and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of the Holding Company and its Subsidiary Company as at that date.

Management’s Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary company, are responsible for establishing and maintaining internal financial controls based on, the internal control over financial reporting criteria established by the Holding Company and its subsidiary company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (“the Guidance Note”) issued by the Institute of Chartered Accountants of India (“ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (“the Act”).

Auditors’ Responsibility

Our responsibility is to express an opinion on the Holding Company and its subsidiary companies, internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls

operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and audit evidence obtained by other auditors in terms of their report referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company and its subsidiary company internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over

financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Basis for Qualified Opinion

In our opinion, according to the information and explanations given to us and based on our audit procedures performed, the following material weakness has been identified in the operating effectiveness of the Holding Company's internal financial control over financial reporting as at March 31, 2018:

The Holding Company's internal financial controls in respect of supervisory and review controls over process of determining of (a) carrying value of the Holding Company's non-current investments in its subsidiaries; and (b) recoverability of loans, due from such subsidiaries were not operating effectively. Absence of aforesaid assessment in accordance with the accounting principles generally accepted in India could potentially result in a material misstatement in the carrying value of investments in such subsidiaries and the aforesaid dues from such subsidiaries and consequently, could also impact the profit (financial performance including other comprehensive income) after tax.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial controls over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

Opinion

In our opinion, except for the possible effects of the material weakness described above in the Basis for Qualified Opinion paragraph, the Holding Company and its subsidiary company have in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Holding Company and its subsidiary company, considering the essential components of internal control stated in the Guidance Note issued by ICAI.

We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated financial statements of the Company as at and for the year ended March 31, 2018, and the material weakness has affected our opinion on the consolidated financial statements of the Company and we have issued a qualified opinion on the consolidated financial statements.

Other Matters

We did not audit the internal financial controls over financial reporting of one subsidiary, whose financial statements reflect total assets of ₹ 354.62 Lakhs and net liabilities of ₹ 2,372.96 Lakhs as at March 31, 2018, total revenue of ₹ 28.35 Lakhs, total comprehensive income (comprising of loss and other comprehensive loss) of ₹ 15.57 Lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements. These internal financial controls over financial reporting have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated Ind AS financial statements in so far as it relates to the amounts and disclosures included in respect of these subsidiary and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid subsidiary, is based solely on the report of the other auditor. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by, and on the reports of the, other auditors.

We did not audit the internal financial controls over financial reporting of one subsidiary entity which is a partnership firm, whose financial statements reflect total assets of ₹ 9728.35 Lakhs and net liabilities of ₹ 9728.35 Lakhs including partners share as at March 31, 2018, having revenue as NIL, as considered in the consolidated Ind AS financial statements. These internal financial controls over financial reporting are unaudited and have been furnished to us by the Management, and our opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar for the Holding Company and its subsidiary, as foreshadowed, in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the subsidiary is based solely on such representation provided by the management.

Our opinion is not modified in respect of this matter with respect to our reliance on representation provided by the management.

For Rasesh Shah & Associates
Chartered Accountants
Firm Registration Number: 108671W

CA Mehul Shah
Partner
Membership No. 137148

Place: Mumbai
Date: May 29, 2018

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2018

(Amount in ₹)

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
(1) ASSETS				
Non-current assets				
(a) Property, Plant and Equipment	4	1,715,384,860	1,926,633,476	2,865,007,510
(b) <u>Financial Assets</u>				
(i) Investments	5	13,460,750	13,460,750	13,460,750
(ii) Loans	6	76,009,900	76,009,900	88,671,220
(iii) Other financial assets	7	653,512	438,201	478,201
(c) Other non-current assets	8	914,468,611	966,206,857	962,927,332
(2) Current assets				
(a) Inventories	9	239,992,773	330,943,885	327,006,339
(b) <u>Financial Assets</u>				
(i) Trade receivables	10	111,530,140	188,723,984	184,550,989
(ii) Cash and cash equivalents	11	2,485,067	15,437,046	56,135,547
(iii) Bank balances other than (iii) above	11	1,027,507	-	40,000
(iv) Loans	12	65,563,550	71,924,266	28,348,352
(v) Other financial assets	13	34,712	241,592	163,832
(c) Other current assets	14	25,403,985	46,749,565	45,335,159
Total Assets		3,166,015,366	3,636,769,522	4,572,125,230
EQUITY AND LIABILITIES				
EQUITY				
(a) Equity Share capital	15	337,377,170	337,377,170	337,377,170
(b) Other Equity	16	(1,379,211,714)	(1,087,451,765)	(2,323,142,345)
LIABILITIES				
Non-current liabilities				
(a) <u>Financial Liabilities</u>				
(i) Borrowings	17	47,119,871	43,007,732	44,234,636
(b) Provisions	18	14,250,000	14,250,000	14,250,000
Current liabilities				
(a) Financial Liabilities				
(i) Borrowings	19	493,280,039	587,743,811	633,868,095
(ii) Trade payables	20	369,469,787	404,520,377	386,008,775
(iii) Other financial liabilities	21	2,795,724,676	2,870,118,433	5,019,588,191
(b) Other current liabilities	22	143,830,739	121,146,676	111,026,884
(c) Provisions	23	344,174,797	346,057,088	348,913,824
Total Equity and Liabilities		3,166,015,366	3,636,769,522	4,572,125,230
Significant Accounting Policies and Notes on Financial Statements forming part of the financial statements	3			

In terms of our report attached
For Rasesh Shah & Associates
Chartered Accountants
Firm Registration Number: 108671W

For and on behalf of the Board of Directors

CA Mehul Shah
Partner
Membership No.: 137148

Viral T. Nandu
Chairman &
Whole Time Director
DIN : 01767620

Paresh K. Shah
Chief Financial
Officer

Place : Mumbai
Date : May 29, 2018

Place : Mumbai
Date : May 29, 2018

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(Amount in ₹)

Particulars	Note No.	For the year ended March 31, 2018	For the year ended March 31, 2017
Continuing Operations			
I Revenue From Operations	24	203,608,073	118,597,346
II Other Income	25	16,435,589	20,232,301
III Total Income (I+II)		220,043,662	138,829,647
IV EXPENSES			
Cost of materials consumed	26	206,665,199	145,636,468
Purchases of Stock-in-Trade	27	16,834,963	1,935,163
Changes in inventories of finished goods, Stock-in-Trade and work-in-progress	28	7,162,239	(35,524,840)
Excise Duty	29	9,458,738	10,788,238
Employee benefits	30	35,160,090	42,638,369
Finance costs	31	4,440,122	5,775,039
Depreciation and amortization expense	4	197,216,872	196,972,462
Other expenses	32	64,425,368	81,373,433
Total expenses (IV)		541,363,590	449,594,333
V Profit/(loss) before exceptional items and tax (III-IV)		(321,319,928)	(310,764,684)
VI Exceptional Items	33	83,110,819	500,452,185
VII Profit/(loss) before tax from Continuing Operations (V-VI)		(238,209,109)	189,687,501
VIII Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
(3) Short Provision of Earlier Years		342,604	-
(4) Mat Credit Entitlement - Reversal		53,263,683	-
IX Profit (Loss) for the period from continuing operations (VII-VIII)		(291,815,396)	189,687,501
Discontinued Operations			
X Profit/(loss) from discontinued operations before tax	34	-	58,391,339
XI Net Profit from Disposal of Assets of Discontinuing operations		-	271,586,519
XII Tax expense of discontinued operations		-	-
XIII Profit/(loss) from Discontinued operations (after tax) (X-XI)		-	329,977,858
XIV Profit/(loss) for the period (IX+XII)		(291,815,396)	519,665,359
XV Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss		55,446	2,616,417
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
B (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
XVI Total Comprehensive Income for the period (XIII+XIV)			
(Comprising Profit / (Loss) and Other Comprehensive Income for the period)		(291,759,950)	522,281,776
XVII Earnings per equity share (for continuing operation):	35		
(1) Basic		(8.65)	5.62
(2) Diluted		(8.65)	5.62
XVIII Earnings per equity share (for discontinued operations)	35		
(1) Basic		-	9.78
(2) Diluted		-	9.78
XIX Earnings per equity share (for discontinued & continuing operations)	35		
(1) Basic		(8.65)	15.40
(2) Diluted		(8.65)	15.40
Significant Accounting Policies and Notes on Financial Statements forming part of the financial statements	3		

In terms of our report attached

For Rasesh Shah & Associates

Chartered Accountants

Firm Registration Number: 108671W

For and on behalf of the Board of Directors**CA Mehul Shah****Partner**

Membership No.: 137148

Viral T. Nandu

Chairman &

Whole Time Director

DIN : 01767620

Paresh K. Shah

Chief Financial

Officer

Place : Mumbai**Date : May 29, 2018****Place : Mumbai****Date : May 29, 2018**

CASH FLOW STATEMENT AS AT MARCH 31, 2018

(Amount in ₹)

Particulars	As at March 31, 2018		As at March 31, 2017	
A. Cash flow from operating activities				
Net Profit/(Loss) before extraordinary items, exceptional items & tax		(321,319,928)		(310,764,684)
Adjustments for:				
Depreciation and amortisation	197,216,872		196,972,462	
(Profit) / loss on sale / write off of assets & Investments	(22,112)		4,061,748	
Changes in fair value of financial assets / liabilities at fair value through Profit & Loss A/c.	55,446		2,616,417	
Finance costs	4,440,122		5,775,039	
Interest income	(2,796,898)		(103,322)	
Royalty	-		(9,000,000)	
Rental income from investment properties	(7,497,390)		(1,513,343)	
Share of (profit)/Loss from partnership firms	3,629	191,399,669	216,600	199,025,601
Operating profit / (loss) before working capital changes		(129,920,260)		(111,739,083)
Changes in working capital:				
Adjustments for (increase) / decrease in operating assets:				
Inventories	90,951,112		(3,937,546)	
Trade receivables	77,193,844		(4,172,995)	
Loans and Advances	6,360,716		(31,284,004)	
Other financial assets	(8,431)		(37,760)	
Other assets	18,450,032		(4,693,931)	
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	(35,050,591)		18,511,602	
Other current liabilities	(51,709,694)		(2,139,349,966)	
Short-term provisions	(1,882,291)	104,304,698	(2,856,736)	(2,167,821,336)
Cash flow from discontinuing operations		(25,615,562)		(2,279,560,418)
Cash generated from operations		-		126,987,335
Net income tax (paid) / refunds		(25,615,562)		(2,152,573,083)
		-		-
Net cash flow from / (used in) operating activities (A)		(25,615,562)		(2,152,573,083)
B. Cash flow from investing activities				
Capital expenditure on fixed assets, including capital advances	-		(5,614,766)	
Proceeds from sale of fixed assets	97,164,674		1,006,209,996	
Royalty Received	-		9,000,000	
Interest received	2,796,898		103,322	
Rental income from investment properties	7,497,390		1,513,343	
Amounts received from partnership firms	(3,629)	107,455,333	(216,600)	1,010,995,295
Cash flow from extraordinary/exceptional items		107,455,333		1,010,995,295
		-		-
		107,455,333		1,010,995,295
Net income tax (paid) / refunds		-		369,410
Net cash flow from / (used in) investing activities (B)		107,455,333		1,011,364,705

CASH FLOW STATEMENT AS AT MARCH 31, 2018

(Amount in ₹)

Particulars	As at March 31, 2018		As at March 31, 2017	
C. Cash flow from financing activities				
Repayment of long-term borrowings	(90,351,633)		(47,351,188)	
Repayment of other short-term borrowings	-		-	
Finance cost	(4,440,122)		(5,775,039)	
		(94,791,755)		(53,126,227)
Cash flow from extraordinary items		-		1,153,596,105
Net cash flow from / (used in) financing activities (C)		(94,791,755)		1,100,469,878
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		(12,951,983)		(40,738,500)
Cash and cash equivalents at the beginning of the year		15,437,046		56,175,547
Effect of exchange differences on restatement of foreign currency		-		-
Cash and cash equivalents		-		-
Cash and cash equivalents at the end of the year		2,485,063		15,437,046
Reconciliation of Cash and cash equivalents with the Balance Sheet:				
Cash and cash equivalents as per Balance Sheet (Refer Note 13)		2,485,063		15,437,046
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements		-		-
Net Cash and cash equivalents		2,485,063		15,437,046
Add: Current investments considered as part of Cash and cash equivalents		-		-
Cash and cash equivalents at the end of the year *		2,485,063		15,437,046
* Comprises:				
(a) Cash on hand		1,541,674		1,284,112
(b) Cheques, drafts on hand		-		-
(c) Balances with banks		-		-
(i) In current accounts		943,389		14,152,935
(ii) In EEFC accounts		-		-
(iii) In deposit accounts with original maturity of less than 3 months		-		-
(iv) In earmarked accounts (Refer Note (ii) below)		-		-
(d) Others - Fixed Deposits Kept as Margin Money		-		-
		2,485,063		15,437,046

Note: The cash flow statement is prepared using the "indirect method" set out in IND AS 7 - Statement of Cash Flows.

In terms of our report attached
For Rasesh Shah & Associates
Chartered Accountants
Firm Registration Number: 108671W

For and on behalf of the Board of Directors

CA Mehul Shah
Partner
Membership No.: 137148

Viral T. Nandu
Chairman &
Whole Time Director
DIN : 01767620

Paresh K. Shah
Chief Financial
Officer

Place : Mumbai
Date : May 29, 2018

Place : Mumbai
Date : May 29, 2018

Notes forming part of the consolidated financial statements for the Year Ended March 31, 2018
Statement of Change in Equity for the year ended March 31, 2018

(a) Equity share capital

Particulars	Number of Shares	Amount In ₹
Equity Shares of ₹ 10 each issued, subscribed and paid as at April 1, 2016	33,737,717	337,377,170
Changes in equity share capital during the year	-	-
As at March 31, 2017	33,737,717	337,377,170
Changes in equity share capital during the year	-	-
As at March 31, 2018	33,737,717	337,377,170

(b) Other Equity

Particulars	Reserves & Surplus					Other Comprehensive Income		Total equity attributable to Equity Holders
	Capital Reserve	Capital Reserve (on consolidation)	Securities Premium Account	General Reserve	Retained Earnings	Remeasurements of Defined Benefit Obligation	Fair Value through OCI	
Balance at April 1, 2016	49,728,952	2,098,827	1,096,659,721	(578,718,514)	(2,889,806,045)	-	(3,105,286)	(2,323,142,345)
Addition during the year	713,408,802	-	-	-	-	-	-	713,408,802
Profit for the year	-	-	-	-	519,665,361	-	-	519,665,361
Utilised / transferred during the year	-	-	-	-	-	-	-	-
Other Comprehensive Income for the year	-	-	-	-	-	2,616,417	-	2,616,417
Balance at March 31, 2017	763,137,754	2,098,827	1,096,659,721	(578,718,514)	(2,370,140,684)	2,616,417	(3,105,286)	(1,087,451,765)
Addition during the year	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	(291,815,394)	-	-	(291,815,394)
Utilised / transferred during the year	-	-	-	-	-	-	-	-
Other Comprehensive Income for the year	-	-	-	-	-	55,446	-	55,446
Balance at March 31, 2018	763,137,754	2,098,827	1,096,659,721	(578,718,514)	(2,661,956,079)	2,671,863	(3,105,286)	(1,379,211,714)

Notes forming part of the consolidated financial statements for the Year Ended March 31, 2018

1 CORPORATE INFORMATION

EURO CERAMICS LIMITED ("ECL" or "the Group") is a limited Group domiciled in India and was incorporated on April 16, 2002. Equity shares of the Group are listed in India on the Bombay stock exchange and the National stock exchange. The registered office of the Group is located at 208, Sangam Arcade, Vallabhbai Road, Opp. Railway Station, Vile Parle - West, Mumbai - 400056. The Group is into manufacturing of Vitrified Tiles, Wall Tiles and Agglomerated Marbles and has state of art plant at Bhachau, Kutch, Gujarat. The tile plant has and technology is imported from SACMI, Italy.

The consolidated financial statements were authorised for issue in accordance with a resolution of the directors passed on May 29, 2018.

2 APPLICATION OF NEW AND REVISED INDIAN ACCOUNTING STANDARD (INDAS)

All the Ind AS issued and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the consolidated financial statements are authorized have been considered in preparing these consolidated financial statements.

Standards issued but not yet effective

On March 28, 2018, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) Amendment Rules, 2018, notifying Ind AS 115, 'Revenue from Contracts with Customers' and Appendix B, Foreign Currency Transactions and Advance Consideration to Ind AS 21, 'The Effects of Changes in Foreign Exchange Rates'. The effective date for adoption is financials periods beginning on or after April 1, 2018.

Ind AS 115 'Revenue from Contracts with Customers':

Ind AS 115 establishes the principles whereby an entity shall recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The entity shall be required to report useful information to users of consolidated

financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.

The standard permits two possible methods of transition:

- (a) Retrospective approach - The standard shall be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors.
- (b) Retrospective with cumulative effect of initial application of the standard recognised at the date of initial application (Cumulative catch-up transition method). The Group is examining the methods of transition to be adopted. The effect on adoption of Ind AS 115 is expected to be insignificant.

Appendix B, Foreign currency transactions and advance consideration to Ind AS 21: Appendix B to Ind AS 21 clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will be effective on financials periods beginning on or after April 1, 2018. The effect this amendment is expected to be insignificant.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) (Amendment) Rules, 2016.

For all periods up to and including the year ended March 31, 2016, the Group prepared its consolidated financial statements in accordance with Indian GAAP including accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These consolidated financial statements for the year ended March 31, 2018 are the first being

prepared in accordance with Ind AS.

The consolidated financial statements have been prepared on a historical cost basis, except for the certain assets and liabilities which have been measured at different basis and such basis has been disclosed in relevant accounting policy.

The consolidated financial statements are presented in INR, except where otherwise stated.

3.2 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at March 31, 2018. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more

of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies. The financial statements of all entities used for the purpose of consolidation are drawn up to the same reporting date as that of the parent company, i.e., year ended on March 31, 2018.

Consolidation procedure:

- a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 - Income Taxes

applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

3.3 Summary of Significant Accounting Policies

a) Current versus Non-Current Classification

The Group presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset/liability is treated as current when it is:

- Expected to be realised or intended to be sold or consumed or settled in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised/settled within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other assets and liabilities are classified as non-current.

b) Property, plant and equipment

Tangible Assets

Under the previous GAAP (Indian GAAP), property, plant and equipment were carried in the balance sheet at cost net of accumulated depreciation and accumulated impairment losses, if any as at March 31, 2016. The Group has elected to regard those values of property as deemed cost at the date of the transition to Ind AS, i.e., April 1, 2016.

Property, plant and equipment are stated at cost [i.e., cost of acquisition or construction inclusive of freight, erection and commissioning charges, non-refundable duties and taxes, expenditure during construction period, borrowing costs (in case of a qualifying asset) upto the date of acquisition / installation], net of accumulated depreciation and accumulated impairment losses, if any.

When significant parts of property, plant and equipment (identified individually as component) are required to be replaced at intervals, the Group derecognizes the

replaced part, and recognizes the new part with its own associated useful life and it is depreciated accordingly. Whenever major inspection / overhaul / repair is performed, its cost is recognized in the carrying amount of respective assets as a replacement, if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the statement of profit and loss.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Property, plant and equipments are eliminated from consolidated financial statements, either on disposal or when retired from active use. Losses/gains arising in case retirement/disposals of property, plant and equipment are recognized in the statement of profit and loss in the year of occurrence.

Depreciation on property, plant and equipments are provided to the extent of depreciable amount on the straight line (SLM) Method. Depreciation is provided at the rates and in the manner prescribed in Schedule II to the Companies Act, 2013. The residual values, useful lives and methods of depreciation/amortization of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

c) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization.

Intangible assets with finite lives (i.e. software and licenses) are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and method for an intangible asset is reviewed at least at the end of each reporting period. Costs relating to computer software are capitalised and amortised on straight line method over their estimated useful economic life of six years.

d) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur.

e) Impairment of Non-Financial Assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss.

f) Inventories

Raw materials, work-in-progress, finished goods, packing materials, stores and spares, stock-in-trade, trading and other products are carried at the lower of cost and net realizable value. However, materials and other items held for use in production of inventories are not written down below cost if the finished goods in which they will be incorporated are expected to be sold at or above cost.

In determining the cost of raw materials, packing materials, stock-in-trade, stores and spares, trading and other products, weighted average cost method is used. Cost of inventory comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax

authorities) and all other costs incurred in bringing the inventory to their present location and condition.

Cost of finished goods and work-in-progress includes the cost of raw materials, packing materials, an appropriate share of fixed and variable production overheads, excise duty as applicable and other costs incurred in bringing the inventories to their present location and condition.

g) Revenue Recognition

Revenue is recognized when it is probable that economic benefits associated with a transaction flows to the Group in the ordinary course of its activities and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates allowed by the Group.

Revenue includes only the gross inflows of economic benefits, including excise duty, received and receivable by the Group, on its own account. Amounts collected on behalf of third parties such as sales tax, value added tax and goods and service tax are excluded from revenue.

h) Foreign Currency Transactions

Initial recognition:

On initial recognition, transactions in foreign currencies entered into by the Group are recorded in the functional currency (i.e. Indian Rupees), by applying to the foreign currency amount, the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the Statement of Profit and Loss.

Measurement of foreign currency items at reporting date:

Foreign currency monetary items of the Group are translated at the closing exchange rates. Non-monetary items that are measured at historical cost in a foreign currency, are translated using the exchange rate at the date of the

transaction. Non-monetary items that are measured at fair value in a foreign currency, are translated using the exchange rates at the date when the fair value is measured.

Exchange differences arising out of these translations are recognized in the Statement of Profit and Loss.

i) Taxes on Income

Tax expense is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current tax:

Current tax is measured at the amount expected to be paid/ recovered to/from the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date."

Deferred tax:

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The Group has not provided for Deferred Tax Liability / Assets in accordance with Ind AS-12 (Deferred Taxes) as the Group has accumulated brought forward business losses and depreciation under the Income Tax Act. Also, the Management expects no probability of having taxable profits in near future against which deductible temporary differences can be utilised and therefore expects no cash outflow in relation to taxes.

j) Employee Benefits**Short term employee benefits:**

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and they are recognized in the period in which the employee renders the related service. The Group recognizes the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

Post-employment benefits:**I. Defined contribution plans:**

The Group makes payments to defined contribution plans such as provident fund and employees' state insurance. The Group has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due.

II. Defined benefit plans:

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Changes in the present value of the defined benefit obligation

resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Other long-term employee benefits:

Other long-term employee benefits are recognised as an expense in the Statement of Profit and Loss as and when they accrue. The Group determines the liability using the Projected Unit Credit Method, with actuarial valuations carried out as at the balance sheet date. Actuarial gains and losses in respect of such benefits are charged to the Statement of Profit and Loss.

k) Provisions, Contingent liabilities and Contingent assets

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liability is disclosed in the case of:

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- a present obligation arising from past events, when no reliable estimate is possible.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

l) Earnings per Share

Basic earnings per equity share is calculated by dividing the net profit for the year attributable to equity shareholders by weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit for the year attributable to equity shareholders and the weighted average numbers of shares outstanding during the year are adjusted for the effects of all dilutive potential equity share.

m) Cash and Cash Equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks, on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

n) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

- Financial assets :

Classification

The Group classifies financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.

Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in below categories:

- **Financial assets carried at amortised cost**

A financial asset is subsequently measured at amortised cost if it is held

within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- **Financial assets at fair value through other comprehensive income**

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Group has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model.

- **Financial assets at fair value through profit or loss**

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

Derecognition

A financial asset is primarily derecognized when the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset.

Impairment of financial assets

The Group assesses impairment based on expected credit losses (ECL) model for measurement and recognition of impairment loss, the calculation of which is based on historical data, on the financial assets that are trade receivables or contract revenue receivables and all lease receivables.

Financial liabilities :**Classification**

The Group classifies all financial liabilities as subsequently measured at amortized cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value."

Initial recognition and measurement:

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments."

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

- **Financial liabilities at amortised cost**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

- **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes

derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of profit and loss.

- **Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss."

- **Offsetting of financial instruments :**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

o) Fair Value Measurements

The Group measures financial instruments such as derivatives and certain investments, at fair value at each balance sheet date.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the balance sheet on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

p) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Group. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Group.

q) Unless specifically stated to be otherwise, these policies are consistently followed.

3.4 Significant accounting estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accounting disclosures, and the disclosure of contingent liabilities at the date of the consolidated financial statements. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and

estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In particular, the Group has identified the following areas where significant judgements, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the consolidated financial statements. Changes in estimates are accounted for prospectively.

Contingencies

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Group, including legal, contractor, land access and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgments and the use of estimates regarding the outcome of future events.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the standalone consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

- (a) Impairment of non-financial assets
- (b) Defined benefit plans
- (c) Fair value measurement of financial instruments
- (d) Impairment of financial assets

Notes to the consolidated financial statements for the year ended March 31, 2018

Note 4 :- PROPERTY, PLANT AND EQUIPMENT

Particulars	Land	Buildings	Plant and Equipment	Furniture and Fixtures	Office Equipments	Vehicles	Computers	Power Project	Total Tangible Assets
Gross Carrying Amount (at deemed cost)									
As at April 1, 2016	94,544,616	874,050,661	4,603,800,439	51,179,936	13,658,728	20,947,624	10,906,054	268,032,690	5,937,120,748
Additions	-	-	5,387,976	-	194,800	-	31,990	-	5,614,766
Disposal	86,418,117	134,982,856	929,607,916	35,647,916	756,883	2,747,788	1,052,057	-	1,191,213,533
At March 31, 2017	8,126,499	739,067,805	3,673,580,499	15,532,020	13,096,645	18,199,836	9,885,987	268,032,690	4,751,521,981
Additions	-	-	-	-	-	-	-	-	-
Disposal	521,161	16,149,888	24,879,815	-	-	2,293,328	-	-	43,844,192
At March 31, 2018	7,605,338	722,917,917	3,654,700,684	15,532,020	13,096,645	15,906,508	9,885,987	268,032,690	4,707,677,789
Accumulated depreciation									
As at April 1, 2016	-	222,898,540	2,532,947,328	48,094,273	12,938,461	16,968,614	10,757,441	227,508,583	3,072,113,240
Depreciation Charge	-	24,533,376	238,609,702	160,763	19,683	1,175,587	53,536	1,015,811	265,568,458
Accumulated depreciation on disposals	-	(38,614,454)	(436,062,579)	(33,844,105)	(719,038)	(2,558,321)	(994,694)	-	(512,793,191)
At March 31, 2017	-	208,817,462	2,335,494,451	14,410,931	12,239,106	15,585,880	9,816,283	228,524,394	2,824,888,507
Depreciation Charge	-	20,714,626	174,159,787	139,344	45,424	1,112,953	28,927	1,015,811	197,216,873
Accumulated depreciation on disposals	-	(5,766,368)	(22,179,355)	-	-	(1,866,727)	-	-	(29,812,450)
At March 31, 2018	-	223,765,720	2,487,474,883	14,550,275	12,284,530	14,832,106	9,845,210	229,540,205	2,992,292,930
Net Book Value									
As at April 1, 2016	94,544,616	651,152,121	2,070,853,111	3,085,663	720,267	3,979,010	148,613	40,524,107	2,865,007,509
As at March 31, 2017	8,126,499	530,250,343	1,344,086,048	1,121,089	857,539	2,613,956	69,704	39,508,296	1,926,633,475
As at March 31, 2018	7,605,338	499,152,197	1,167,225,801	981,745	812,115	1,074,402	40,777	38,492,485	1,715,384,860

Notes:

1. Property, Plant & Equipment gross carrying amount as at April 1, 2016 is as per IGAAP.

Notes to the consolidated financial statements for the year ended March 31, 2018

Note 5:- FINANCIAL ASSETS - NON-CURRENT INVESTMENTS

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	₹	₹	₹
Investments :			
(a) Investment in Equity Instruments			
(i) of other entities			
Euro Glass Private Limited			
13,00,000 (As at March 31, 2017: 13,00,000, April 1, 2016: 13,00,000) Equity Shares of ₹ 10 each fully paid up	13,000,000	13,000,000	13,000,000
The Cosmos Co-Operative Bank Ltd.			
45,075 (As at March 31, 2017: 45,075, April 1, 2016: 45,075) Equity Shares of ₹ 10 each in (Pledged with Bank)	450,750	450,750	450,750
	13,450,750	13,450,750	13,450,750
(b) Investment in government or trust securities			
6 Years National Savings Certificate			
(Deposited with Sales Tax Department)	10,000	10,000	10,000
Total	13,460,750	13,460,750	13,460,750

Note 6 :- :LOANS

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	₹	₹	₹
Loans and Advances	76,009,900	76,009,900	88,671,220
Total	76,009,900	76,009,900	88,671,220

Note 7 :- OTHER FINANCIAL ASSETS

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	₹	₹	₹
Bank Deposits (kept as margin money having maturity more than 12 months for guarantees given to government)	653,512	438,201	478,201
Total	653,512	438,201	478,201

Note 8 :- OTHER NON-CURRENT ASSETS

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	₹	₹	₹
Unsecured, considered good			
(a) Security deposits	10,919,539	10,658,862	11,123,823
(b) Advance income tax (Net of Provisions)	7,449,072	6,184,312	2,439,826
(c) MAT Credit Entitlement	-	53,263,683	53,263,683
(d) Other Advances for the purchase of Land	896,100,000	896,100,000	896,100,000
Total	914,468,611	966,206,857	962,927,332

Notes to the consolidated financial statements for the year ended March 31, 2018**Note 9 :- INVENTORIES**

(As Valued and Certified by Management, at cost or NRV whichever is lower)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	₹	₹	₹
(a) Raw Materials & Consumables	103,817,190	182,595,247	175,984,859
(b) Work-in-progress	43,322,476	5,400,752	27,323,746
(c) Finished goods (other than those acquired for trading)	58,228,644	89,002,003	54,059,102
(d) Stock-in-trade (acquired for trading)	15,669,205	29,979,809	24,324,872
(e) Stores and spares	16,824,689	19,324,689	40,813,827
(f) Power & Fuel	39,068	65,423	116,078
(g) Packing Materials	2,091,501	4,575,961	4,383,855
Total	239,992,773	330,943,885	327,006,339

Note 10 :- TRADE RECEIVABLES

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	₹	₹	₹
Unsecured, considered good	111,530,140	188,723,984	184,550,989
Unsecured, considered doubtful	59,864,349	47,446,739	47,446,739
Less : Provision for Doubtful Debts	(59,864,349)	(47,446,739)	(47,446,739)
Total	111,530,140	188,723,984	184,550,989
Of the above trade receivables, from			
Related Parties	71,944	80,995	65,076
Others	111,458,196	188,642,989	184,485,913
Total	111,530,140	188,723,984	184,550,989

Note:

(a) Trade receivables are short term and non-interest bearing and are considered a reasonable approximation of fair value.

Note 11 :- CASH AND BANK BALANCES

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	₹	₹	₹
(a) Cash and cash equivalents			
(i) Balances with banks			
- In current accounts	943,389	14,152,935	55,177,168
(ii) Cash on hand	-	1,284,112	-
Total	2,485,064	15,437,046	56,135,547
Other Bank Balances			
In earmarked accounts			
(i) Fixed Deposits with Banks with original maturity of more than 3months and remaining maturities of less than 12 months	1,027,507	-	40,000
Total	1,027,507	-	40,000

Notes to the consolidated financial statements for the year ended March 31, 2018

Note 12 :- LOANS

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	₹	₹	₹
Unsecured, considered good			
(a) Loans and advances to related parties	7,607,902	7,607,902	10,617,662
Less : Provision for diminution in Loans & Advances	-	-	-
	7,607,902	7,607,902	10,617,662
(b) Others	57,955,648	64,316,364	17,730,690
Total	65,563,550	71,924,266	28,348,352

Note 13 :- OTHER CURRENT FINANCIAL ASSETS

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	₹	₹	₹
Unsecured, considered good			
Interest Accrued On Fixed Deposits	34,712	241,592	163,832
Total	34,712	241,592	163,832

Note 14 :- OTHER CURRENT ASSETS

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	₹	₹	₹
(a) Prepaid expenses	467,998	580,784	1,764,013
(b) Balances with government authorities			
(i) CENVAT credit receivable	-	728,964	(8,252)
(ii) VAT credit receivable	515,208	11,268,862	13,344,194
(iii) Service Tax credit receivable	-	3,565,225	3,936,277
(iv) Custom Duty	16,585,615	16,796,791	16,565,648
(v) Duty Credit on Focus Licenses	118,599	118,599	118,599
(vi) GST Receivables	10,642	-	-
(c) Advances to Suppliers	3,792,794	10,196,713	6,554,387
(d) Advances to Employees not recoverable in Cash and adjusted against salaries	3,913,129	3,493,626	3,060,293
Total	25,403,985	46,749,565	45,335,159

Note 15 :- EQUITY SHARE CAPITAL

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Number of Shares	₹	Number of Shares	₹	Number of Shares	₹
(a) Authorised						
Equity shares of ₹ 10 each	35,000,000	350,000,000	35,000,000	350,000,000	35,000,000	350,000,000
(b) Issued, Subscribed and fully paid up						
Equity shares of ₹ 10 each	33,737,717	337,377,170	33,737,717	337,377,170	33,737,717	337,377,170
Total	33,737,717	337,377,170	33,737,717	337,377,170	33,737,717	337,377,170

Notes to the consolidated financial statements for the year ended March 31, 2018**15.1 Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:**

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Number of Shares	₹	Number of Shares	₹	Number of Shares	₹
At the beginning of the year	33,737,717	337,377,170	33,737,717	337,377,170	33,737,717	337,377,170
Changes in Equity Share Capital	-	-	-	-	-	-
Outstanding at the end of the year	33,737,717	337,377,170	33,737,717	337,377,170	33,737,717	337,377,170

Terms and Rights attached to the Equity Shares:

The Company has only one class of equity shares having a par value of ₹10/- per share. Each holder of equity shares is entitled to one vote per share. No Dividends were proposed by the Board of Directors for the financial year 2017-18 / 2016-2017 / 2015-2016. In the event of liquidation of the company, equity shareholders will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution shall be in proportion to the number of equity shares held by them.

15.2 Details of shares held by each shareholder holding more than 5% shares:

Class of Shares / Name of Shareholders	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Number of Shares Held	% holding in that class of shares	Number of Shares Held	% holding in that class of shares	Number of Shares Held	% holding in that class of shares
Equity shares with voting rights						
Dharmesh Kishor Gathani Jointly with Deena Kishor Gathani	6,826,757	20.23%	6,826,757	20.23%	6,826,757	20.23%
State Bank of India	4,135,954	12.26%	4,135,954	12.26%	4,135,954	12.26%
Milankumar Dhirajlal Mehta	2,477,579	7.34%	2,477,579	7.34%	2,477,579	7.34%
Aspire Emerging Fund	-	0.00%	1,993,228	5.91%	-	-
ICICI Bank Ltd	-	0.00%	1,883,399	5.58%	2,633,728	7.81%

15.3 Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash, bonus shares and shares bought back for the period of 5 years immediately preceding the Balance Sheet date:

Particulars	Aggregate number of shares				
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
Equity shares with voting rights					
Shares issued on conversion of Compulsorily Convertible Debentures of even numbers pursuant to completion of its tenure, without its payments being received in cash		-	-	-	- 5,159,705

Notes to the consolidated financial statements for the year ended March 31, 2018

Note 16 :- OTHER EQUITY

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	₹	₹	₹
(a) Capital reserve			
Opening balance	763,137,754	49,728,952	49,728,952
Add: Additions during the year	-	713,408,802	-
Less: Utilised / transferred during the year	-	-	-
Closing balance	763,137,754	763,137,754	49,728,952
(b) Capital Reserve (on Consolidation)			
Opening balance	2,098,827	2,098,827	2,098,827
Add : Premium on shares issued during the year	-	-	-
Less : Utilised during the year	-	-	-
Closing balance	2,098,827	2,098,827	2,098,827
(c) Securities premium account			
Opening balance	1,096,659,721	1,096,659,721	1,096,659,721
Add : Premium on shares issued during the year	-	-	-
Less : Utilised during the year	-	-	-
Closing balance	1,096,659,721	1,096,659,721	1,096,659,721
(d) General reserve			
Opening balance	(578,718,514)	(578,718,514)	10,000,000
Add: Transferred from surplus in Statement of Profit & Loss	-	-	-
Less: Utilised / transferred during the year	-	-	(588,718,514)
Closing balance	(578,718,514)	(578,718,514)	(578,718,514)
(e) Surplus / (Deficit) in Statement of Profit and Loss			
Opening balance	(2,370,140,684)	(2,889,806,045)	(2,717,932,181)
Add: Profit / (Loss) for the year	(291,815,394)	519,665,361	(171,873,864)
Less: Appropriations	-	-	-
Closing balance	(2,661,956,079)	(2,370,140,684)	(2,889,806,045)
(f) Other Reserves			
Opening balance	(488,869)	(3,105,286)	(3,105,286)
Add: Items that will not be reclassified to profit or loss	55,446	2,616,417	-
Closing balance	(433,423)	(488,869)	(3,105,286)
Total (a + b + c + d + e)	(1,379,211,714)	(1,087,451,765)	(2,323,142,345)

Nature and Purpose of Reserves:

(i) Capital Reserve

Accumulated capital surplus not available for distribution of dividend and expected to remain invested permanently.

(ii) Securities Premium Reserve

Securities premium is used to record the premium on issue of shares or debentures. The reserve will be utilised in accordance with the provisions of the Companies Act, 2013.

(iii) General Reserve

General reserve is created from time to time by way of transfer of profits from retained earnings for appropriation purposes. General reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income.

(iv) Remeasurements of Defined benefit Obligation

Remeasurements of defined benefit obligation comprises actuarial gains and losses and return on plan assets.

Notes to the consolidated financial statements for the year ended March 31, 2018**(v) Fair Value through Other Comprehensive Income**

The Company has elected to recognise changes in the fair value of certain assets / liabilities through OCI. These changes are accumulated within the OCI reserve within other equity. The Company transfers amounts from this reserve to retained earnings when the relevant assets are derecognised. The balance created in this reserve is on account of fair valuation of Zero Coupon Bonds issued by the Company.

Note 17 :- NON CURRENT FINANCIAL LIABILITIES - BORROWINGS

Particulars	Non Current	Current Maturities	Non Current	Current Maturities	Non Current	Current Maturities
	As at March 31, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2017	As at April 1, 2016	As at April 1, 2016
SECURED:						
Term loans						
- From banks	-	1,401,643,640	-	1,467,343,640	-	3,528,924,068
	-	1,401,643,640	-	1,467,343,640	-	3,528,924,068
Vehicle Loans	-	-	-	-	-	53,093
Total	-	1,401,643,640	-	1,467,343,640	-	3,528,977,162
UNSECURED:						
(a) Zero Coupon Bonds	26,158,119	-	22,995,980	-	38,500,000	-
Less: Write off of Prepaid Interest shown under Asset	-	-	-	-	(21,388,892)	-
Less: Impact of Fair Value as on 31-Mar-17	-	-	-	-	3,105,286	-
	26,158,119	-	22,995,980	-	20,216,394	-
(b) Deposits	3,450,000	-	-	-	-	-
(c) Loans and advances from related parties	11,511,752	-	14,011,752	-	14,011,752	-
(d) Other Loans	6,000,000	-	6,000,000	-	10,006,490	-
Total	47,119,871	1,401,643,640	43,007,732	1,467,343,640	44,234,636	3,528,977,162
Less: Transfer to Other Financial Liability	-	(1,401,643,640)		(1,467,343,640)	-	(3,528,977,162)
Total (Secured + Unsecured)	47,119,871	-	43,007,732	-	44,234,636	-

17.1 The Company has been incurring losses since F.Y.2011-12 onwards which has resulted in erosion of its net worth and depletion in its working capital. Eventually there were defaults in the repayment of obligations to banks and the relevant loan accounts - Term Loans, Cash Credits and other Non-Fund Based Credits classified as Non Performing Assets by the Lenders. Consequently the Lenders have called-off their advances and issued notice for recovery under section 19 of Recovery of Debts (DRT) and under section 13(2) of the Securitization & Reconstruction of Financial Assets & Enforcement of Security (Second) Interest (SARFAESI) Act, 2002 to the Company. The Company had settled the secured lenders by entering into compromise settlement arrangement with lenders, and accordingly some of the lenders are settled completely by payment of upfront amount and some of the lenders have granted deferred payment schedule with some upfront payment. However outstanding of such lenders whose dues are still pending, is shown as total outstanding less the amount paid to them under settlement scheme.

17.2 The Company on the basis of audited accounts for the financial year ended March 31, 2013 has filed the reference under section 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985 before the Hon'ble Board For Industrial And Financial Reconstruction (BIFR). The above reference has been duly registered by the Learned Registrar of Hon'ble BIFR. However Ministry of Finance, vide notification dated November 25, 2016 has repealed the Sick Industrial (Special Provisions) Act 1985 (SICA) with effect from December 1, 2016. Accordingly BIFR Board is dissolved from that date and all the proceedings that were pending before BIFR, may be referred to the National Company Law Tribunal (NCLT), constituted under the Companies Act 2013, under the provisions of The Insolvency and Bankruptcy Act 2016 within 180 days from such date.

17.3 In the light of the above scenario, all the term loans from banks are no longer treated as Non-Current Borrowings, but have been classified as Current maturities of Loans & Credit Facilities from Banks under Other Financial Liabilities in Note No.21.

17.4 All the Term Loans from Banks are secured against the first charge on Fixed Assets of the Company by mortgage of all movable and immovable assets and second charge on the current assets of the Company by hypothecation and against personal guarantees of the Directors. Some of the term loans are also further secured against collateral securities and pledge of promoter shares.

Notes to the consolidated financial statements for the year ended March 31, 2018

17.5 385 Zero Coupon Bonds are issued to lender in pursuant to scheme of CDR, having face value of ₹ 1,00,000/- each, redeemable after March 31, 2021 amounting to ₹ 3,85,00,000/-. However the same has been revalued at and effective rate of 13.75% compounding quarterly to arrive at present fair value in accordance with IndAS.

17.6 There is no specific repayment schedule which has been prescribed by the Lenders for the borrowing under the head Deposits and Loans and Advances from related parties.

Note 18 :- NON - CURRENT PROVISIONS

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	₹	₹	₹
Provision for Diminution in Value of Investments	14,250,000	14,250,000	14,250,000
Total	14,250,000	14,250,000	14,250,000

Note 19 :- CURRENT FINANCIAL LIABILITIES - BORROWINGS

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	₹	₹	₹
UNSECURED:			
(a) Loans and advances from related parties	80,357,809	172,221,581	213,494,299
(b) Deposits	199,840,834	202,940,834	207,792,399
(c) Other Loans and advances	213,081,397	212,581,397	212,581,397
Total	493,280,039	587,743,811	633,868,095

Note 20 :- TRADE PAYABLES

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	₹	₹	₹
Total Outstanding dues of Micro, Small & Medium Enterprises	3,794,544	3,430,761	3,705,761
Total Outstanding dues of Creditors other than Micro, Small and Medium Enterprises	365,675,243	401,089,616	382,303,014
Total	369,469,787	404,520,377	386,008,775

20.1 The information of amounts outstanding to Micro, Small and Medium Enterprises has been determined to the extent such parties could be identified on the basis of the information available with the Company regarding the status of suppliers under the MSME. No interest is paid / payable during the year to any enterprise registered under the MSME.

20.2 Trade payables are non-interest bearing and are normally settled within 90 days except for SME's which are settled within 45 days.

Note 21 :- OTHER FINANCIAL LIABILITIES

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	₹	₹	₹
(a) Current Maturities of Long Term Debts	2,569,598,775	2,635,298,776	4,728,291,374
(b) Interest accrued and due on borrowings	223,628,998	223,628,998	286,041,222
(c) Employees Benefits	2,496,903	11,190,659	5,255,595
Total	2,795,724,676	2,870,118,433	5,019,588,191

Notes to the consolidated financial statements for the year ended March 31, 2018

21.1 Lenders have called off their advances granted by way of Term Loans, Cash Credit Facilities and other Non fund Base Limits, and in light of such scenario all the Term Loans and working capital borrowings have been classified as Current Maturities of Loans and Credit Facilities from Banks under Other Current Financial Liabilities.

21.2 Working capital loan from banks are secured against the hypothecation of present and future stocks of Raw Materials, Stock-In-Process, Finished Goods, Stock-In-Trade, Stores & Spares, Consumables and Book Debts and against the collateral securities & Personal Guarantee given by the Directors and Related Parties.

Note 22 :- OTHER CURRENT LIABILITIES

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	₹	₹	₹
(i) Statutory Dues Payable	22,104,438	31,729,303	29,511,815
(ii) Payables on purchase of fixed assets	-	163,251	3,960,591
(iii) Trade / security deposits received	773,740	2,227,807	1,808,207
(iv) Advances from Customers & Others	120,952,561	87,026,316	75,746,271
Total	143,830,739	121,146,676	111,026,884

Note 23 :- CURRENT LIABILITIES - PROVISIONS

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	₹	₹	₹
Provision for employee benefits:			
(i) Provision for bonus	-	1,188,429	1,854,371
(ii) Provision for leave encashments	502,180	1,014,015	1,464,669
(iii) Provision for gratuity	2,680,270	2,887,297	4,627,437
Provision for expenses:	340,992,347	340,967,347	340,967,347
Total	344,174,797	346,057,088	348,913,824

Note 24 :- REVENUE FROM CONTINUING OPERATIONS

Particulars	For the period ended March 31, 2018	For the period ended March 31, 2017
	₹	₹
(a) Sale of Products (including excise duty) (Refer Note 24.1 and 24.4)	199,821,992	118,597,346
(b) Sale of services (Refer Note 24.2)	2,997,534	-
(c) Other operating revenues (Refer Note 24.3)	788,548	-
Total	203,608,073	118,597,346

Notes to the consolidated financial statements for the year ended March 31, 2018

Particulars	For the period ended March 31, 2018	For the period ended March 31, 2017
	₹	₹
24.1 Sale of products comprises:		
<u>Manufactured goods</u>		
Tiles	118,348,540	116,163,008
Others	-	-
Total - Sale of manufactured goods	118,348,540	116,163,008
<u>Traded goods</u>		
Sanitaryware	80,868,136	-
Tiles	605,316	2,134,496
Others	-	299,842
Total - Sale of traded goods	81,473,452	2,434,338
Total - Sale of products	199,821,992	118,597,346
24.2 Sale of services comprises:		
Others	2,997,534	-
Total - Sale of services	2,997,534	-
24.3 Other operating revenues comprise:		
Sale of scrap	788,548	-
Total - Other operating revenues	788,548	-

24.4 Sale of goods includes excise duty collected from customers of ₹ 9,458,738 (March 31, 2017: ₹ 10,788,238).

24.5 Consequent of introduction of Goods and Service Tax (GST) with effect from July 1, 2017, Central excise, Value Added Tax (VAT) etc. have been subsumed into GST. In accordance with Indian Accounting Standard - 18 (Ind AS 18) on Revenue and Schedule III of the Companies Act, 2013, unlike Excise Duties, levies like GST, VAT etc. are not part of revenue. Accordingly, the figures for the year ended March 31, 2018 are not strictly comparable with previous year.

Notes to the consolidated financial statements for the year ended March 31, 2018

Note 25 :- OTHER INCOME

Particulars	For the period ended March 31, 2018	For the period ended March 31, 2017
	₹	₹
(a) Interest income	2,796,898	103,322
(b) Net gain on foreign currency transactions and translation (other than considered as finance cost)	17,667	1,871,076
(c) Other non-operating income (net of expenses directly attributable to such income)	13,621,024	18,257,903
Total	16,435,589	20,232,301

Particulars	For the period ended March 31, 2018	For the period ended March 31, 2017
	₹	₹
25.1 Interest income comprises:		
(a) Interest from banks on: - Margin Money deposits	165,974	84,488
(b) Interest on others	2,630,924	-
(c) Interest on income tax refund	-	18,833
Total - Interest income	2,796,898	103,322

Particulars	For the period ended March 31, 2018	For the period ended March 31, 2017
	₹	₹
25.2 Other non-operating income comprises:		
(a) Rental income from properties	7,497,390	1,513,343
(b) Royalty Received	-	9,000,000
(c) Profit on Sale of Fixed Assets	106,340	-
(d) Foreign Commission Received	1,504,564	-
(d) Liabilities / provisions no longer required written back	4,512,730	7,744,560
Total - Other non-operating income	13,621,024	18,257,903

Note 26 :- COST OF MATERIAL CONSUMED

Particulars	For the period ended March 31, 2018	For the period ended March 31, 2017
	₹	₹
Opening stock	187,171,209	170,171,234
Add: Purchases	125,402,681	161,177,356
	312,573,890	331,348,590
Less: Closing stock	105,908,691	185,712,122
Cost of material consumed	206,665,199	145,636,468
Material consumed comprises:		
Clay	1,017,227	-
Feldsper	461,386	-
Quartz	29,712	-
Marble & Stone	82,795,951	50,256,182
Resin	21,116,649	-
Powder Chemicals for Resin	48,465,817	45,913,735
Binders & Others	-	-
Others	52,778,457	49,466,551
Total	206,665,199	145,636,468

Notes to the consolidated financial statements for the year ended March 31, 2018**Note 27 :- PURCHASE OF STOCK IN TRADE**

Particulars	For the period ended March 31, 2018	For the period ended March 31, 2017
	₹	₹
Sanitary	16,515,364	-
Tiles and Marble	300,199	1,935,163
Other Items	19,400	-
Total	16,834,963	1,935,163

Note 28 :- CHANGE IN INVENTORIES

Particulars	For the period ended March 31, 2018	For the period ended March 31, 2017
	₹	₹
Inventories at the end of the year:		
Finished goods	58,228,644	49,684,943
Work-in-progress	43,322,476	5,400,752
Stock-in-trade	15,669,205	7,478,871
	117,220,325	62,564,566
Inventories at the beginning of the year:		
Finished goods	89,002,003	18,503,543
Work-in-progress	5,400,752	857,806
Stock-in-trade	29,979,809	7,678,377
	124,382,564	27,039,726
Net (increase) / decrease	7,162,239	(35,524,840)

28.1 Inventories at the beginning of the year April 1, 2017 includes the inventories of Discontinued Operations ₹ 6,18,17,998.

Note 30 :- EMPLOYEE BENEFITS

Particulars	For the period ended March 31, 2018	For the period ended March 31, 2017
	₹	₹
Salaries and Wages	33,721,634	38,574,205
Contributions to provident and other funds	973,626	1,947,459
Employees Benefit - Gratuity as per Ind AS 19	756,615	888,301
Employees Benefit - Leave Encashment - as per Ind AS 19	(499,810)	(462,678)
Staff welfare expenses	208,025	1,691,082
Total	35,160,090	42,638,369

Note 31 :- FINANCE COSTS

Particulars	For the period ended March 31, 2018	For the period ended March 31, 2017
	₹	₹
(i) Interest expense on Borrowings	3,162,142	2,782,002
(ii) Interest expense on Others	321,246	1,359,017
(iii) Other borrowing costs	229,333	1,419,060
(iv) Net (gain) / loss on foreign currency transactions and translation (considered as finance cost)	727,401	214,960
Total	4,440,122	5,775,039

Notes to the consolidated financial statements for the year ended March 31, 2018**Note 32 :- OTHER EXPENSES**

Particulars	For the period ended March 31, 2018	For the period ended March 31, 2017
	₹	₹
Consumption of stores and spare parts	5,259,391	22,579,588
Excise Duty variance on Opening and Closing Inventories	(5,081,686)	1,064,240
Power and fuel	17,520,960	15,934,306
Processing Charges	2,295,598	9,783,274
Repairs and maintenance - Buildings	-	1,352,285
Repairs and maintenance - Machinery	94,139	68,341
Repairs and maintenance - Others	607,737	1,180,877
Insurance	1,113,209	2,512,615
Rent, Rates and taxes	8,711,793	3,709,746
Travelling and conveyance	-	2,500
Freight and forwarding	527,698	345,089
Donations and contributions	-	140,000
Payments to auditors (Refer Note 32.1 below)	275,000	568,750
Loss on fixed assets sold / scrapped / written off	84,228	4,061,748
Bad trade and other receivables, loans & advances written off	12,417,610	-
Share of Profit / Loss from Partnership Firm	3,629	216,600
Selling and Distribution Expenses	2,499,900	1,698,584
Investment Written off	-	-
Legal and Professional Fees	9,950,856	8,231,053
Miscellaneous expenses	8,145,305	7,923,839
Total	64,425,368	81,373,433

32.1 Payments to the auditors comprises (net of input tax credit, where applicable):

Particulars	For the period ended March 31, 2018	For the period ended March 31, 2017
	₹	₹
As auditors - statutory audit	275,000	388,750
For taxation matters - considered as Professional fees	-	180,000
Total	275,000	568,750

Note 33 :- EXCEPTIONAL ITEMS

Particulars	For the period ended March 31, 2018	For the period ended March 31, 2017
	₹	₹
Profit on Sale of Land and Building at Kutch	83,110,819	-
Cessation of Liability on account of One-Time Settlement (Refer Note 33.1)	-	500,452,185
Total	83,110,819	500,452,185

33.1 The Company had during the year 2017-18 made the settlement of its total debt outstanding with the secured lenders. Accordingly some of the lenders have been settled completely on one time settlement basis and others have agreed for deferred payment along with some upfront payment based on their respective terms of settlement. The gain on account of settlement of debt pertaining to working capital finance or general corporate loans was considered as exceptional item in profit and loss account. The gain on account of settlement of debt pertaining to term loans for project had been credited to capital reserve account.

Notes to the consolidated financial statements for the year ended March 31, 2018**Note 34 :- DISCONTINUED OPERATIONS**

34.1 The Company had sold/transferred its Sanitaryware Business Undertaking including Land, Building, Plant and Machineries by executing an Agreement to Sale of Assets, on March 29, 2017. Accordingly the Sanitaryware Business was considered under Discontinued Operations and the financial statements have been presented for its continuing business which includes Tiles, Aluminum and Realty Division and disclosure is made for discontinued business in compliance with Ind Accounting Standard 105 (Ind AS 105). Accordingly profit or loss from discontinued operations and profit or loss on disposal of assets of discontinued operations is shown separately in profit and loss account.

Particulars	For the period ended March 31, 2018	For the period ended March 31, 2017
	₹	₹
Revenue from Discontinued Operations	-	453,225,220
Expenses	-	394,833,881
Profit Before Tax	-	58,391,339
Tax Expenses	-	-
Profit After Tax	-	58,391,339
Net Cash Flow from Operating Activity	-	58,391,339
Add: Depreciation	-	68,595,996
Net Cash flow from Investing Activity (Sale of Division)	-	271,586,519
Net Cash flow from Discountinuing Operations	-	398,573,854

Note 35 :- EARNINGS PER SHARE

Particulars	For the period ended March 31, 2018	For the period ended March 31, 2017
	₹	₹
Continuing Operations		
Profit attributable to equity holders of the Company	(291,815,396)	189,687,501
Weighted average number of equity shares in calculating basic earnings per share (Nos.)	33,737,177	33,737,177
Weighted average number of equity shares in calculating diluted earnings per share (refer note below) (Nos.)	33,737,177	33,737,177
Earnings per Share		-
- Basic (₹)	(8.65)	5.62
- Diluted (₹)	(8.65)	5.62
	-	-
Discontinuing Operations		
Profit attributable to equity holders of the Company	-	329,977,858
Weighted average number of equity shares in calculating basic earnings per share (Nos.)	33,737,177	33,737,177
Weighted average number of equity shares in calculating diluted earnings per share (refer note below) (Nos.)	33,737,177	33,737,177
Earnings per Share	-	-
- Basic (₹)	-	9.78
- Diluted (₹)	-	9.78
	-	-
Total Earning per Share from Continuing and Discontinuing Operations		
Profit attributable to equity holders of the Company	(291,815,396)	519,665,359
Weighted average number of equity shares in calculating basic earnings per share (Nos.)	33,737,177	33,737,177
Weighted average number of equity shares in calculating diluted earnings per share (refer note below) (Nos.)	33,737,177	33,737,177
Earnings per Share		-
- Basic (₹)	(8.65)	15.40
- Diluted (₹)	(8.65)	15.40

Notes to the consolidated financial statements for the year ended March 31, 2018**36 DISCLOSURE OF SIGNIFICANT INVESTMENTS IN SUBSIDIARIES:**

Sr. No.	Name	Country of Incorporation	Ownership Interest of Euro Ceramics Limited		
			As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
1	Euro Merchandise (India) Private Limited	India	100%	100%	100%
2	Euro Realtors (Partnership Firm)	India	95%	95%	95%

37 COMMITMENTS, CONTINGENCIES AND LITIGATIONS

I	CONTINGENT LIABILITIES	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
		₹	₹	₹
a.	Bank Guarantees	255,000	255,000	255,000
b.	Excise Duty	17,187,560	17,187,560	17,187,560
c.	Custom Duty	39,852,525	39,852,525	39,852,525
d.	Sales tax/ VAT	6,840,438	6,840,438	6,840,438
e.	Others	3,079,900	3,079,900	3,079,900

- f The Holding Company, had imported various Capital Goods and Spares and Consumables for the 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 fulfil quantified exports within a period of eight years from the date of respective licenses. The total Custom Duties so saved amounted to ₹ 30,76,45,374/- and the corresponding Export obligation to be fulfilled amounted to ₹ 2,46,11,62,991/-, however as on March 31, 2018, the Export obligation yet to be fulfilled amounted to ₹169,19,04,058/-. The stipulated period of 8 years to fulfill Export obligation has already expired and the Holding Company is required to pay the said saved Custom Duty together with interest @ 15% p.a. but the same has not been provided in books of accounts by the Holding Company and the final liability is presently unascertainable. Also, the Commissioner of Customs has passed the order and raised a demand of ₹ 2,967.88 lakhs in two of the above EPCG license and the Holding Company has filled appeal with the appropriate authorities against the said demand orders.

II	COMMITMENTS	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
		₹	₹	₹
	Estimated amount of contracts remaining to be executed on capital account and not provided for	-	-	-

Notes to the consolidated financial statements for the year ended March 31, 2018

38 DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

Sr. No.	PARTICULARS	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
		₹	₹	₹
(a)	Unhedged Foreign Currency Exposure :			
I	Outstanding Creditors for Purchase of Raw Material, Consumables & Spares	USD 1,513,017.57	USD 1,514,241.87	USD 1,424,672.57
II	Outstanding Creditors for Purchase of Raw Material, Consumables & Spares	EURO 25,718.35	EURO 25,718.35	EURO 88,751.28
III	Outstanding Creditors for Capital Goods	EURO -	EURO -	EURO 49000
IV	Outstanding Debtors	USD 270,051.18	USD 270,051.18	USD 270,051.18
V	Advance to Creditors for Purchase of Raw Material, Consumables & Spares	USD 20,662	USD 17,918.88	USD 54,237.78
VI	Advance from Debtors	USD 16,219.24	USD 14,303.24	USD 9,692.24
VII	Advance from Debtors	GBP 13,659.13	GBP 13,659.13	GBP 3,922.03

39 DUES TO MICRO AND SMALL ENTERPRISES:

The dues to Micro and Small Enterprises as required under the Micro, Small and Medium Enterprises Development Act, 2006 to the extent information available with the Holding Company is given below:

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	₹	₹	₹
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year			
- Principal amount due to micro and small enterprises	3,794,544	3,430,761	3,705,761
- Interest due on above	-	-	-
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006	-	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-	-

Notes to the consolidated financial statements for the year ended March 31, 2018

40 DEFERRED TAXES

The Holding Company and its Subsidiary Companies has not provided for Deferred Tax Liability / Assets in accordance with Ind AS-12 (Deferred Taxes) as the Holding Company and its subsidiaries has accumulated brought forward business losses and depreciation under the Income Tax Act. Also, the Management expects no probability of having taxable profits in near future against which deductible temporary differences can be utilised and therefore expects no cash outflow in relation to taxes.

41 BALANCE CONFIRMATIONS

Balances of certain debtors, creditors, loans and advances are subject to confirmation.

42 In the opinion of the Management current assets have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated except where indicated otherwise.

43 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Group is exposed primarily to Market Risk (fluctuations in foreign currency exchange rates and interest rate), Credit Risk and Liquidity risk, which may adversely impact the fair value of its financial instruments. The Group assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Group.

The management reviews and agrees policies for managing each of these risks, which are summarised below.

I Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk. Financial instruments affected by market risk includes , loans and borrowings and deposits.

The sensitivity analyses of the above mentioned risk in the following sections relate to the position as at March 31, 2018 and March 31, 2017.

The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and other post retirement obligations; provisions; and the non-financial assets.

The following assumptions have been made in calculating the sensitivity analyses:

- The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2017 and March 31, 2016.

A. INTEREST RATE RISK:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

Exposure to interest rate risk

The Group has borrowed funds from financial institutions and the same are due for repayment. The Lenders have called off their advances granted by way of Term Loans, Cash Credit Facilities and other Non fund Base Limits, and in light of such scenario all the Term Loans and working capital borrowings have been classified as Current Maturities of Loans and Credit Facilities from Banks under Other Current Financial Liabilities. The Group is not charging any interest on the same based on settlement with the lenders, and such loans are carried by the Group at their amortised cost. The Group considers to have no exposure of interest rate risk on such borrowings as the Group does not expects any cash outflow on such borrowings.

Notes to the consolidated financial statements for the year ended March 31, 2018

The Group had accepted deposits (against Statement in lieu of Advertisement) and loans and advances from related parties. The same are interest free and repayable on demand by the Group. Therefore the Group has not discounted the same and has disclosed the same as current financial liabilities. The Group does not expect any exposure to interest rate risk on such borrowings.

The Group also has issued Zero Coupon bond which are recorded at fair value at the prevailing discount rate. The Group has fixed amount liable to be paid during its maturity and therefore the Group does not have any exposure to interest rate risk on such borrowings also.

B. FOREIGN CURRENCY SENSITIVITY

Foreign currency risk is the risk that the fair value of future cash flows of an exposure will fluctuate because of changes in exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency). The exposure of entity to foreign currency risk is very limited on account of limited transactions in foreign currency. The following tables demonstrate the sensitivity to a reasonably possible change in USD and EURO exchange rates, with all other variables held constant.

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EURO exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

	Change in Exchange Rate	Effect on profit before tax on account of Change in USD Rate	Effect on profit before tax on account of Change in EURO Rate	Effect on profit before tax on account of Change in GBP Rate
31-Mar-18				
INR	+5%	(4,048,824)	(86,985)	63,026
INR	-5%	4,048,824	86,985	(63,026)
31-Mar-17				
INR	+5%	(4,053,183)	(74,713)	55,237
INR	-5%	4,053,183	74,713	(55,237)

II CREDIT RISK:

Credit risk is the risk or potential of loss that may occur due to failure of borrower/counterparty to meet the obligation on agreed terms and conditions of the financial contract. Credit risk arises from financial assets such as cash and cash equivalents, loans, trade receivables and financial guarantees. The company have a credit risk management policy in place to limit credit losses due to non-performance of financial counterparties and customers. The Company monitor's its exposure to credit risk on an ongoing basis at various levels.

The maximum credit risk exposure relating to financial assets is represented by the carrying value as at the Balance Sheet date.

Trade Receivables

The Company routinely assesses the financial strength of its customers and, as a consequence, believes that its trade receivable credit risk exposure is limited. The management of the company regularly evaluate the individual customer receivables. This evaluation takes into consideration a customer's financial condition and credit history, as well as current economic conditions. Trade receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received. The company regularly track the outstanding trade receivables and proper action is taken by the company for collection of overdue trade receivables.

Cash and cash equivalents and financial guarantees

Company's cash equivalents and short-term available-for-sale investments are carried at fair value. Cash and cash equivalents are deposited with financial institutions that management believes are of high credit quality and accordingly, minimal credit risk exists. The company mitigates the credit risk of its financial instruments by dealing with nationalized banks and reputed private banks with high credit rating.

Notes to the consolidated financial statements for the year ended March 31, 2018

III LIQUIDITY RISK:

Liquidity risk refers to the probability of loss arising from a situation where there will not be enough cash and/or cash equivalents to meet the needs of depositors and borrowers, sale of illiquid assets will yield less than their fair value and illiquid assets will not be sold at the desired time due to lack of buyers. The primary objective of liquidity management is to provide for sufficient cash and cash equivalents at all times and any place in the world to enable us to meet our payment obligations. Currently the company is facing liquidity crises on account of business slowdown, huge borrowings and other fixed costs.

The below table is based on the earliest date on which the company required to pay.

Particulars	Year ended March 31, 2018			
	< 1 Year	1-3 Year	> 3 Year	Total
Long Term Borrowings	-	-	47,119,871	47,119,871
Short Term Borrowings	493,280,039	-	-	493,280,039
Trade Payables	369,469,787	-	-	369,469,787
Other Financial Liabilities	2,795,724,676	-	-	2,795,724,676
Total Financial Liabilities	3,658,474,502	-	47,119,871	3,705,594,373

Particulars	Year ended March 31, 2017			
	< 1 Year	1-3 Year	> 3 Year	Total
Financial Liabilities				
Long Term Borrowings	-	-	43,007,732	43,007,732
Short Term Borrowings	587,743,811	-	-	587,743,811
Trade Payables	404,520,377	-	-	404,520,377
Other Financial Liabilities	2,870,118,433	-	-	2,870,118,433
Total Financial Liabilities	3,862,382,621	-	43,007,732	3,905,390,353

Particulars	Year ended April1, 2016			
	< 1 Year	1-3 Year	> 3 Year	Total
Long Term Borrowings	-	-	44,234,636	44,234,636
Short Term Borrowings	633,868,095	-	-	633,868,095
Trade Payables	386,008,775	-	-	386,008,775
Other Financial Liabilities	5,019,588,191	-	-	5,019,588,191
Total Financial Liabilities	6,039,465,062	-	44,234,636	6,083,699,698

44 CAPITAL MANAGEMENT

For the purpose of the Group's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes to economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital, issue new shares for cash, repay debt, put in place new debt facilities or undertake other such restructuring activities as appropriate.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

No changes were made in the objectives, policies or processes during the year ended March 31, 2018 and March 31, 2017

Notes to the consolidated financial statements for the year ended March 31, 2018

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
	₹	₹	₹	₹	₹	₹
Financial Assets						
Investment	13,460,750	13,460,750	13,460,750	13,460,750	13,460,750	13,460,750
Trade Receivables	111,530,140	111,530,140	188,723,984	188,723,984	184,550,989	184,550,989
Loans	65,563,550	65,563,550	71,924,266	71,924,266	28,348,352	28,348,352
Cash and Cash Equivalents	2,485,067	2,485,067	15,437,046	15,437,046	56,135,547	56,135,547
Bank Balances (Other than Cash and Cash Equivalents)	1,027,507	1,027,507	-	-	40,000	40,000
Other Financial Assets	688,224	688,224	679,793	679,793	642,033	642,033
Total Financial Assets	194,755,237	194,755,237	290,225,839	290,225,839	283,177,671	283,177,671
Financial Liabilities						
Non-Current borrowings	47,119,871	47,119,871	43,007,732	43,007,732	44,234,636	44,234,636
Current borrowings	493,280,039	493,280,039	587,743,811	587,743,811	633,868,095	633,868,095
Trade Payables	369,469,787	369,469,787	404,520,377	404,520,377	386,008,775	386,008,775
Other Financial Liabilities	2,795,724,676	2,795,724,676	2,870,118,433	2,870,118,433	5,019,588,191	5,019,588,191
Total Financial Liabilities	3,705,594,373	3,705,594,373	3,905,390,353	3,905,390,353	6,083,699,698	6,083,699,698

The management assessed that cash and cash equivalents, other bank balances, trade receivables and trade payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- Long-term fixed-rate and variable-rate receivables/Borrowings are evaluated by the company based on parameters such as interest Rates, specific country risk factors, individual credit worthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.

- The fair values of the Company's interest-bearing borrowings and loans are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period.

Notes to the consolidated financial statements for the year ended March 31, 2018

45 FAIR VALUES

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
	₹	₹	₹	₹	₹	₹
Financial Assets						
Investment	13,460,750	13,460,750	13,460,750	13,460,750	13,460,750	13,460,750
Trade Receivables	111,530,140	111,530,140	188,723,984	188,723,984	184,550,989	184,550,989
Loans	65,563,550	65,563,550	71,924,266	71,924,266	28,348,352	28,348,352
Cash and Cash Equivalents	2,485,067	2,485,067	15,437,046	15,437,046	56,135,547	56,135,547
Bank Balances (Other than Cash and Cash Equivalents)	1,027,507	1,027,507	-	-	40,000	40,000
Other Financial Assets	688,224	688,224	679,793	679,793	642,033	642,033
Total Financial Assets	194,755,237	194,755,237	290,225,839	290,225,839	283,177,671	283,177,671
Financial Liabilities						
Non-Current borrowings	47,119,871	47,119,871	43,007,732	43,007,732	44,234,636	44,234,636
Current borrowings	493,280,039	493,280,039	587,743,811	587,743,811	633,868,095	633,868,095
Trade Payables	369,469,787	369,469,787	404,520,377	404,520,377	386,008,775	386,008,775
Other Financial Liabilities	2,795,724,676	2,795,724,676	2,870,118,433	2,870,118,433	5,019,588,191	5,019,588,191
Total Financial Liabilities	3,705,594,373	3,705,594,373	3,905,390,353	3,905,390,353	6,083,699,698	6,083,699,698

The management assessed that cash and cash equivalents, other bank balances, trade receivables and trade payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- Long-term fixed-rate and variable-rate receivables/Borrowings are evaluated by the company based on parameters such as interest Rates, specific country risk factors, individual credit worthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.

- The fair values of the Company's interest-bearing borrowings and loans are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period.

Notes to the consolidated financial statements for the year ended March 31, 2018
46 RELATED PARTY DISCLOSURES**A. List of Related Parties**

- (a) **Enterprise owned by Key Management Personnel or major shareholders of the reporting enterprise and enterprises that have a member of key management in common with the reporting enterprise :-**

Euro Glass Private Limited
Euro Polaad Minerals & Steel LLP
Neelam Metal
Neelam Ply & Laminates
Euro Solo Energy Systems Private Limited
Subhnen Ply Private Limited
Euro India Cylinders Limited
Kanch Ghar
Euro Solar Power Private Limited
Monex Stationers
Euro Foundation
Maxim Enterprises
Gala Enterprises

(b) Directors and Key Management Personnel

Name of Person	Designation
Viral T. Nandu	Chairman & Whole time Director
Lata T. Mehta	Independent Director
Dhaval V. Gada	Independent Director
Gautam S. Pandit	Independent Director
Nitesh P. Shah	Director in Subsidiary
Nenshi L. Shah	CEO
Paresh K. Shah	CFO
Pratik K. Shah	Key Management Personnel
Kumar P. Shah	Key Management Personnel
Talakshi L. Nandu	Key Management Personnel

(c) Relatives of Key Management Personnel :-

Nenshi L. Shah H.U.F.	Shantilal L. Shah H.U.F.	Rekhaben Nishar
Manjari H. Shah Hitesh S.	Shah H.U.F.	Kasturben T. Nandu
Shantaben L. Shah	Hitesh S. Shah	Viral T. Nandu
Pinank N. Shah	Urmi P. Shah	Gunvantiben N. Shah
Parita V. Nandu	Parag K. Shah	Dimple A. Shah
Dhruti P. Shah	Shantilal L. Shah	Mahek H. Shah
Anish K. Shah	Hiral M. Shah	

Notes to the consolidated financial statements for the year ended March 31, 2018

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

Nature Of Transactions	Period ended	Enterprises having common Key Management Personnel	Key Management Personnel	Relative of the Key Management Personnel
Sales Service and other income	31-Mar-18 31-Mar-17 01-Apr-16	17,250 148,500	- -	- -
Purchase of goods and services	31-Mar-18 31-Mar-17 01-Apr-16	10,382 -	5,250,000 5,550,000 4,600,000	- - -
Director's Remuneration/Sitting Fees	31-Mar-18 31-Mar-17 01-Apr-16		800,000 800,000	
Loans/Advances Taken	31-Mar-18 31-Mar-17 01-Apr-16	99,750 1,650,000	- -	- -
Loans/Advance Repaid	31-Mar-18 31-Mar-17 01-Apr-16	85,742,400 6,849,750 1,284,500	8,173,075 19,868,214 531,000	- - -
Loans/Advances Given	31-Mar-18 31-Mar-17 01-Apr-16	- -	- -	- -
Loans/Advance Received Back	31-Mar-18 31-Mar-17 01-Apr-16	- -	- -	- -
Outstanding balance as on date:				
Loans Payable	31-Mar-18 31-Mar-17 01-Apr-16	418,841 86,161,241 92,911,241	85,232,458 93,451,858 83,077,708	59,226 59,226 59,226
Amount Receivable	31-Mar-18 31-Mar-17 01-Apr-16	71,944 80,995 65,076	- -	- -
Amount Payable	31-Mar-18 31-Mar-17 01-Apr-16	945,909 945,909 941,481	- -	- -

47 The Holding Group does not have a Company Secretary as required under the provision of Section 203 of the Companies Act, 2013. The Holding Company is in the process of appointing a whole time Company Secretary as required by the provision of Section 203 of the Companies Act, 2013.

48 The Group suffered losses on account of economic slow down and global recession post 2009, which has affected the operation of the Group and its cashflows. Consequently the Group's financial facilities/arrangements including Term Loans, Working Capital Facilities and Non Fund Based Credit Facilities have expired and the accounts with the Banks were turned into Non Performing Assets due to defaults in payment, since more than 3 years. Some of the banks have initiated legal proceedings against the Group for recovery of their respective debts at the Debt Recovery Tribunal and have taken symbolic possession of the securities u/s. 13(4) of the SARFAESI Act, 2002. However the Group has been able to renegotiate with the secured lenders and arrived at a amicable settlement of its debts and made the settlement of its total debt outstanding with the secured lenders. Accordingly some of the lenders have been settled completely on one time settlement basis and others have agreed for deferred payment along with some upfront payment based on their respective terms of settlement. In view of the above settlement, the Group's management has not provided the interest on the outstanding dues payable as per the settlement terms on the

Notes to the consolidated financial statements for the year ended March 31, 2018

outstanding agreed amount of settlement amounting to ₹ 1,690 Lakhs for the year ended March 31, 2018 and the interest amount not provided cumulatively from the date of settlement upto March 31, 2018 was ₹ 4,866 Lakhs. Had the same been accounted for, the net profit (after tax) in the consolidated financial statements would have decreased and current liabilities for the year ended March 31, 2018 would have increased by that amount.

- 49 Notes to these consolidated financial statements are intended to serve as a means of informative disclosure and a guide to better understanding of the consolidated position of the Companies. Recognising this purpose, the Company has disclosed only such notes from the individual financial statements, which fairly present the needed disclosures.
- 50 The consolidated financial statements for the year ended March 31, 2018 were approved by the Board of Directors on May 29, 2018. The accounts of the Holding Group - Euro Ceramics Limited and one Subsidiary Group - Euro Merchandise (India) have been audited. However, the accounts of Euro Realtors, a partnership firm has not been audited and have been certified by the management.

Notes to the consolidated financial statements for the year ended March 31, 2018

51 SEGMENTWISE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

i) PRIMARY SEGMENTS - BUSINESS

Particulars	Tiles Division		Aluminium Division		Sanitaryware Division		Realty Division		Total	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
a) Segmental Revenue										
Sales to External Customers	121,951,390	118,597,345	-	-	81,656,683	-	-	-	203,608,073	118,597,345
Less : Excise Duty	3,590,671	10,788,238	-	-	5,868,067	-	-	-	9,458,738	10,788,238
	118,360,719	107,809,107	-	-	75,788,616	-	-	-	194,149,335	107,809,107
Inter-Segmental Revenue	-	-	-	-	-	-	-	-	-	-
Total Segmental Revenue	118,360,719	107,809,107	-	-	75,788,616	-	-	-	194,149,335	107,809,107
b) Segmental Results (PBIT)	(304,090,576)	(244,264,902)	(339,071)	(437,180)	37,170,957	(170,500)	-	-	(267,258,690)	(244,872,562)
Less: Interest & Finance Charges									4,440,121	5,775,039
									(271,698,811)	(250,647,621)
Less: Unallocable Expenses Net of Unallocable Income									49,621,116	60,117,064
Profit Before Tax & exceptional Items (Loss) / Gain due to Exceptional Items									(321,319,927)	(310,764,686)
Profit Before Tax									83,110,819	500,452,185
Less: Provision for Current Tax									(238,209,108)	189,687,500
Add: MAT Credit Reversal									53,263,683	-
Less: Earlier Years Excess/Short Provision									342,604	-
Less: Deferred Tax Expenses									(291,815,395)	189,687,500
Profit After Tax									-	58,391,339
Profit / (Loss) for the period from discontinuing operations									-	271,586,519
Net Profit from Disposal of Assets of Discontinuing operations									(291,815,395)	519,665,358
Carrying amount of Segmental Assets	1,751,624,628	2,076,038,894	-	3,944,381	110,741,546		972,785,427	972,289,247	2,835,151,601	3,052,272,521
Unallocated Assets									330,863,761	584,496,998
Total Assets									3,166,015,361	3,636,769,519
d) Carrying amount of Segmental Liabilities	1,541,037,820	1,618,875,180	1,223,007	1,223,007	20,973,197		553,137,659	552,456,031	2,116,371,683	2,172,554,218
Unallocated Liabilities									2,091,478,226	2,214,290,069
Total Liabilities									4,207,849,909	4,386,844,287
e) Cost incurred to acquire Segment Fixed Assets during the year	-	5,447,976	-	-	-	-	-	-	-	5,447,976
Unallocated Assets									166,790	166,790
f) Depreciation / Amortization	189,331,653	120,009,284	292,252	437,180	-	-	-	-	189,623,904	120,446,464
Unallocated depreciation									7,592,968	76,525,998

Note : (i) There are no inter segment transactions in the previous year as well as in current year. (ii) Sanitaryware Division has been sold in financial year 2016-17 and hence the figures of revenue and profit before interest from this segment was considered as discontinued operations and the same is not shown separately in previous year column. However during the year company carried trading activity of the Sanitaryware and hence shown separate segment for the current year. The remaining current assets and current liabilities of Sanitaryware division as on March 31, 2017 was considered as Unallocable assets and liabilities. However the assets and liabilities for the current year of Sanitaryware division is shown as separate segment.

Notes to the consolidated financial statements for the year ended March 31, 2018

II) PRIMARY SEGMENTS -GEOGRAPHICAL	For the period ended March 31, 2018	For the period ended March 31, 2017
	₹	₹
The Company's operating facilities are located in India		
Domestic Revenues	188,567,964	101,756,354
Export Revenues	4,976,056	5,151,705
TOTAL	193,544,020	106,908,059

52 FIRST TIME ADOPTION OF IND AS

These financial statements, for the year ended March 31, 2018, are the first the Group has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2017, the Group prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP).

Accordingly, the Group has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2018, together with the comparative period data as at and for the year ended March 31, 2017, as described in the summary of significant accounting policies. In preparing these financial statements, the Group's opening balance sheet was prepared as at April 1, 2016, the Group's date of transition to Ind AS. This note explains exemptions availed by the Group in restating its Previous GAAP financial statements, including the balance sheet as at April 1, 2016 and the financial statements as at and for the year ended 31 March 2017.

Also, the consolidated financial statements which were prepared for the year ended March 31, 2017 and April 1, 2016 under the previous GAAP, did not consolidate the partnership firm in which the holding company has 95% of total share. However, while preparing the financial statements under Ind AS, the consolidated financial statements have considered the partnership firm to be a subsidiary entity and have applied the consolidation principles in accordance with the requirement of relevant Ind AS. The Impact of the same has been considered in the reconciliations and adjustments which have been prepared.

Exemptions Applied:**1 Mandatory Exceptions****a) Estimates :**

The estimates at April 1, 2016 and at March 31, 2017 are consistent with those made for the same dates in accordance with Previous GAAP (after adjustments to reflect any differences in accounting policies).

b) Classification and measurement of financial assets :**Financial Instruments :**

Financial assets like security deposits received and security deposits paid, has been classified and measured at amortised cost on the basis of the facts and circumstances that exist at the date of transition to Ind AS. Since, it is impracticable for the Group to apply retrospectively the effective interest method in Ind AS 109, the fair value of the financial asset or the financial liability at the date of transition to Ind AS by applying amortised cost method, has been considered as the new gross carrying amount of that financial asset or the financial liability at the date of transition to Ind AS.

c) Impairment of financial assets: (Trade receivables and other financial assets)

At the date of transition to Ind AS, the Group has determined that there significant increase in credit risk since the initial recognition of a financial instrument would require undue cost or effort, the Group has recognised a loss allowance at an amount equal to lifetime expected credit losses at each reporting date until that financial instrument is derecognised (unless that financial instrument is low credit risk at a reporting date).

2 Optional Exemptions :**a) Deemed cost-Previous GAAP carrying amount: (PPE and Intangible)**

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. Accordingly, the Group has elected to measure all of its property, plant and equipment at their previous GAAP carrying value.

Notes to the consolidated financial statements for the year ended March 31, 2018

b) Investment in subsidiaries, jointly controlled entities and associates in Consolidated financial statements

At transition date, entity may choose to account for its investment at:- Cost as per Ind AS 27 determined at transition date.- Fair value as per Ind AS 113 (only on transition date).- Previous GAAP carrying amount.- Fair value as per Ind AS 109 (recurring fair valuation without recycling). The Group has elected to apply previous GAAP carrying amount exemption."

NOTE 53 :- RECONCILIATION OF EQUITY AS AT APRIL 1, 2016

(Amount in ₹)

Particulars	Indian GAAP (As at April 1, 2016)	Ind AS Adjustments	Ind AS (As at April 1, 2016)
(1) ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	2,865,007,510	-	2,865,007,510
(b) <u>Financial Assets</u>			
(i) Investments	13,510,750	(50,000)	13,460,750
(ii) Loans	87,790,047	881,173	88,671,220
(iii) Other financial assets	-	478,201	478,201
(c) Other non-current assets	-	962,927,332	962,927,332
(2) Current assets			
(a) Inventories	327,006,339	-	327,006,339
(b) <u>Financial Assets</u>			
(i) Trade receivables	184,550,989	-	184,550,989
(ii) Cash and cash equivalents	56,257,723	(122,174)	56,135,547
(iii) Bank balances other than (iii) above	-	40,000	40,000
(iv) Loans	506,809,503	(478,461,151)	28,348,352
(v) Other financial assets	163,832	-	163,832
(c) Other current assets	-	45,335,159	45,335,159
Total Assets	4,041,096,694	531,028,540	4,572,125,230
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share capital	337,377,170	-	337,377,170
(b) Other Equity	(2,320,037,059)	(3,105,286)	(2,323,142,345)
LIABILITIES			
Non-current liabilities			
(a) <u>Financial Liabilities</u>			
(i) Borrowings	329,079,417	(284,844,781)	44,234,636
(b) Provisions	-	14,250,000	14,250,000
Current liabilities			
(a) <u>Financial Liabilities</u>			
(i) Borrowings	155,889,967	477,978,128	633,868,095
(ii) Trade payables	385,975,647	33,132	386,008,775
(iii) Other financial liabilities	-	5,019,588,191	5,019,588,191
(b) Other current liabilities	5,130,615,075	(5,019,588,191)	111,026,884
(c) Provisions	22,196,477	326,717,347	348,913,824
Total Equity and Liabilities	4,041,096,694	531,028,540	4,572,125,230

Notes to the consolidated financial statements for the year ended March 31, 2018

NOTE 53 :- RECONCILIATION OF EQUITY AS AT MARCH 31, 2017 (Contd..)

(Amount in ₹)

Particulars	Indian GAAP (As at April 1, 2016)	Ind AS Adjustments	Ind AS (As at April 1, 2016)
(1) ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	1,926,633,476	-	1,926,633,476
(b) <u>Financial Assets</u>			
(i) Investments	13,510,750	(50,000)	13,460,750
(ii) Loans	86,875,369	(10,865,469)	76,009,900
(iii) Other financial assets	-	438,201	438,201
(c) Other non-current assets	-	966,206,857	966,206,857
(2) Current assets			
(a) Inventories	330,943,885	-	330,943,885
(b) <u>Financial Assets</u>			
(i) Trade receivables	188,723,984	-	188,723,984
(ii) Cash and cash equivalents	15,645,901	(208,856)	15,437,046
(iii) Bank balances other than (iii) above	-	-	-
(iv) Loans	538,899,649	(466,975,383)	71,924,266
(v) Other financial assets	241,592	-	241,592
(c) Other current assets	-	46,749,565	46,749,565
Total Assets	3,101,474,605	535,294,915	3,636,769,522
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share capital	337,377,170	-	337,377,170
(b) Other Equity	(1,085,616,674)	(1,835,260)	(1,087,451,765)
LIABILITIES			
Non-current liabilities			
(a) <u>Financial Liabilities</u>			
(i) Borrowings	282,738,533	(239,730,633)	43,007,732
(b) Provisions	-	14,250,000	14,250,000
Current liabilities			
(a) <u>Financial Liabilities</u>			
(i) Borrowings	151,883,477	435,860,333	587,743,811
(ii) Trade payables	404,487,249	33,128	404,520,377
(iii) Other financial liabilities	-	2,870,118,433	2,870,118,433
(b) Other current liabilities	2,991,265,109	(2,870,118,433)	121,146,676
(c) Provisions	19,339,741	326,717,347	346,057,088
Total Equity and Liabilities	3,101,474,605	535,294,915	3,636,769,522

Notes to the consolidated financial statements for the year ended March 31, 2018

NOTE 53 :- RECONCILIATION OF PROFIT AND LOSS AS AT MARCH 31, 2017 (Contd..)

(Amount in ₹)

Particulars	Indian GAAP Year ended March 31, 2017	Ind AS Adjustments	Ind AS Year ended March 31, 2017
Continuing Operations			
I Revenue From Operations	107,809,108	10,788,238	118,597,346
II Other Income	20,232,301	-	20,232,301
III Total Income (I+II)	128,041,409	10,788,238	138,829,647
IV EXPENSES			
Cost of materials consumed	145,636,468	-	145,636,468
Purchases of Stock-in-Trade	1,935,163	-	1,935,163
Changes in inventories of finished goods, Stock-in-Trade and work-in-progress	(35,524,840)	-	(35,524,840)
Excise Duty	-	10,788,238	10,788,238
Employee benefits expense	39,853,952	2,784,417	42,638,369
Finance costs	7,215,732	(1,440,524)	5,775,039
Depreciation and amortization expense	196,972,462	-	196,972,462
Other expenses	81,370,933	2,500	81,373,433
Total expenses (IV)	437,459,870	12,134,631	449,594,332
V Profit/(loss) before exceptional items and tax (I-IV)	(309,418,461)	(1,346,393)	(310,764,683)
VI Exceptional Items	500,452,185	-	500,452,185
VII Profit/(loss) before tax from Continuing Operations (V-VI)	191,033,724	(1,346,393)	189,687,501
VIII Tax expense:			
(1) Current tax	-	-	-
(2) Deferred tax	-	-	-
(3) Short Provision of Earlier Years	-	-	-
(4) Mat Credit Entitlement - Reversal	-	-	-
IX Profit (Loss) for the period from continuing operations (VII-VIII)	191,033,724	(1,346,393)	189,687,501
Discontinued Operations			
X Profit/(loss) from discontinued operations before tax	58,391,339	-	58,391,339
XI Net Profit from Disposal of Assets of Discontinuing operations	271,586,519	-	271,586,519
XII Tax expense of discontinued operations	-	-	-
XIII Profit/(loss) from Discontinued operations (after tax) (X-XI)	329,977,858	-	329,977,858
XIV Profit/(loss) for the period (IX+XII)	521,011,582	(1,346,393)	519,665,359
XV Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss	-	2,616,417	2,616,417
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-
B (i) Items that will be reclassified to profit or loss	-	-	-
(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-
XVI Total Comprehensive Income for the period (XIII+XIV) (Comprising Profit / (Loss) and Other Comprehensive Income for the period)	521,011,582	1,270,024	522,281,776

Notes to the consolidated financial statements for the year ended March 31, 2018**Footnotes to the reconciliation of equity as at April 1, 2016 and March 31, 2017 and Profit & Loss for the year ended March 31, 2017:****1 Zero Coupon Bond**

Under the Previous GAAP, the Holding Company had created liability of Zero Coupon Bond which were disclosed under long term borrowings at the amount payable on maturity and also created prepaid assets under the head long term loans and advances and at every reporting date the asset was amortised and charged to the Profit and Loss. Under Ind AS, the Holding Company has fair valued the same in at the applicable discount rate and the difference on transition date has been debitted or credited to retained earnings through OCI.

2 Defined benefit liabilities

Both under Previous GAAP and Ind AS, the Holding Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Previous GAAP, the entire cost, including actuarial gains and losses, are charged to profit & loss. Under Ind AS, remeasurements [comprising of actuarial gains and losses, excluding amounts included in net interest on the net defined benefit liability] are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI.

3 ECL for Trade Receivables

Under the previous GAAP, provision for bad debt was recognised for the doubtful debtors on a case to case basis. However, under Ind AS, the Group assesses impairment based on expected credit losses (ECL) model for measurement and recognition of impairment loss on the financial assets that are trade receivables accounting for both non-payment and delay of receivable.

4 Deposits and Loans and advances from related parties

The Group had accepted deposits (against Statement in lieu of Advertisement) and loans and advances from related parties. The same are interest free and repayable on demand by the Group. Therefore the Group has not discounted the same and has disclosed the same as current financial liabilities.

Footnotes to the reconciliation of Profit & Loss for the year ended March 31, 2017:**1 Sale of goods**

Under Previous GAAP, sale of goods was presented as net of excise duty. However, under Ind AS, sale of goods includes excise duty. Excise duty on sale of goods is separately presented on the face of statement of profit and loss. Thus sale of goods under Ind AS has increased with a corresponding increase in other expense. There is, however, no impact on profit for the year on account of the same.

2 Defined benefit liabilities

Both under Previous GAAP and Ind AS, the Holding Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Previous GAAP, the entire cost, including actuarial gains and losses, are charged to profit & loss. Under Ind AS, remeasurements [comprising of actuarial gains and losses, excluding amounts included in net interest on the net defined benefit liability] are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI.

3 Interest on Zero Coupon Bonds

Under the Previous GAAP, the Holding Company had created liability of Zero Coupon Bond which were disclosed under long term borrowings at the amount payable on maturity and also created prepaid assets under the head long term loans and advances and at every reporting date the asset was amortised and charged to the Profit and Loss. Under Ind AS, the Holding Company has fair valued the same in at the applicable discount rate and the difference on transition date has been debitted or credited to retained earnings through OCI.

4 ECL for trade receivables

Under the previous GAAP, provision for bad debt was recognised for the doubtful debtors on a case to case basis. However, under Ind AS, the Group assesses impairment based on expected credit losses (ECL) model for measurement and recognition of impairment loss on the financial assets that are trade receivables accounting for both nonpayment and delay of receivable.

Notes to the consolidated financial statements for the year ended March 31, 2018**5 Other comprehensive income**

Under Previous GAAP, the Group has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Previous GAAP profit & loss to profit or profit & loss as per Ind AS. Further, Previous GAAP profit & loss is reconciled to total comprehensive income as per Ind AS.

6 Re-classification

The Group has reclassified previous year figures to conform to Ind AS classification.

In terms of our report attached
For Rasesh Shah & Associates
Chartered Accountants
Firm Registration Number: 108671W

For and on behalf of the Board of Directors

CA Mehul Shah
Partner
Membership No.: 137148

Viral T. Nandu
Chairman &
Whole Time Director
DIN : 01767620

Paresh K. Shah
Chief Financial
Officer

Place : Mumbai
Date : May 29, 2018

Place : Mumbai
Date : May 29, 2018

**Statement on Impact of Audit Qualifications on Consolidated Financial Statements for the
Financial Year ended March 31, 2018**

[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

(₹. In Lakhs except EPS)

I	Sr. No.	Particulars	Audited Figures (As reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1	Turnover/ Income	2,200.44	2,200.44
	2	Total Expenditure	5,420.27	7,110.22
	3	Exceptional Item [Gain/(loss)]	831.11	831.11
	4	Net Profit/(Loss)	(2,388.73)	(4,078.47)
	5	Net Profit/(Loss) from Discontinuing Operations	(536.06)	(536.06)
	6	Net Profit/(Loss) on disposal of assets of discontinued operations	-	-
	7	Net Profit/(Loss) for the period	(2,924.79)	(4,614.53)
	4	Earnings Per Share	(8.67)	(13.67)
	5	Total Assets	31,660.15	31,660.15
	6	Total Liabilities	42,078.50	46,944.11
	7	Net Worth	(10,418.35)	(15,283.95)
	8	Any other financial item(s) (as felt appropriate by the management)		
II	Audit Qualification		Refer Annexure	
	a.	Details of Audit Qualification		
	b.	Type of Audit Qualification		
	c.	Frequency of Qualification		
	d.	For Audit Qualification(s) where the impact is quantified by the Auditor, Management's view		
	e.	For Audit Qualifications(s) where the impact is not quantified by the Auditor		
	i.	Management's estimation on the impact of audit qualification		
	ii.	If Management is unable to estimate the impact, reasons for the same		
	iii.	Auditor's comments on (i) or (ii) above.		
III	Signatories		Sd/-	
	1)	Whole Time Director	Viral T. Nandu	
	2)	CFO	Paresh K. Shah	
	3)	Audit Committee Chairman	Dhaval Gada	
	4)	Auditor	For Rasesh Shah & Associates Chartered Accountant FRN 108671W Sd/- CA Mehul R. Shah Partner Mem. No. 137148	

**ANNEXURE TO STATEMENT ON IMPACT OF AUDIT QUALIFICATION OF
THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018**

Sr. No.	Details of Audit Qualification	Type of Audit Qualification	Frequency of Qualification	For Audit Qualifications where the impact is quantified by the auditor, management's view	For Audit Qualifications where the impact is not quantified by the Auditor		
					(i) Management estimation on the impact of audit qualification	(ii) If management is unable to estimate the impact, reasons for the same.	(iii) Auditor's comment on (i) and (ii)
1	The Financial Statement have been prepared on a "going concern" basis, despite the fact that the Group's financial facilities/arrangements have expired and the same are overdue for repayment and the net-worth of the Group fully eroded and the lenders and creditors have initiated legal proceedings against the Group for recovery.	Qualified	Repeated	Your Directors would like to state that the Holding Company is operational & Manufacturing Marble and employed around 90 employees. The Holding Company & its management with its positive efforts could sale its fixed assets of Sanitaryware business undertaking and land, and settled its debt with many of its secured lenders either on one time settlement basis or deferred payment schedule with some upfront payment as per their terms of compromise settlement. It is also making serious efforts in reviving its tiles division operation. The management has taken and been taking all diligent steps under legal advice, to defend the Group in all the litigation. Considering the reduction in debt burden and considering the ample opportunities in the market and growth drivers for the industry per say, Directors are optimistic about the turnaround of the Group with the infusion of the long term funds and working capital fund with support of the lenders.	N.A.	N.A.	N.A.

**ANNEXURE TO STATEMENT ON IMPACT OF AUDIT QUALIFICATION OF
THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018**

Sr. No.	Details of Audit Qualification	Type of Audit Qualification	Frequency of Qualification	For Audit Qualifications where the impact is quantified by the auditor, management's view	For Audit Qualifications where the impact is not quantified by the Auditor		
					(i) Management estimation on the impact of audit qualification	(ii) If management is unable to estimate the impact, reasons for the same.	(iii) Auditor's comment on (i) and (ii)
2	The Group has not provided for interest on financing facilities amounting to ₹ 1,690 Lakhs for the year ending March 31, 2018 and the interest amount not provided cumulatively from the date of settlement upto March 31, 2018 was ₹ 4,866 Lakhs. Had the same been provided, the loss for the year ending March 31, 2018, would have increased by ₹ 1,690 Lakhs. The corresponding current liabilities would have increased by the cumulative amount of interest.	Qualified	Repeated	The Company has settled its debts with secured lenders either on one time settlement basis or compromise settlement with defer payment schedule with some upfront payment as per the terms of sanction. In view of the absence of adequate cash flows and profits, the management of the Company has decided not to charge the same in the Profit and Loss Account			
3	The Group has not provided for impairment or diminishing value of its assets/ investment as per "Ind AS 36- Impairment of Assets" as notified under the Section 133 of the Companies Act, 2013. The effect of such impairment or diminishing value has not been quantified by the management and hence the same is not ascertainable.	Qualified	Repeated	The Group has made the provisions for diminution in the value of its investments/assets wherever required. Management has a policy to maintain the assets and keep them in working condition, so that its value does not get affected in long run. The management is optimistic about realizing the value of its Assets / Investments nearest to its carrying value, and there is no further diminution in the value of its assets / investment other than depreciation / amortization provided for.			

**ANNEXURE TO STATEMENT ON IMPACT OF AUDIT QUALIFICATION OF
THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018**

Sr. No.	Details of Audit Qualification	Type of Audit Qualification	Frequency of Qualification	For Audit Qualifications where the impact is quantified by the auditor, management's view	For Audit Qualifications where the impact is not quantified by the Auditor		
					(i) Management estimation on the impact of audit qualification	(ii) If management is unable to estimate the impact, reasons for the same.	(iii) Auditor's comment on (i) and (ii)
4	The financial statements are subject to receipt of confirmation of balances from many debtors, loans & advances, investments, banks, sundry creditors and other liabilities. Pending receipt of confirmation of these balances and consequential reconciliations / adjustments, if any, the resultant impact on the financial statements is not ascertainable	Qualified	Repeated	Your management would like to state that the Company is in the process of obtaining the confirmations from debtors, creditors, lenders and loans advances in routine course of business and have obtained from some of them. The reconciliations are made and the effects have been given in the books of accounts wherever required.			

**ANNEXURE TO STATEMENT ON IMPACT OF AUDIT QUALIFICATION OF
THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018**

Sr. No.	Details of Audit Qualification	Type of Audit Qualification	Frequency of Qualification	For Audit Qualifications where the impact is quantified by the auditor, management's view	For Audit Qualifications where the impact is not quantified by the Auditor		
					(i) Management estimation on the impact of audit qualification	(ii) If management is unable to estimate the impact, reasons for the same.	(iii) Auditor's comment on (i) and (ii)
5	The Holding Company had imported various Capital Goods & Spares & Consumables for the 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 respective licenses. The Custom Duties so saved amounted to ₹ 30,76,45,374/- and the corresponding Export obligation to be fulfilled amounted to ₹ 2,46,11,62,991/-, however as on 31 st March 2018, the Export obligation yet to be fulfilled amounted to ₹ 1,69,19,04,058/-.	Qualified	Repeated	The Holding Company had a good export track record in the past and has completed its EPCG obligation in more than 8 licenses in the past. However due to adverse market conditions during the period 2008, 2009 and 2010 and global economy slowdown the total exports of the Company were affected drastically and in the later years the financial position of the Holding Company was further affected due to liquidity crunch, which in a way affected the overall revenue of the Group, including the export revenues and also the net worth of the Group Company turned negative and the Group had also referred to BIFR under the provision of Sick Industrial Companies Act. The Group has applied for extension of time for export for the said licenses with the authorities, however the same was not granted and further the Holding Company has applied to High Court for appropriate remedy in the said matters.	N.A.	N.A.	N.A.

**ANNEXURE TO STATEMENT ON IMPACT OF AUDIT QUALIFICATION OF
THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018**

Sr. No.	Details of Audit Qualification	Type of Audit Qualification	Frequency of Qualification	For Audit Qualifications where the impact is quantified by the auditor, management's view	For Audit Qualifications where the impact is not quantified by the Auditor		
					(i) Management estimation on the impact of audit qualification	(ii) If management is unable to estimate the impact, reasons for the same.	(iii) Auditor's comment on (i) and (ii)
6	Attention is drawn to the fact that, as required under Section 203 of the Act the Holding Company is yet to appoint a Company Secretary and the company is not in compliance with Regulation 6 of LODR which requires Company Secretary to be appointed as Compliance Officer.	Qualified	Repeated	The management would like to state that the Holding Company is in the process of appointment of Whole time Company Secretary. The Holding Company has also given advertisement in the newspaper for the vacancy, however still suitable candidate is awaited.	N.A.	N.A.	N.A.

**ANNEXURE TO STATEMENT ON IMPACT OF AUDIT QUALIFICATION OF
THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018**

Sr. No.	Details of Audit Qualification	Type of Audit Qualification	Frequency of Qualification	For Audit Qualifications where the impact is quantified by the auditor, management's view	For Audit Qualifications where the impact is not quantified by the Auditor		
					(i) Management estimation on the impact of audit qualification	(ii) If management is unable to estimate the impact, reasons for the same.	(iii) Auditor's comment on (i) and (ii)
7	In respect of deposits accepted by the Holding Company before the commencement of this Act, within the meaning of section 74 & 75 of the Act and the Rules framed there under, the principal amount of such deposits and interest due thereon remained unpaid even after expiry of one year from such commencement and the Holding Company has not filed a statement within a period of three months from such commencement or from the date on which such payments are due, with the Registrar details as prescribed u/s.74(1)(a).	Qualified	Repeated	To meet working capital requirements, the Holding Company raised funds by accepting unsecured loans from friends and relatives of Directors which are known to the Group without invitation to public in general after filing Statement in lieu of Advertisement (SLA) pursuant to the provisions of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975. As the financial position of the Group was under stress and consequently defaulted on its obligation to secured lenders, all the lenders have classified the Company's account as Non-Performing Assets (NPA). The Company suffered losses and cash flow of the Company was under stress. Further, the Net Worth of the Company eroded completely. The non-compliance relating to filing of e-form DPT-4 is unintentional and the compliances was missed out inadvertently.			

**ANNEXURE TO STATEMENT ON IMPACT OF AUDIT QUALIFICATION OF
THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018**

Sr. No.	Details of Audit Qualification	Type of Audit Qualification	Frequency of Qualification	For Audit Qualifications where the impact is quantified by the auditor, management's view	For Audit Qualifications where the impact is not quantified by the Auditor		
					(i) Management estimation on the impact of audit qualification	(ii) If management is unable to estimate the impact, reasons for the same.	(iii) Auditor's comment on (i) and (ii)
8	Overdue receivables aggregating to ₹ 203.52 Lakhs as on March 31, 2018, towards sales of goods included under "Trade Receivables" owed to the Holding Company by its Foreign Customers due for more than 6 months as on March 31, 2018. These balances have not been settled till March 31, 2018. The Holding Company is yet to make an application to the authorized dealer or Reserve Bank of India (RBI) for overdue receivable balances beyond the prescribed time limits in accordance with Foreign Exchange Management Act (FEMA).	Qualified	Repeated	The Holding Company shall initiate the process for compliance of the same and is expecting to realize the said amount.			

**ANNEXURE TO STATEMENT ON IMPACT OF AUDIT QUALIFICATION OF
THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018**

Sr. No.	Details of Audit Qualification	Type of Audit Qualification	Frequency of Qualification	For Audit Qualifications where the impact is quantified by the auditor, management's view	For Audit Qualifications where the impact is not quantified by the Auditor		
					(i) Management estimation on the impact of audit qualification	(ii) If management is unable to estimate the impact, reasons for the same.	(iii) Auditor's comment on (i) and (ii)
9	The Group has interest free borrowings, classified under Non-Current Financial Liabilities, which are borrowed from various related parties and other lenders, the repayment terms of which have not been agreed between the Group and the lenders. The Group has not fair valued such sums received in accordance with the provisions of 'Ind AS - 109 - Financial Instrument' and 'Ind AS - 113 - Fair Value Measurement'. The effect of such treatment has not been quantified by the management and hence the same is not ascertainable	Qualified	Repeated	As the financial position of the Group is under stress and also it has defaulted on its obligation to secured lenders, all the lenders have classified the Group's account as Non-Performing Assets (NPA). The Group suffered losses and cash flow of the Group was under stress. Further, the Net Worth of the Group eroded completely. In order to continue the operations of the Group, the Group in the past borrowed funds from various of relatives and friends of Promoters and Directors. The same was mutually agreed between the parties and no interest was charged by the lenders on the same. Also, the repayment terms was also not fixed between the Company and the lenders. Therefore, the Group would continue to classify such borrowings as Non Current.	N.A.	N.A.	N.A.

**ANNEXURE TO STATEMENT ON IMPACT OF AUDIT QUALIFICATION OF
THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018**

Sr. No.	Details of Audit Qualification	Type of Audit Qualification	Frequency of Qualification	For Audit Qualifications where the impact is quantified by the auditor, management's view	For Audit Qualifications where the impact is not quantified by the Auditor		
					(i) Management estimation on the impact of audit qualification	(ii) If management is unable to estimate the impact, reasons for the same.	(iii) Auditor's comment on (i) and (ii)
10	The non-ascertainment of complete particulars of dues to Micro, Small and Medium enterprises, if any under MSMED Act, 2006, and provisions towards interest, if any, is not ascertained at this stage which is not in conformity with 'Ind AS-37' 'Provision, Contingent Liabilities and Contingent Assets'.	Disclaimer Qualification	Repeated	The Group is in the process of identifying the creditors which are Micro, Small and Medium Enterprises under MSMED Act	N.A.	N.A.	N.A.
11	In respect of loans, secured or unsecured, granted by the Holding Company to Companies, firms or other parties covered in the register maintained under section 189 of the Act, there are no stipulations made regarding the repayment of principal amount and interest. Hence we are unable to comment as to regularity of repayments of principal and interest amount.	Qualified	Repeated	Your directors would like to state that the Loans and Advances are given in the normal course of business to a firm where your Company is a partner with majority share.	N.A.	N.A.	N.A.

**ANNEXURE TO STATEMENT ON IMPACT OF AUDIT QUALIFICATION OF
THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018**

Sr. No.	Details of Audit Qualification	Type of Audit Qualification	Frequency of Qualification	For Audit Qualifications where the impact is quantified by the auditor, management's view	For Audit Qualifications where the impact is not quantified by the Auditor		
					(i) Management estimation on the impact of audit qualification	(ii) If management is unable to estimate the impact, reasons for the same.	(iii) Auditor's comment on (i) and (ii)
12	The Holding Company has given guarantee for loans taken by its subsidiaries from bank. The terms and conditions of the same are not prejudicial to the interest of the Holding Company. The said subsidiary has been continuously incurring losses and its net worth has been fully eroded and there is substantial doubt whether the said subsidiary would be able to repay its liabilities or realize its assets.	Qualified	Repeated	The management would like to state that the management of the subsidiary Company is hopeful of reviving its business with the changing economic scenario and is negotiating with the lender for amicable settlement of its dues.	N.A.	N.A.	N.A.

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EURO CERAMICS LIMITED

(CIN: L26914MH2002PLC135548)

Regd. Off: 208, Sangam Arcade, Vallabhghai Road, Opp. Railway Station, Vile Parle (West), Mumbai – 400 056;**Tel:** +91-22-4019 4019; **E-mail:** sales@eurocl.com; **Website:** <http://www.eurovitrifed.com>**FOR KIND ATTENTION OF SHAREHOLDERS****Dear Shareholders,**

As per the provisions of Section 88 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014, the Company needs to update its 'Register of Members' to incorporate certain additional details, as are required under the said provisions. Further, as per the "Green Initiative in the Corporate Governance" initiated by the Ministry of Corporate Affairs (MCA), vide its Circular No. 17/2011 dated 21/04/2011, the Company proposes to send all the notices, documents including Annual Report in electronic form to its members.

We, therefore request you to furnish the following details for updation of Register of Members and enable the Company to send all communication to you through electronic mode:

Registered Folio No./DP ID & Client ID	
Name of the Shareholder(s)	
Father's/Mother's/Spouse's Name	
Address (Registered Office Address in case the shareholders is a Body Corporate)	
E-mail Id	
PAN or CIN(In case of Body Corporate)	
UIN (Aadhar Number)	
Occupation	
Residential Status	
Nationality	
In case member is a minor, name of the guardian	
Date of birth of the Member	

Date : _____

Place : _____

Signature of the Shareholder

Kindly submit the above details duly filled in and signed at the appropriate place to the Registrar & Share Transfer Agent of the Company viz. **"Link Intime India Private Limited", situated at 101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai-400083.**

The E-mail ID provided shall be updated subject to successful verification of your signature. The members may receive Annual Reports in physical form free of cost by post by making request for the same.

Thanking you,

For Euro Ceramics Limited

Viral Nandu
Chairman & Whole time Director
DIN: 01767620

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EURO CERAMICS LIMITED

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Regd. Off: 208, Sangam Arcade, Vallabhghai Road, Opp. Railway Station, Vile Parle (West), Mumbai – 400 056;

Tel: +91-22-4019 4019; **E-mail:** sales@eurocl.com; **Website:** <http://www.eurovitrified.com>

FORM NO. MGT 11

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3)
of the Companies (Management and Administration) Rules, 2014]

16th Annual General Meeting on Friday September 28, 2018

Name of the member (s): _____

Name of the Joint holder, if any: _____

Registered address: _____

E-mail Id: _____

Folio No/ Client Id/ DP Id: _____

I/We, being the member (s) of _____, shares of the above named Company hereby appoint:

(1) Name

Address.....

Email Id: Signature..... or failing him/her;

(2) Name

Address.....

Email Id: Signature..... or failing him/her;

(3) Name

Address.....

Email Id: Signature.....

as my/our proxy to attend and vote (on a poll or e-voting) for me/us and on my/our behalf at the 16th Annual General Meeting of the Company, to be held on the Friday, September 28, 2018 at 11.00 a.m. at Gomantak Seva Sangh, 72/A, Mahant Road Extension, Vile Parle (East), Mumbai - 400 057 and at any adjournment thereof in respect of such resolutions as are indicated overleaf:

Item No.	Description of the Resolution	Vote (Optional See Note 2) (Please mention no. of Shares)		
		FOR	AGAINST	ABSTAIN
	Ordinary Business:			
1.	Ordinary Resolution for adoption of Audited Financial Statements (including Audited Consolidated financial statements) for the year ended March 31, 2018 together with the Boards' Report and Auditors' Report thereon.			
2.	Ordinary Resolution to appoint Mr. Viral Nandu (DIN:01767620) Wholetime Director of the Company, who retires by rotation and being eligible has offered himself for re-appointment.			
3.	Ordinary Resolution for ratifying the appointment of M/s. Rasesh Shah & Associates, Chartered Accountants, Gujarat (FRN:108671W), as Statutory Auditors of the Company to hold office from the conclusion of 16 th Annual General Meeting upto the conclusion of the 20 th Annual General Meeting and to fix their remuneration.			
	Special Business			
4.	Ordinary Resolution to re-appoint Mr. Viral Nandu (DIN: 01767620), as Chairman and Whole-time Director of the Company for a further period of 3 (three) years with effect from September 30, 2018.			
5.	Special Resolution to increase the limit of investment by Non Resident Individuals (NRIs) in the Company's Equity Share Capital.			

Signed this _____ day of _____ 2018

Signature of member

Signature of proxy holder(s).....

Affix
Revenue
Stamp

Note:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. It is optional to indicate your preference. If you leave the for, against and abstain column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she may deemed appropriate.

EURO CERAMICS LIMITED

(CIN: L26914MH2002PLC135548)

Regd. Off: 208, Sangam Arcade, Vallabhbai Road, Opp. Railway Station, Vile Parle (West), Mumbai – 400 056;

Tel: +91-22-4019 4019; **E-mail:** sales@eurocl.com; **Website:** http://www.eurovitrifed.com

ATTENDANCE SLIP

16TH ANNUAL GENERAL MEETING ON FRIDAY, SEPTEMBER 28, 2018

Registered Folio / DP ID/Client ID	
Name and address of the member(s)	
Name of the Joint Holder(s), if any	
Number of equity shares held	

I/we hereby record my/our presence at the 16th Annual General Meeting of the members of the Company held at Gomantak Seva Sangh, 72/A Mahant Road Extension, Vile Parle (East), Mumbai 400 057 on Friday, September 28, 2018 at 11.00 a.m.

**Members'/Proxy's /Authorized
Representative's name**

**Members'/Proxy's /Authorized
Representative's Signature**

Note:

1. Please fill on the Folio No./DP ID/Client ID, name and sign this Attendance Slip and hand it over at the Attendance Verification Counter at the **ENTRANCE OF THE MEETING HALL**.
2. Please read the instructions for e-voting given along with Notice of 16th Annual General Meeting of the Company. The e-voting period starts from Tuesday, September 25, 2018 at 9.00 a.m. and ends on Thursday, September 27, 2018 at 5.00 p.m. The e-voting module shall be disabled by CDSL for voting thereafter

PLEASE BRING THE ABOVE ATTENDANCE SLIP TO THE MEETING HALL.

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EURO CERAMICS LIMITED

(CIN: L26914MH2002PLC135548)

Regd. Off: 208, Sangam Arcade, Vallabhkhai Road, Opp. Railway Station, Vile Parle (West), Mumbai – 400 056;

Tel: +91-22-4019 4019; **E-mail:** sales@eurocl.com; **Website:** <http://www.eurovitrified.com>

MGT-12 POLLING PAPER

[Pursuant to section 109(5) of the Companies Act, 2013 and Rule 21(1) (c) of the Companies (Management and Administration) Rules, 2014]

16th Annual General Meeting –Friday, September 28, 2018

Name of the first named Shareholder (In BLOCK letters)	
Postal Address	
Regd. Folio/*Client ID No./DP ID No. (*Applicable to investors holding shares in dematerialized form)	
Class of Shares	Equity Shares of Rs 10/- each

I hereby exercise my vote in respect of Ordinary/ Special resolution enumerated below by recording my assent or dissent to the said resolution by placing the (✓) tick mark at the appropriate box below

Sr. No.	Item No.	No. Shares held by me	Votes exercised	
			I assent to the resolution	I dissent to the resolution
Ordinary Business				
1.	Ordinary Resolution for adoption of Audited Financial Statements (including Audited Consolidated financial statements) for the year ended March 31,2018 together with the Boards' Report andAuditors' Report thereon.			
2.	Ordinary Resolution to appoint Mr. Viral Nandu (DIN:01767620) Whole-time Director of the Company, who retires by rotation and being eligible has offered himself for re-appointment.			
3.	Ordinary Resolution for ratifying the appointment of M/s. Rasesh Shah & Associates, Chartered Accountants, Gujarat (FRN:108671W), as Statutory Auditors of the Company to hold office from the conclusion of 16th Annual General Meeting upto the conclusion of the 20th Annual General Meeting and to fix their remuneration			
Special Business				
4.	Ordinary Resolution to re-appoint Mr. Viral Nandu (DIN: 01767620), as Chairman and Whole-time Director of the Company for a further period of 3 (three) years with effect from September 30, 2018.			
5.	Special Resolution to increase the limit of investment by Non Resident Individuals (NRIs) in the Company's Equity Share Capital.			

Place: Mumbai
Date: September 28, 2018

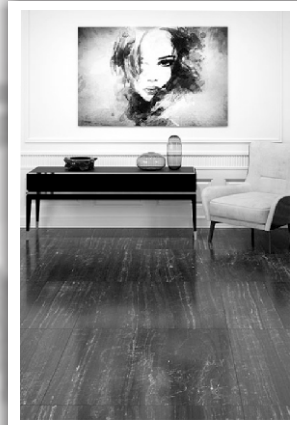
Signature of the Shareholder / Proxy Holder / Representative
(Please indicate in which capacity the voting is exercised)

NOTES:

1. The members attending the meeting, who have not already cast their vote through e-voting shall be able to exercise their voting rights at the meeting through polling papers.
2. In case members cast their votes through both the modes, voting done by e-voting shall be considered and votes cast through polling papers shall be treated as invalid.
3. The duly completed and signed poll papers shall be handed over to the Scrutinizers appointed / put in the poll box kept for this purpose.
4. Unsigned, incomplete, improperly or incorrectly tick marked poll papers will be rejected. A poll paper will also be rejected if it is received torn, defaced or mutilated to an extent which makes it difficult for the scrutinizer to identify either the member or as to whether the votes are in favour or against or if the signature cannot be verified.
5. Poll papers containing number of shares in the relevant columns assent or dissent completed in all respects and signed as per the specimen signatures lodged with the Company will only be considered valid.
6. The decision of the Scrutinizers will be final regarding the validity and results of the poll.
7. The scrutinizer will collate the votes downloaded from the e-voting system and votes cast through Poll paper to declare the consolidated results for each of the resolutions enumerated above.
8. The results shall be declared within 48 hours from the conclusion of AGM of the Company. The results declared along with the scrutinizers report shall be placed on the Company's website and shall be communicated to BSE Limited and National Stock Exchange of India Limited.

ROUTE MAP FOR AGM VENUE





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