

Euro Ceramics Ltd.



FORM B

1	Name of the Company	Euro Ceramics Limited
2	Annual Financial Statements for the year ended	March 31, 2014
3	Type of Audit Qualification	<p><u>Qualified that:</u></p> <ol style="list-style-type: none">1. The financial statement have been prepared on a "going concern" basis, inspite the fact that the Company's financial facilities / arrangements have expired and the same are overdue for repayment and the networth of the Company fully eroded.2. The Company has not provided for interest on financing facilities amounting to Rs. 6,426.05 Lacs for the year ending March 31, 2014. Had the same been provided, the loss for the year ended March 31, 2014, would have increased by Rs. 6,426.05 Lacs. The corresponding liabilities would also have increased by Rs. 6,426.05 Lacs as at March 31, 2014.3. The Company has not provided for impairment or diminishing value of its assets/investment as per 'Accounting Standard 28 - Accounting for Impairment of Assets' as notified under the Companies (Accounting Standards) Rules, 2006 read with the General Circular 15/2013 dated 13th

Regd. Office : 208, Sangam Arcade, Vallabhbai Road, Vile Parle (West), Mumbai - 400 056. INDIA.

Tel.: +91-22- 4019 4019 • Fax : +91-22-4019 4020 • E-mail : sales@eurocl.com • Web : www.eurocl.com

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

Tel.: +91-2837-224751 / 224752 / 224753

CIN : L26914MH2002PLC135548

Euro Ceramics Ltd.



		<p>September, 2013 of the Ministry of Corporate Affairs in respect of 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.</p> <p>4. No provision for depletion in the value of the investment and loans and advances made/given by the Company to its wholly owned subsidiary company M/s. Euro Merchandise (India) Ltd.</p> <p>5. All the directors are disqualified as on March 31, 2014 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Act.</p> <p>6. The Company has accumulated losses at the end of the financial year and incurred cash loss during the year and the Company has defaulted in repayment of loans and interest to the banks.</p> <p>(Refer Page No. 26, 27, 28 & 29 of Annual Report)</p>
4	Frequency of Qualification	Appeared for the second time
	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	<p>Refer Auditors' Report point in Director's Report.</p> <p>(Refer Page No. 14 & 15 of the Annual Report)</p>

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CIN : L26914WV2002PLC130070



EURO CERAMICS LTD.

**12th ANNUAL REPORT
2013-14**

Vitrified Tiles • Agglomerated Marble • Sanitaryware • Wall Tiles

Corporate Information

BOARD OF DIRECTORS

1. **Mr. Nenshi L. Shah**
Chairman & Managing Director
2. **Mr. Mahendra V. Modi**
Independent Director
3. **Mr. Amit Nandu**
Independent Director
(w.e.f. January 24, 2014)
4. **Mr. Karan Rajput**
Independent Director
(w.e.f. January 24, 2014)
5. **Mr. Pratik K. Shah**
Whole-time Director
(w.e.f. June 01, 2014)
6. **Mr. Talakshi L. Nandu**
Whole-time Director
(Upto April 24, 2013)
7. **Mr. Kumar P. Shah**
Whole-time Director
(Upto April 24, 2013)
8. **Mr. Amit G. Shah**
Independent Director
(Upto April 24, 2013)
9. **Mr. Anil M. Mandevia**
Independent Director
(Upto January 23, 2014)
10. **Mr. Ajit Nalvaya**
Independent Director
(Upto January 23, 2014)
11. **Mr. Paresh K. Shah**
Whole-time Director
(Upto March 27, 2014)

Auditors

M/s. Deepak Maru & Co.
Chartered Accountants

Chief Financial Officer

Mr. Paresh K. Shah
(w.e.f. June 01, 2014)

General Manager- Accounts and Finance

Mr. Chandresh Rambhia

Vice President

Mr. Viral Nandu

Bankers

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

Registered Office

208, Sangam Arcade,
Vallabhbai Road, Opp. Railway Station,
Vile Parle (West),
Mumbai – 400 056

Factory

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

Registrar & Share Transfer Agent

M/s. Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound,
L.B.S Marg, Bhandup (West),
Mumbai – 400 078

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NOTICE

Notice is hereby given that the 12th Annual General Meeting of the members of Euro Ceramics Limited will be held on Tuesday, the 30th day of September 2014 at 10.00 a.m. at Gomantak Seva Sangh, 72/A Mahant Road Extension, Vile Parle (East), Mumbai - 400 057 to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2014 and the Statement of Profit & Loss for the year ended on that date together with the Reports of Board of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. Nenshi L. Shah (DIN: 00006223), Managing Director, who retires by rotation and being eligible, offers himself for re-appointment.
3. To re-appoint M/s. Deepak Maru & Co., Chartered Accountants (FRN: 115678W), Mumbai as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT Mr. Karan Rajput (DIN: 06791043), who was appointed as an Additional Director of the Company w.e.f. January 24, 2014 pursuant to the provisions of Section 260 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and in accordance with the provisions of Articles of Association of the Company and as per the provisions of Section 161 of the Companies Act, 2013 holds office as such upto the date of ensuing Annual General Meeting of the Company and in respect of whom the Company has received a notice in writing alongwith requisite deposit from a member as required under Section 160 of the Companies Act, 2013 signifying his intention to propose his candidature for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office as such upto March 31, 2019 under Sections 149 and 152 of the Companies Act, 2013, who shall not be liable to retire by rotation.”

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT Mr. Amit Nandu (DIN: 06791050), who was appointed as an Additional Director of the Company w.e.f. January 24, 2014 pursuant to the provisions of Section

260 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and in accordance with the provisions of Articles of Association of the Company and as per the provisions of Section 161 of the Companies Act, 2013 holds office as such upto the date of ensuing Annual General Meeting of the Company and in respect of whom the Company has received a notice in writing alongwith requisite deposit from a member as required under Section 160 of the Companies Act, 2013 signifying his intention to propose his candidature for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office as such upto March 31, 2019 under Sections 149 and 152 of the Companies Act, 2013, who shall not be liable to retire by rotation.”

6. 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 Sections 149, 152 and 160 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Mr. Mahendra Modi (DIN: 05155549), Independent Director of the Company, who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing alongwith requisite deposit from a member as required under Section 160 of the Companies Act, 2013 signifying his intention to propose his candidature for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office as such upto March 31, 2019, who shall not be liable to retire by rotation.”

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT Mr. Pratik Shah (DIN: 01049516) who was appointed as an Additional Director of the Company w.e.f. June 1, 2014 pursuant to the provisions of Section 152 and 161 and all other applicable provisions, if any, of the Companies Act, 2013 and Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and in accordance with the provisions of Articles of Association

of the Company, holds office as such upto the date of ensuing Annual General Meeting of the Company and in respect of whom the Company has received a notice in writing along with the required deposit from a member as required under Section 160 of the Companies Act, 2013 signifying his intention to propose his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, who shall be liable to retire by rotation.”

8. 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 196, 197, 198, 203 and Schedule V and all other applicable provisions, if any, of the Companies Act 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the appointment of Mr. Pratik Shah (DIN: 01049516) as a Whole-time Director of the Company for a period of 3 (three) years w.e.f. June 1, 2014 be and is hereby approved and shall not withdraw any remuneration for the services rendered to the Company, with the liberty to the Board of Directors of the Company to pay him remuneration in future, subject to the limits provided in schedule V to the Companies Act, 2013.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary to give effect to the above resolution.”

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) read with Companies (Meeting of Board and its Powers) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and the Articles of Association of the Company and subject to such approvals, sanctions and consents (hereinafter referred to as the “Approvals”) as may be required from such authorities and institutions or bodies and such conditions as may be prescribed by any of them while granting such approval, which may be agreed to, in its sole discretion, by the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee(s) constituted/to be constituted by the Board to exercise its powers including powers conferred by this resolution and/or be duly authorized persons thereof for the time being exercising the powers conferred on the Board by this resolution), consent of the members of the Company be and is hereby accorded to the Board to borrow in any manner from time to time any sum or sums of moneys at its discretion on such terms and conditions as the Board may deem fit, notwithstanding that

the moneys to be borrowed by the Company together with the moneys already borrowed or to be borrowed (apart from temporary loans and other credit facilities obtained or to be obtained from the Company's bankers in the ordinary course of its business), whether secured or unsecured, will or may exceed the aggregate of the paid up capital and free reserves that is to say, reserves not set apart for any specific purpose, provided that the maximum amount of money so borrowed and outstanding at any one time shall not exceed the sum of ₹ 1000 Crores (Rupees One Thousand Crores only).

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts and deeds as may be required to give effect to the above resolution from time to time.”

10. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 180(1)(a) and all other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Meeting of Board and its Powers) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and the Articles of Association of the Company, consent of members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee(s) constituted/to be constituted by the Board to exercise its powers including powers conferred by this resolution and/or be duly authorized persons thereof for the time being exercising the powers conferred on the Board by this resolution) to mortgage and/or to create charge in any manner, on all or any of the immoveable and/or moveable assets including outstanding monies, receivables, claims, bills, documents, contracts, engagements, securities, investments and rights of the Company both present and future of the Company for securing any loan obtained or as may be obtained from any Bank or any Consortium of Banks or Financial Institutions or funds or any person or body(ies) together with interest, cost, charges, expenses and any other money(ies) payable by the Company or to create charge to secure any loan taken by other entities/bodies corporate, on such terms and conditions as the Board may deem fit in the interest of the Company provided that the total amount at any point of time so secured/mortgaged, shall not exceed the limit as approved under Section 180(1)(c) of the Companies Act, 2013.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be required to give effect to the above resolution from time to time.”

11. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 14 and all other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the new set of Articles of Association, be and is hereby approved and adopted as new Articles of Association of the Company in the place and exclusion of the existing Articles of Association of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take all such steps and actions for the purposes of making all such filings and registrations as may be required in relation to the aforesaid

amendment to the Articles of Association and further to do all such acts, deeds, matters and things as may be deemed necessary to give effect to this resolution.”

By Order of the Board of Directors

Nenshi L. Shah
Chairman & Managing Director

Place: Mumbai
Date: August 14, 2014

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

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 or members 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 person or member.
2. Corporate Members are requested to send duly certified copy of the Board Resolution passed pursuant to Section 113 of the Companies Act, 2013, authorizing their representative to attend and vote at the Annual General Meeting (including through evoting).
3. 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.
4. Brief resume of Directors proposed to be appointed / re-appointed at the ensuing Annual General Meeting in terms of Clause 49 of the Listing Agreement is annexed to the Notice.
5. The Register of Directors' Shareholding maintained under Section 170 and the Register of Contracts or Arrangement in which Directors are interested under Section 189 of the Companies Act, 2013 are open for inspection at the Registered Office of the Company during the office hours on all working days, between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting and will be open for inspection during the Annual General Meeting also.
6. Register of Members and Share Transfer Books of the Company will remain close from Wednesday, September 24, 2014 to Tuesday, September 30, 2014 (both days inclusive).
7. Pursuant to Section 72 of the Companies Act, 2013 read with Rule 19(1) of the Rules made thereunder, permits Nomination by the members of the Company in the prescribed Form SH-13. Members are requested to avail this facility.
8. Members/Proxy holders are requested to bring their attendance slip duly signed and copy of the Annual Report to attend the meeting.
9. Members are requested to send to the Company their queries, if any, on accounts and operations of the Company at least 10 days before the Meeting to enable the Company to provide the required information.
10. Members holding shares in physical form are requested to notify immediately any change in their address or bank mandates to the Company / Registrar & Share Transfer Agent (RTA) quoting their Folio Number and Bank Account Details alongwith self-attested document proofs. Members holding shares in the electronic form may update such details with their respective Depository Participants.
11. Members are requested to quote their Ledger Folio Number / DP ID / Client ID in all their future correspondence with the Company.
12. Members holding shares in identical order of names in one or more than one folio are requested to write to the

Company / RTA enclosing their Share Certificates to enable the Company to consolidate their holdings in one folio to facilitate better services.

13. Members are requested to bring their original photo ID (like PAN Card, Aadhar Card, Voting Card, etc, having photo identity) while attending the meeting.
14. 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 Registrar & Share Transfer Agent of the Company – M/s. Link Intime India Private Limited.
15. Non-Resident Indian Members are requested to inform immediately of any change in their residential status on return to India for permanent settlement, particulars of their bank account maintained in India with complete name, branch, account type, account no. and address of the Bank with PIN Code No, if not furnished earlier.
16. To comply with the provision of Section 88 of the Companies Act, 2013 read with Rule 3 of the Companies (Management and Administration) Rule 2014, the Company is required to update its database by incorporating some additional details of the members in its records.

You are thus requested to kindly submit your 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 returning the same by post.

The e-mail ID provided shall be updated subject to successful verification of your signatures as per record available with the RTA of the Company.

17. The Notice of the 12th Annual General Meeting and instructions for e-voting, along with the Attendance slip, Assent/ Dissent Form and Proxy Form, are being sent by courier.

18. Voting through electronic means:

Pursuant to provisions of Section 108 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014 and Clause 35B of the Listing Agreement, the Company is pleased to offer e-voting facility to the members to cast their votes electronically on all resolutions set forth in the Notice convening the 12th Annual General Meeting to be held on Tuesday, September 30, 2014 at 10.00 a.m. The Company has engaged the services of Central Depository Services Limited (CDSL) to provide the e-voting facility. It is hereby clarified that it is not mandatory for a member to vote using the e-voting facility, and a member may avail of the facility at his/her/its discretion, subject to compliance with the instructions prescribed below:

The e-voting facility is available at the link www.evotingindia.com

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

- Open your web browser during the voting period and log on to the e-voting website www.evotingindia.com
- Click on “Shareholders” to cast your votes.
 - Now Enter your 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.
- Next enter the Image Verification as displayed and Click on Login.
- If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- If you are a 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 first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field. • In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"> • Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the Members DP ID / Client ID / Folio Number in the Dividend Bank details field.

- After entering these details appropriately, click on “SUBMIT” tab.
- Members holding shares in physical form will then reach directly the Company selection screen. However,

members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for 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.

- For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- Click on the EVSN for **Euro Ceramics Limited** on which you choose to vote.
- 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 you assent to the Resolution and option NO implies that you dissent to the Resolution.
- Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page. If Demat account holder has forgotten the changed password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system. Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporate.
- They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
- After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

These details and instructions form an integral part of the Notice for the Annual General Meeting to be held on Tuesday, September 30, 2014.

(B) General:

- In case of any queries regarding e-voting you may refer to the 'user manual for shareholders to cast their votes' available at www.evotingindia.com under 'HELP'.
- If you are already registered with CDSL for e-voting then you can use your existing user ID and password for casting your vote.
- The e-voting period commences on Monday, September 22, 2014 (9.00 a.m.) and ends on Wednesday, September 24, 2014 (6.00 p.m.). 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 (record date) of August 22, 2014, may cast their votes electronically. Once the vote on a resolution is cast by the shareholder, he shall not be allowed to change it subsequently.
- The voting rights of the shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date of August 22, 2014.
- CS Manish L. Ghia, Partner, M/s. Manish Ghia & Associates, Practicing Company Secretaries, Mumbai has been appointed as Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- The Scrutinizer shall within a period of not exceeding three working days from the conclusion of the e-voting period unblock the votes in the presence of at least two witnesses not in employment of the Company and make a scrutinizer's report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- The Results shall be declared on or after the AGM of the Company. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website www.eurovitrified.com and on the website of CDSL within two (2) days of passing of the resolutions at the AGM of the Company and communicated to the Stock Exchange where the shares of the Company are listed.

**Details of Directors seeking appointment / re-appointment at the ensuing Annual General Meeting
(in pursuance of Clause 49(V)(G) of the Listing Agreement):**

Particulars	Mr. Pratik Shah	Mr. Karan Rajput	Mr. Amit Nandu	Mr. Mahendra Modi
Date of Birth	October 17, 1981	August 31, 1986	October 12, 1984	November 26, 1964
Nationality	Indian	Indian	Indian	Indian
Date of appointment on the Board	June 1, 2014	January 24, 2014	January 24, 2014	February 14, 2012
Designation	Whole-time Director	Independent Director	Independent Director	Independent Director
Qualifications	B.COM	B.COM	SSC	B.COM, CA
Expertise in functional area	Experience of more than 10 years in Marketing	Experience of more than 8 years in Accounts & Finance	Experience of more than 12 years in Manufacturing sector	Chartered Accountant
Number of shares held in the Company as on March 31, 2014	1,61,060	Nil	Nil	Nil
List of Directorships held in other Companies as on March 31, 2014	<ul style="list-style-type: none"> • Euro Merchandise (India) Limited • Euro Glass Private Limited • Subhnen Sanitaryware Private Limited • Indian council of ceramic tiles and sanitaryware 	Nil	Nil	Nil
Chairman/Member of the Committees of other Companies in which he is a Director as on March 31, 2014	Nil	Nil	Nil	Nil
Relationship with existing Directors of the company	Son-in-law of Mr. Nenshi L. Shah	Nil	Nil	Nil

STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**Item Nos. 4 & 5:**

Mr. Karan Rajput and Mr. Amit Nandu were appointed as Additional Directors of the Company w.e.f. January 24, 2014. Pursuant to the provisions of Section 161 of the Companies Act, 2013 Mr. Karan Rajput and Mr. Amit Nandu hold office as such upto the date of this Annual General Meeting. The Company has received notices in writing alongwith requisite deposit from a member under Section 160 of the Companies Act, 2013 proposing their candidature for the office of Directors.

In terms of provisions of Section 149 and 152 of the Companies Act, 2013 which become effective from April 1, 2014, an Independent Director of a Company can be appointed for a term of 5 consecutive years and shall not be liable to retire by rotation. Accordingly, it is proposed to appoint Mr. Karan Rajput and Mr. Amit Nandu as Independent Directors of the Company to hold office as such for a period upto March 31, 2019, who shall not be liable to retire by rotation.

Mr. Karan Rajput and Mr. Amit Nandu have given the requisite declarations pursuant to Section 149(7) of the Companies Act, 2013, to the effect that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

In the opinion of the Board, Mr. Karan Rajput and Mr. Amit Nandu, proposed to be appointed as Independent Directors fulfill the conditions specified in the Act and the rules made thereunder and are independent of the management.

Brief Resume of the Independent Directors proposed to be appointed as stipulated under the Clause 49 of Listing Agreement with BSE Limited and National Stock Exchange of India Limited are given in the annexure to the Notice.

The Board recommends the Ordinary Resolutions as set out at item Nos. 4 & 5 of the Notice for your approval.

Except, Mr. Karan Rajput and Mr. Amit Nandu, none of the Directors, Key Managerial Personal of your Company or relatives of Directors / Key Managerial Personnel are concerned or interested in the said resolutions.

Item No. 6:

Mr. Mahendra Modi was appointed as an Independent Director of the Company on February 14, 2012. His office is liable to retire by rotation at Annual General Meetings of the Company as per terms of his appointment.

In terms of provisions of Section 149 and 152 of the Companies Act, 2013, which become effective from April 1, 2014, an Independent Director of a Company can be appointed for a term of 5 consecutive years and shall not be liable to retire by rotation.

To comply with the above provisions, it is proposed to appoint Mr. Mahendra Modi as Independent Director of the Company to hold office as such for a period up to March 31, 2019 who shall not be liable to retire by rotation.

Mr. Mahendra Modi has given the requisite declarations pursuant to Section 149(7) of the Companies Act, 2013, to the effect that he

meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013. The Company has also received a notice in writing alongwith requisite deposit from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director.

In the opinion of the Board, Mr. Mahendra Modi, proposed to be appointed as Independent Director fulfills the conditions specified in the Act and the rules made thereunder and is independent of the management.

The Board recommends the Ordinary Resolution as set out at item No. 6 of the Notice for your approval.

Except, Mr. Mahendra Modi, none of the Directors, Key Managerial Personal of your Company or relatives of Directors / Key Managerial Personnel are concerned or interested in the said resolution.

Item Nos. 7 & 8:

Mr. Pratik Shah was appointed as an Additional Director of the Company w.e.f. June 1, 2014. He holds a Bachelors' degree in Commerce from University of Mumbai. He was working as a Vice President - Marketing of the Company since 2009 and has experience of more than 10 years in marketing field.

Pursuant to the provisions of Section 161 of the Companies Act, 2013, Mr. Pratik Shah holds office as such upto the date of this Annual General Meeting. The Company has received a notice alongwith the requisite deposit from a member under Section 160 of the Companies Act, 2013, proposing his candidature for the office of Director.

Mr. Pratik Shah is also appointed as a Whole-Time Director of the Company for a period of 3 (three) years w.e.f June 1, 2014. Mr. Pratik Shah satisfies the conditions as given under Section 196 (3) and Part I of Schedule V of the Companies Act, 2013 and is not disqualified from being appointed as a Director under Section 164 of the Act. He will not withdraw any remuneration from the Company.

Brief resume of Mr. Pratik Shah, Whole-Time Director, proposed to be appointed as stipulated under the Clause 49 of Listing Agreement with BSE Limited and National Stock Exchange of India Limited are given in the annexure to the Notice.

The Board recommends the Ordinary Resolutions as set out at item Nos. 7 & 8 of the Notice for your approval.

Except, Mr. Pratik Shah and Mr. Nenshi L. Shah, none of the Directors, Key Managerial Personal of your Company or relatives of Directors / Key Managerial Personnel are concerned or interested in the said resolutions.

Item Nos. 9 & 10:

In order to meet the future requirements of funds, which may arise on account of the plans/programs/business, the Company may require further loans/borrowings from time to time from financial institutions, banks and other entities. As per provisions of Section 180(1)(c) of the Companies Act, 2013, a company cannot take loan exceeding aggregate of its paid-up share capital and free reserves, apart from temporary loans obtained from the

company's bankers in the ordinary course of business, unless approved by its members by passing special resolution.

Further to secure such borrowings, the Company may be required to create charge/mortgage/hypothecation on all or any of its movable and immovable assets, both present and future as and when required from time to time. As per provision of Section 180(1)(a) of Companies Act, 2013 a company cannot sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the company or where the company owns more than one undertaking, of the whole or substantially the whole of any such undertakings, unless approved by its members by passing special resolution.

In terms of the provisions of Section 180(1)(c) & 180(1)(a) of the Companies Act, 2013, the Company needs to take approval of members of the Company for increasing the borrowing powers and authority to create charge / mortgage on the assets of the Company to secure the money(ies) borrowed from financial institutions, banks and others financial entities from time to time. Hence it is proposed to take your approval for a limit upto ₹ 1000 Crores.

Earlier, the members of the Company had passed ordinary resolution at the Annual General Meeting held on September 28, 2007 under Section 293(1)(a) and Section 293(1)(d) of the Companies Act, 1956, in this respect, which are valid upto September 11, 2014.

The Board recommends the Special Resolutions as set out at item nos. 9 & 10 of the Notice for your approval.

None of the Directors, Key Managerial Personnel of your Company or relatives of Directors/ Key Managerial Personnel are concerned or interested in the said resolutions.

Item No. 11:

The existing Articles of Association ("AoA") are based on the Companies Act, 1956 and several regulations in the existing AoA contain references to specific Sections of the Companies Act, 1956 and with the enforcement of the Companies Act, 2013, various provisions of the Companies Act, 1956 have become ineffective and

in view of the same the Article of Association of the Company need to be re-aligned as per the provisions of the new Act.

The Board of Directors at its meeting held on August 14, 2014 decided to incorporate / substitute / alter certain provisions as per the latest amendments of the Companies Act, 2013. As this would result in a number of changes in the existing Articles of Association of the Company, it was desirable to adopt new set of AoA in place of and in exclusion to the existing AoA of the Company.

In terms of Section 14 of the Companies Act, 2013, the consent of the Members by way of Special Resolution is required for adoption of new set of Articles of Association of the Company.

A copy of the proposed set of new AoA of the Company would be available for inspection at the Registered Office of the Company during the office hours on all working days, between 11.00 a.m. and 1.00 p.m. up to the date of the Annual General Meeting and during the Annual General Meeting.

The Board recommends the Special Resolution as set out in Item No. 11 of the Notice for your approval.

None of the Directors, Key Managerial Personnel of your Company or relatives of Directors/ Key Managerial Personnel are concerned or interested in the said resolution.

By Order of the Board of Directors

Place: Mumbai
Date: August 14, 2014

Nenshi L. Shah
Chairman & Managing Director

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

Management Discussion And Analysis

Economy Overview:

World economy was consolidating from the past slowdown and recovery was taking place in different areas at different rates, in 2013. Developing countries were disappointed with slower growth than anticipated. In contrast, recovery in high-income countries gained momentum and expected to grow in 2014 & 2015. High income economies contributed more than 40% in the global growth in 2013 and expected to contribute about half of the global growth in coming years.

India is emerged as the growing economy and recorded a GDP growth rate of 4.4% in 2013, although lower than 4.7 % recorded in 2012. However with stable New Government along with various fiscal and structural reforms, there is optimism about the positive GDP growth of India. With export competitiveness and infrastructural development, IMF estimating GDP growth of India, at 5.5 % in 2014.

Global Tiles Industry:

The Ceramic tiles are integral part of construction industry and demand in Ceramic Tiles is led by an increase in the construction activity globally. The Global Tiles market was valued at \$ 60735 Million in 2012, and expected to be double by 2019, with a CAGR of 9.2 % from 2013 to 2019. The world tile production crossed 11,000 Mn. Sq. Mtr. in 2012, whereby Asia continued to be largest contributor.

The highest tiles consumption continued to be dominated by China, followed by Brazil and India. All together consumes more than 50 % of the world's tiles production.

With the essence of time, tile industry has undergone with various innovative changes. Technology upgradation has changed the entire tiles industry. The latest trend of Digital printing has given a aesthetic look to tiles.

Indian Tiles Industry:

Indian ceramics industry has grown at 15% CAGR in last five years, with lots of product innovation and technology upgradation. The growth potential of ceramic tiles in India could be assessed from the fact that India stands at third position globally in the list of major ceramic tile manufacturers and consumers.

Indian Tiles market is assumed to be of more than ₹ 19,000 Crores. The Ceramic tile market in India has witnessed an unprecedented growth mainly due to boom in the real estate sector and an increase in the number of earning individuals and disposable income. The lifestyle of the consumers is improving and their aesthetic sense has also increased, resulting in higher demand for high end ceramic tiles. Gujarat is the hub in Indian Tile Industry, and all the major ceramics players have either manufacturing facility or base in Gujarat.

With the increasing construction activities, demand from institutional customers and change in consumer's preference and lifestyle spending, the tiles market in the country is set to flourish and expected to grow at compounded annual growth rate of 18% or more for next five years.

Sanitaryware – Global Market:

Global Sanitaryware market is set to grow due to increased demand in housing sector, increasing sanitation levels in developing countries, increase in lifestyle and level of standard of living. Ceramic sanitary ware market will grow from estimated \$22.17 billion in 2011 to \$33 billion by 2016, with a CAGR of 8.29% during the same period.

Currently, Asia leads global ceramic sanitaryware market, and is expected to continue to lead, with share of more than 40 %, followed by Europe (approx 20%) and South America (approx 17%) in terms of production by the year 2016.

Sanitaryware – Indian Market;

India has emerged as the major bath and sanitaryware market in Asia specific region. The sanitaryware market in India has grown rapidly during the last few years as many new international players have entered in Indian market as well many existing players have increased their production capacity.

In thrust to grab bigger market share and to provide a complete bathroom solution, many Indian tiles major, have forayed into this business, making market more competitive.

Increase in housing sector demand, urbanization and government initiatives for sanitation in rural India are the demand drivers for the sector. Increasing purchasing power and lifestyle spending has also created demand for upper end products in India.

Global Marble Industry:

Globally China, Italy, Germany, Turkey, & India, are the major producer and exporter of Marble. UAE, China, Germany, Korea & Japan are major importer of the Marble. Italy is best known for its natural marble and preferred choice of many Architects due to its aesthetic look.

Artificial Marble is mainly produced in China and Italy, and having bigger share in the world's export. The awareness about the product has created more market for the product.

Indian Marble Industry:

In India natural marble is mainly available in Rajasthan, Gujarat, Karnataka, Andhara Pradesh and Tamilnadu. India is importer as well as exporter of the Marble. "Makrana" is one of the Indian marble, best known to the world and having good demand in the Middle East and other countries.

Indian Government has special policy for import of Marble, and restricts its free import in anticipation to save Indian marble Industry. Marble cannot be imported without special license to import, which is allotted based on the past performance and other criteria.

Artificial Marbles are grabbing the Indian market rapidly, due to its various advantages over natural marbles, like beautiful look, price competitiveness, eco friendliness, organized and steady supplies and availability of homogeneous design unlike natural marble.

Growth Drivers:

There are wide opportunities for Ceramics, Sanitaryware & Marble Industry in India considering various positive factors and optimistic outlook. The major growth drivers for the industry are:

Real Estate Sector: Real estate sector in India plays a crucial role in the development of the country's overall economic growth and infrastructure base. Ceramic products has direct link with real estate sector as one of the major component of the industry. The housing construction has shown a healthy CAGR of around 48% year on year and expected to keep the same momentum going ahead.

Hospitality Segment: Even though Indian hospitality industry is undergone some challenging time in short run, the overall outlook of the sector is positive due to strong fundamental of the industry. There is a increase in the investment in the sector and witness a healthy FDI inflows. Many new hotels are going to be opened in the coming years, both in high end segment and mid segment. This will directly create the demand for ceramics products.

Retail Segment: Indian retail market has a great development potential considering the large population of the country. Government's initiative of easing out the norms for FDI in multi brand retail has attracted many global retailers and created infrastructure investment.

Increase in disposable income and lifestyle spending: There has been considerable increase in disposable income per person in India. Further the preferences of the consumers are also changing and swift to high end products creates more demand for the value added products within in the ceramics industry and creating growth in replacement market.

Export Potential: With the change in Chinese economy and increased cost of manufacture, Indian tiles and sanitaryware became price competitive in the global market. Further with impose of anti dumping duty on the Chinese Tiles by many countries, Indian manufactures has better prospect for export. Also fall in rupee has given added advantage for export making better realization.

Urbanization and increase sanitation: Increasing urbanization and sanitation will create more demand for the tiles and sanitaryware in the coming years. Urbanization is increasing year on year. The awareness for the basic sanitation is also increasing with the Government initiatives.

SWOT Analysis**Strengths:**

- State of the Art Plants, located ideally in the upcoming state of Gujarat.
- Availability of Skilled Human Resources
- Multi product Company offering complete tiling and bathroom solutions.
- Quality product and established brand.

Weakness

- Working capital shortage and severe liquidity crunch.
- Increasing uncontrollable fuel cost.
- Low Capacity utilization affecting the cost.

Opportunities

- Increasing Urbanization and development of cities.
- Increasing awareness of Artificial Marble and its usage.
- Increasing basic sanitation in rural India with the Government's Initiatives.
- Export Opportunities
- Change in spending pattern of consumers with the increase in disposable income

Threats

- Changing Technology
- Growing Brand Equity of Competitor
- Increasing entry of MNC's in the sector.
- Domestic players are becoming multi product Company

Conclusion and Future Outlook:

The Company has managed its operation with limited working capital and stretched cash flows. The main objective of the Company is to run the plant with each possible way and utilize each and every available resource, which will not only maintain the value of the plant but also the value of the brand equity of the Company. The Company is known for its quality products and one of the preferred OEM for many established players. This has helped Company in increasing its capacity and reduction in cost, in sanitaryware.

There is good demand for the Company's Artificial Marble in the market, due to its quality. However due to limited working capital, Company could not complete the demand.

There is huge potential in the Industry due to huge demand from real estate and infrastructure sector. Also the anti dumping duty imposed on Chinese products, increasing cost of production in China & falling Rupee has created more opportunity for export of the Indian Tiles and Sanitaryware Industry.

Considering the immense opportunities in the market, Company will achieve its goals and target in the coming years and surpass all the hurdles with its experience and support of all associates.

Financial Statement Analysis:**Key Financial Information**

The overall operations of the Company continued to remain in stress due to liquidity mismatch and working capital shortages.

The Company has not done any business in Realty division. The Wall tiles and Aluminum Sections, plants were not operational during the year. Company's vitrified tiles plant was also not ran for major part of the year due to working capital shortage inspite the demand for the Company's tiles in the market.

Revenue

Turnover during the financial year 2013-14 was ₹ 7,662.85 Lacs

as against ₹ 8,860.99 Lacs during the previous year, recorded decrease by ₹ 1,198.14 Lacs, mainly due to non operation of vitrified tiles during the year.

Revenues are mainly contributed by Mable and Sanitaryware Division, as both together accounted more than 73% of the total net sales.

The Company's Major sales is from domestic market in financial year 2013-14 i.e. almost 96%, as company did not produced tiles which has good demand in foreign countries.

Other Income is increased by ₹ 625.14 Lacs from ₹ 51.81 Lacs in FY 12-13 to ₹ 676.95 Lacs in FY 13-14, due to receipt of the surrender value of key man policy amounting ₹ 596.41 Lacs. However it has not given any positive impact on the cash flows as the proceeds were adjusted in the loan outstanding with LIC, borrowed against the said key man policy.

Expenditure:

The total expenditure was at ₹ 8,713.83 Lacs in financial year 2013-14 as against ₹ 11,642.21 Lacs in the previous year which has reduced by ₹ 2,928.38 Lacs.

Total expenditure mainly consists of Raw Material, Staff Cost, Power and Fuel Cost, Manufacturing overheads and Admin and Selling Cost.

Staff Cost is reduced from ₹ 1,668.67 Lacs in financial year 2012-13 to ₹ 881.78 Lacs in financial year 2013-14, mainly due to reduction in the number of manpower, as tiles plant was not running for major part of the year.

Power and Fuel cost was also reduced in absolute number from ₹ 3,010.78 Lacs in financial year 2012-13 to ₹ 1,252.78 Lacs in financial year 2013-14, as the major consumption of the power and fuel is in tiles plant and the same was shut down for major part of the year. However the cost of power per unit was high during the year, as the Company was forced to purchase power from grid and not from its captive power plant, due to inadequate power load.

The Company has reduced many other cost like fixed overhead, admin cost, selling and distribution cost etc. as the cost control measure and also in commensurate with the running plant operations.

Operational Margins:

Operational loss at EBDITA level for the financial year 2013-14 was ₹ 374.03 Lacs as against ₹ 2,729.41 Lacs in the financial year 2012-13, lower by ₹ 2,355.38 Lacs, as the Company was able to control its cash losses to some extent, as reduced many fixed cost like manpower, admin, selling and distribution cost etc. in line with its operations.

Finance Cost:

The Company's finance cost for the financial year 2013-14 was ₹ 164.35 Lacs, mainly consist of loss on foreign exchange fluctuations, interest on some of the borrowings, interest on late payment of statutory dues etc.

The finance cost in absolute number for the financial year 2013-

14, is lower against financial year 2012-13, as the Company has not provided for interest amounting to ₹ 6,426.05 Lacs for financial year 2013-14, due on various financing facilities borrowed from Banks, on the basis of registration filed u/s. 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985, before the Hon'ble Board for Industrial & Financial Reconstruction (BIFR), and the hearings for which are in process for determination of sickness.

Depreciation:

The Company is consistently following Straight Line Method for providing depreciation on the entire fixed asset. There is marginal reduction in depreciation cost, as the depreciation cost was ₹ 2,961.61 Lacs in financial year 2013-14 as against ₹ 2,981.20 Lacs in the previous year.

Sources of Funds:

Share Capital:

The share capital of the Company was increased to ₹ 3,373.77 Lacs as on March 31, 2014 as against ₹ 2,857.80 Lacs as on March 31, 2013, as the Company has issued 51,59,705 equity shares to the lenders against the conversion of even number of Compulsorily Convertible Debentures.

Reserves and Surplus:

The Reserves and Surplus decreased by ₹ 2,754.19 Lacs as on March 31, 2014. Decrease was net of losses incurred during the year amounting to ₹ 3,498.22 Lacs and share premium received upon issue of equity shares amounting to ₹ 744.02 Lacs.

Long Term Borrowings:

The long term borrowings is reduced in absolute number by ₹ 33,914.85 Lacs as on March 31, 2014 mainly on account of reclassification of the long term secured loans of ₹ 35,297.71 Lacs in Current Liabilities, under the head Current maturities of long term borrowings, as the Company has received a recall notices from the secured lenders.

Deferred Tax Liability:

Due to losses there has been no change in the deferred tax liability of ₹ 1,523.92 Lacs as on March 31, 2014.

Application of Funds:

Fixed Assets:

The Gross Block of fixed assets increased by ₹ 435.54 Lacs as on March 31, 2014 from ₹ 58,890.65 Lacs as on March 31, 2013 to ₹ 59,326.20 Lacs on March 31, 2014., mainly on account of capitalization of expenditure incurred earlier and classified under Capital Work In Progress.

Investment:

There is no change in the amount of Investment as on March 31, 2014 amounting to ₹ 277.61 Lacs.

Current Assets & Current Liabilities:

Current Assets of the Company as on March 31, 2014 was

₹ 13,173.09 Lacs reduced by ₹839.52 Lacs, mainly on account of liquidation of inventory and realization from trade receivables.

Current Liabilities of the Company as on March 31, 2014 was ₹ 53,692.55 Lacs as against ₹ 22,082.92 Lacs as on March 31, 2013, showing increase of ₹31,609.62 Lacs due to reclassification of Long term borrowings to current maturities of debts.

Risk Management:

Identification of Risk and its mitigation is the continuous process. The Company regularly assess the risk involved in the business and tried to mitigate with the available resources. The Company has identified some of the risk with possible measures as under:

1. Competition Risk:

Increased competition in the sector from various established players and new entrants may affect the Company's revenue.

Mitigation

Supply of Quality products with timely delivery, and maintaining the relationship with the customers, will keep the Company ahead from Competition.

2. Loss of Brand recall:

Low spending on the brand promotion and negative marketing by competitors may affect brand image of the Company.

Mitigation

The Company has created strong brand in the segment and known for its quality. With ease in future cash flows, the Company may increase the Brand spend and can increase the visibility of brand in near future.

3. Technology Change:

Changing technology, especially in Tiles segment may affect the revenues of the Company.

Mitigation

The Company's Sanitaryware plant and Marble plant is of latest technology only. However even though the tiles plant needs to be upgraded with minimal critical capex, the Company can produce best tiles from the existing plant with its limited resources which has the demand in the market. The Tiles Industry in India is very huge in number and there is customer for every class of tiles.

Human Resource:

The Company continues to maintain cordial and healthy relationship with the human resources. The Company keeps safety and health programs for manpower. It continues to motivate the manpower and provides training in the desired areas.

Internal Control:

The Company has adequate internal control system and internal audit, commensurate with the size of the business. All the transactions are recorded in proper manner duly authorized and verified by the concern authorities and reported accordingly.

Internal audit and statutory audit are part of internal control system and done by independent auditors and audit committee regularly reviews the same.

Cautionary Statement:

The statement in the Management Discussion and Analysis Report cannot be construed as holding out any forecasts, projections, expectations, invitations, offers, etc. within the meaning of applicable securities, laws and regulations. This Report basically seeks to furnish information, as laid down within the different headings to meet the Listing Agreement requirements.

DIRECTOR'S REPORT

To
The Members,
Euro Ceramics Limited

Your Directors hereby present the 12th Annual Report together with the Financial Statements of the Company for the financial year ended March 31, 2014

FINANCIAL RESULTS:

(₹ in Lacs)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Income:		
Revenue from operations	7,662.85	8,860.99
Other Income	676.95	51.81
Total Income	8,339.80	8,912.80
Less: Total Expenditure	8,713.83	11,642.21
Earnings Before Interest, Depreciation and Tax	(374.03)	(2,729.41)
Less : Interest and other finance expenses	164.35	4,989.38
Less: Depreciation	2,961.60	2,981.20
Profit/(Loss) Before Tax	(3,499.98)	(10,699.99)
Less: Provision for Tax	(1.76)	-
Net Profit/(Loss) After Tax	(3,498.22)	(10,699.99)
Add: Balance Brought forward from the previous year	(15,408.77)	(4,708.78)
Balance Carried forward to Balance Sheet	(18,906.99)	(15,408.77)

FINANCIAL REVIEW:

The Company's performance for the year was under stress due to liquidity crunch and the working capital shortages. The total turnover for the year declined from ₹ 8,860.99 Lacs in FY 2012-13 to ₹ 7,662.85 Lacs in FY 2013-14. Severe liquidity crunch along with the pressure from secured and unsecured creditors, has affected the performance of the Company.

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

OPERATIONAL REVIEW:**a. Tiles Division:**

Vitrified Tiles: This division of the Company was not operational for major part of the year, due to working capital shortages and liquidity mismatch, inspite of the demand in the market.

Wall Tiles: This division of the Company continued to be non operational for the entire year due to working capital shortage.

Calcareous Tiles (Agglomerated Marble): This division has contributed majority of the revenue during the year under review. The total revenue for the year, net of taxes was ₹ 3,939.72 Lacs as against ₹ 1,136.47 Lacs during previous year.

b. Aluminum Extruded Sections:

This division of the Company continued to be non operational for the entire year due to working capital shortage.

c. Sanitaryware Divisions:

The Company' sanitaryware division has shown a marginal improvement during the year, as the turnover was increased to ₹ 1,665.48 Lacs in FY 2013-14, from ₹ 1,429.10 Lacs in FY 2012-13. The Company's sanitaryware are best in quality. The Company maintains the standard in the quality, which has made it preferable OEM for many leading players. The Capacity utilization of the division was around 20%, showing slightly improvement over last year of 16%.

d. Realty Divisions:

The Company has not done any business transaction in the realty division during the year, due to liquidity crisis.

DIVIDEND:

In view of losses during the year under review, your Directors do not recommend any dividend for the financial year 2013-14.

REFERENCE TO BIFR:

In the financial year 2013-2014, the Company on the basis of the audited accounts for the financial year ended as on March 31, 2013, and being mandatory, filed the reference U/s 15(1) of Sick Industrial Companies (Special Provisions) Act, 1985 before the Hon'ble Board for Industrial & Financial Reconstruction (BIFR). The above reference has duly been registered by the Registrar of Hon'ble BIFR and hearings of which are in the process for determination of sickness.

CAPITAL STRUCTURE:

During the year under review, the Company has issued and allotted 51,59,705 Equity Shares of ₹ 10/- each at a price of ₹ 24.42/- per share (including premium of ₹ 14.42/- per share) upon conversion of even number of Compulsorily Convertible Debentures which were issued as per the terms of Letter of Approval (LOA) issued by Corporate Debt Restructuring (CDR) cell, dated October 29, 2011, on preferential basis upon completion of its tenure.

Post allotment of Equity Shares as detailed above, the paid up share capital of the Company is increased to ₹ 33,73,77,170/- divided into 3,37,37,717 Equity Shares of ₹ 10/- each.

DIRECTORS:

In accordance with the provisions of Section 152 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and the Articles of Association of the Company, Mr. Nenshi L. Shah, Managing Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible offered himself for re-appointment.

Mr. Karan Rajput and Mr. Amit Nandu were appointed as Additional Directors of the Company with effect from January 24, 2014 and they hold office upto the date of the ensuing Annual General Meeting. The Company has received Notice under Section 160 of the Companies Act, 2013, along with requisite deposit, from a member proposing their candidature for the office of Directors (Independent) of the Company.

In terms of the provisions of Section 149 and 152 of the Companies Act, 2013 read with Companies (Management & Administration) Rules, 2014, which become effective from April 1, 2014, an Independent Director of a Company can be appointed for a term of 5 consecutive years and shall not be liable to retire by rotation. To comply with the above provisions, it is proposed to appoint Mr. Mahendra Modi, Mr. Karan Rajput and Mr. Amit

Nandu as Independent Directors of the Company to hold office as such up to March 31, 2019, who shall not be liable to retire by rotation.

The Company has received declarations from all Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement entered with the Stock Exchanges. Your Board recommends for their appointment as Independent Directors of the Company in terms of the provisions of the Companies Act, 2013.

Mr. Talakshi Nandu and Mr. Kumar P. Shah, Whole-time Directors and Mr. Amit G. Shah, Independent Director of the Company resigned from the Directorship of the Company w.e.f. April 25, 2013. Thereafter, Mr. Anil Mandevia and Mr. Ajit Nalwaya, Independent Directors of the Company resigned from the Directorship of the Company w.e.f. January 24, 2014 and Mr. Pares K. Shah, Whole-time Director of the Company resigned from the Directorship of the Company w.e.f. March 28, 2014. The Board place on record its sincere appreciation for their valuable contribution made during their tenure as Directors of the Company.

Brief resume of the Directors proposed to be appointed/re-appointed as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges are given in the Notice convening the 12th Annual General Meeting.

AUDITORS:

M/s. Deepak Maru & Co., Chartered Accountants, Mumbai (FRN: 115678W), the Statutory Auditors of your Company, hold office upto the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received a letter from them regarding their willingness to act as Statutory Auditors of the Company. The Company has also received a certificate from them to the effect that their re-appointment, if made, would be compliance with the conditions as prescribed under Section 139 of the Companies Act, 2013 and they satisfy the criteria as provided under Section 141 of the Act.

Your Directors recommend the re-appointment of M/s. Deepak Maru & Co., Chartered Accountants, Mumbai as the Statutory Auditors of the Company to hold office from the conclusion of the ensuing Annual General Meeting until the conclusion of next Annual General Meeting of and to audit financial statements for the financial year 2014-15.

AUDITORS' REPORT:

With regards to the observations from the Statutory Auditors in their report (on standalone financials), your directors would like to state that:

- I. **The financial statement have been prepared on a "going concern" basis, inspite the fact that the Company's financial facilities/arrangements have expired and the same are overdue for repayment and the networth of the Company fully eroded.**

Your directors would like to state that considering the growth opportunities available in the ceramic industry and with the appropriate management of working capital, the Company can revive its operations to appropriate capacity and can generate revenue. The Company can derive a comprehensive package under BIFR for the secured and unsecured lenders with potential future earning plans, for resolution of its debts. With the changing economic scenario the management is optimistic about the revival the Company and hence has prepared the financial statements on a going concern basis.

- II. **The Company has not provided for interest on financing facilities amounting to ₹ 6,426.05 Lacs for the year ending March 31, 2014. Had the same been provided, the loss for the year ended March 31, 2014, would have increased by ₹ 6,426.05 Lacs. The corresponding liabilities would also have increased by ₹ 6,426.05 Lacs as at March 31, 2014.**

The Company on the basis of registration filed u/s. 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985, before the Hon'ble Board for Industrial & Financial Reconstruction, and the hearings for which are in process for determination of sickness; has not provided for interest on financing facilities amounting to ₹ 6,426.05 lacs for the year ending March 31, 2014.

- III. **The Company has not provided for impairment or diminishing value of its assets/investment as per 'Accounting Standard 28 – Accounting for Impairment of Assets' as notified under the Companies (Accounting Standards) Rules, 2006 read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of 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.**

The 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.

- IV. **No provision for depletion in the value of the investment and loans and advances made/given by the Company to its wholly owned subsidiary company M/s. Euro Merchandise (India) Ltd.**

Your directors would like to state that the said investment is strategic and long term in nature. The management is hopeful of turning around of business of the subsidiary company and recovery of the loans and advances given to the subsidiary. Hence in the opinion of the management, no provision is necessary for the depletion in the value of the investment.

- V. **All the directors are disqualified as on March 31, 2014 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Act.**

Your directors would like to state that disqualification was on account of the default in repayment of deposit and interest there on due to liquidity crisis in the Company.

- VI. **The Company has accumulated losses at the end of the financial year and incurred cash loss during the year and the Company has defaulted in repayment of loans and interest to the banks.**

Your directors would like to state that the Company had working capital shortages during the year and was

unable to run all the plants. Further the plants which were operational during the year were also run at lower capacity due to liquidity crunch, despite of the demand of the products in the market. The increasing cost and unabsorbed fixed costs resulted in the cash losses during the year and in the course of time there were defaults in the repayment of the loans and interest to the Banks. However with the changing economic scenario, the growing ceramic industry and increasing foreign investments in India, the management is hopeful of arriving at a comprehensive business restructuring along with the debt realignment proposal with the lenders under BIFR.

CONSOLIDATED FINANCIAL STATEMENTS:

The Ministry of Corporate Affairs (MCA) vide General Circular No.2/2011 No. 51/12/2007-CL-III dated February 8, 2011 read with General Circular No. 3/2011 and No. 5/12/2007-CL-III dated February 21, 2011 has granted a general exemption from attaching the Balance Sheet of subsidiary companies with holding Company's Balance Sheet, if the holding Company presents in its Annual Report the Consolidated Financial Statements duly audited by its Statutory Auditors. The Company is publishing Consolidated Financial Statements in the Annual Report and accordingly, is not attaching the Balance Sheets of its wholly owned subsidiary companies viz. Euro Merchandise (India) Limited (EMIL) and *Subhnen Sanitaryware Private Limited, with its Balance Sheet. Further, as required under the said circular, a statement of financial information of the subsidiary companies is given in 'Annexure – II' attached to this Report.

* Subhnen Sanitaryware Pvt. Ltd., wholly-owned subsidiary of the Company is under the process of striking off.

The Annual Accounts of the subsidiary companies will be available on the Company's website www.eurovitrified.com and shall also be made available to the shareholders of the Company on request and will also be kept open for inspection at the Registered Office of the Company and of the subsidiary companies during the office hours on all working days and during the Annual General Meeting.

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

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956, the Directors confirm to the best of their knowledge and belief that:

1. In the preparation of the annual accounts, the applicable accounting standards have been followed along with the proper explanations relating to material departures;
2. They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as March 31, 2014 and losses of the Company for the year ended on that date;
3. They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. They have prepared the annual accounts on a 'Going Concern' basis.

CORPORATE GOVERNANCE:

The Report on Corporate Governance along with the Auditors' Certificate regarding Compliance of the conditions of Corporate Governance and also a Management Discussion and Analysis Report pursuant to Clause 49 of the Listing Agreement have been made a part of the Annual Report and are annexed to this report.

PUBLIC DEPOSITS:

The Company has neither accepted nor renewed any deposit from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules, 1975 during the year ended March 31, 2014.

PARTICULARS OF EMPLOYEES:

No employee was in receipt of remuneration exceeding the limits as prescribed under the provisions of Section 217(2A) of the Companies Act 1956 read with Companies (Particulars of Employee) Rules 1975 as amended, hence no such particulars are furnished.

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

The particulars required under Section 217(1)(e) of the Companies Act, 1956 regarding Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo for the year under review are given in Annexure – I attached to this Report.

PERSONNEL:

Your Company maintained cordial relations with the employees during the year under review. The Company continued its endeavour to grow the learning curve through regular training programmes for its team members enabling them to attain higher productivity and superior quality.

APPRECIATION:

Your Directors acknowledges with gratitude and wish to place on record, their deep appreciation of continued support and co-operation received by the Company from the various Government authorities, Shareholders, Bankers, 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

Place: Mumbai
Date: August 14, 2014

Nenshi L. Shah
Chairman & Managing Director

Annexure 'I' to Directors' Report

The particulars required under Section 217(1)(e) of the Companies Act, 1956 regarding Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo for the year under review are as under:

A. Conservation of Energy: -

The Company monitors all the segments for conservation of energy in each possible way. During the year under review some of the measures taken to conserve energy.

1. Some of the additional conservative measures taken by the Company for optimum utilization of energy and saving the energy cost includes:
 - i. Use of lower voltage tube lights in the casting and other non operational areas.
 - ii. Use of variable frequency drives in various places.
 - iii. Increased awareness about the quality resulting in the lesser first fire rejection in sanitaryware division.
2. The above measures helped Company in controlling the increasing fuel costs to some extent.

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

B. Technology Absorption:

Information is given in the prescribed Form B annexed herewith.

C. Foreign Exchange Earnings and Outgo

The information on foreign exchange earnings and outgo is contained in Notes No.25, 26 & 27, forming part of the Financial Statement.

Form A

(See Rule 2)

Form for disclosure of particulars with respect to Conservation of Energy

a. Power & Fuel Consumption:

1. Electricity :

	Current Year	Previous Year
i) Purchased		
Units (KWH)	5,697,286	8,663,692
Total Amount (₹) *	44,869,814	66,557,779
Cost / Unit (₹)	7.88	7.68
ii) Own Generation		
(a) Through Liquid Fuel Generator		
Units (KWH)	18,104	26,065
Units (KWH)/ Ltr. of LDO/HSD/ Furnace Oil	3.23	3.45
Cost / Unit (₹)	17.58	11.07
(b) Through Steam Turbine/Generator		
Units (KWH)	-	8,712,420
Units (KWH)/ Tonne of Fuel (Lignite)	-	660
Cost / Unit (₹)	-	6.68

*Includes minimum demand charges paid to grid.

2. Propane / LPG/ Natural Gas :

	Current Year	Previous Year
Quantity (In SCM)	1,788,579	5,053,380
Total Amount (₹)	69,136,097	155,926,147
Average Rate (₹/SCM)	38.65	30.86

3. Coal / Lignite:

	Current Year	Previous Year
Quantity (MT)	1,454.87	4,676.81
Total Amount (₹)	5,368,228	25,778,517
Average Rate (₹/ MT)	3,690	5,512

b. Consumption per unit of Production :

	Current Year	Previous Year
i) Electricity Units /MT Tiles	329.90	409.58
ii) Electricity Units / MT of Sanitaryware	679.74	701.08
iii) Propane/LPG/Natural Gas SCM/MT Vitrified Tiles	81.92	100.22
iv) Propane/LPG/Natural Gas SCM/MT Sanitaryware	540.07	628.87
v) Coal MT / MT Tiles	0.11	0.14

Form B

(See Rule 2)

Form for disclosure of particulars with respect to Technology Absorption

Research & Development and Technology Absorption

The Company has well equipped laboratory and do all the testing and research on the raw materials procured & used and maintains the quality standards in the final product produced. Also monitors the process and product on regular basis for the improvement.

During the year Company has made research and development in the following areas, which has resulted in quality improvement, recovery ratio, reduction in cost and enhancement in product portfolio:

Specific areas of R & D :

- Developed resin component inhouse for better quality of finished product.
- Use of low thickness blades for more output of finished products.
- Change in raw material composition based on inhouse research resulting in quality improvement and cost effective production, in sanitaryware and calcareous tiles plant.

Total Expenditure on Research and Development :

(₹ in Lacs)

		Current Year	Previous Year
I	Capital Expenditure	-	1.05
II	Recurring Expenditure	1.05	2.32
III	Total	1.05	3.37
IV	Total R & D Expenditure as percentage to total turnover	0.01%	0.04%

Future plan of action are as under:

1. Upgrade the product portfolio with latest design based on the customer demand.
2. Upgrade the process for more fire recovery in sanitaryware division.

Annexure – 'II' to Directors' Report

Information relating to Subsidiary Companies For the year ended March 31, 2014

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

(₹ in Lacs)

Name of Subsidiary Company	Euro Merchandise (India) Limited	Subhnen Sanitaryware Private Limited
Capital	19.00	1.00
Reserves	(1841.86)	(1.00)
Total Assets	1237.19	Nil
Total Liabilities	1237.19	Nil
Investments made by Subsidiary	Nil	Nil
Revenues (Turnover & other Income)	210.05	Nil
Profit before Taxation	(56.62)	(1.00)
Provisions for Taxation	Nil	Nil
Profit After Tax	(56.62)	(1.00)
Proposed Dividend	Nil	Nil

Report on Corporate Governance

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

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

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

2. BOARD OF DIRECTORS:

a) Composition:

The Board of Directors provides strategic direction and thrust to the operations of the Company. As on March 31, 2014 the Board of Directors of the Company has an optimum combination of Executive and Non-Executive/Independent Directors. As on March 31, 2014, the Board of Directors comprises of total four Directors out

of which three are Independent Directors. The Chairman of the Board is Executive Director. The composition of the Board of Directors is in conformity with Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

b) Board Procedure

Dates for the Board meetings are decided well in advance and communicated to the Directors. Board meetings are generally held at the registered office of the Company. Additional meetings of the Board are held when deemed necessary by the Board.

The agenda is prepared in consultation with the Chairman of the Board and the Chairman of the other Committees. The agenda for the meetings of the Board and its Committees, together with the appropriate supporting documents, is circulated well in advance of the meeting.

Matter discussed at Board Meeting generally relate to Company's performance, quarterly results, 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, compliance of any regulatory, statutory or listing requirements, etc.

c) Attendance at Board meetings:

During the year under review, the Board of Directors met Eight (8) times viz. April 26, 2013, May 30, 2013, August 13, 2013, August 22, 2013, September 27, 2013, November 11, 2013, February 6, 2014 and February 14, 2014 and as required, the gap between two Board meetings did not exceed four months.

The Composition of the Board and particulars of attendance of the Directors at the Board Meetings during the financial year 2013-14 are given below:

Name	Nature of Directorship	No. of Board meetings held	No. of Board meetings attended	No. of other Directorship in Public Companies#	Membership / Chairmanship of Committees in other Companies		Whether attended the last AGM
					Member	Chairman	
Mr. Nenshi L. Shah	Chairman & Managing Director	8	8	-	-	-	Yes
*Mr. Talakshi L. Nandu	Whole-time Director	1	0	N.A.	-	-	N.A.
*Mr. Kumar P. Shah	Whole-time Director	1	0	N.A.	-	-	N.A.
**Mr. Paresh K. Shah	Whole-time Director	8	8	-	-	-	Yes
**Mr. Anil M. Mandevia	Independent Director	6	5	-	-	-	Yes
*Mr. Amit G. Shah	Independent Director	-	N.A.	N.A.	-	-	N.A.
Mr. Mahendra V. Modi	Independent Director	8	8	-	-	-	Yes
**Mr. Ajit B. Nalwaya	Independent Director	6	3	-	-	-	Yes
***Mr. Karan Rajput	Independent Director	2	1	-	-	-	N.A.
***Mr. Amit Nandu	Independent Director	2	1	-	-	-	N.A.

*Mr. Talakshi L. Nandu, Mr. Kumar P. Shah, Whole-time Directors & Mr. Amit G. Shah, Independent Director of the Company had resigned from the Directorship of the Company w.e.f. April 25, 2013.

** Mr. Anil Mandevia and Mr. Ajit Nalwaya, Independent Directors of the Company had resigned from the Directorship of the Company w.e.f. January 24, 2014. Mr. Paresh K. Shah, Whole-time Director of the Company has resigned w.e.f. March 28, 2014.

*** Mr. Amit Nandu and Mr. Karan Rajput were appointed as Independent Directors of the Company w.e.f. January 24, 2014.

Membership/Chairmanships of only the Audit Committee and Shareholders'/Investors' Grievance Committee of all other Public Limited Companies has been considered.

3. COMMITTEES OF THE BOARD

The Board Committees focus 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, 1956 and the Listing Agreement. Presently, the Board has the following three Committees:

- a) Audit Committee
- b) Shareholders' / Investor's Grievance Committee (Now known as Stakeholders Relationship Committee)
- c) Remuneration Committee (Now known as Nomination and Remuneration 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 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 Company has an Audit Committee in accordance with the requirement of Section 292A of the Companies Act, 1956 and the terms of reference are in conformity with Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

The Committee comprises three independent Directors and Managing Director of the Company. The Statutory Auditors are also invited to the meetings. The Committee oversees the work carried out by the management, internal auditors on the financial reporting process, the safeguards employed by them and such relevant matters as it finds necessary to entrust.

The Audit Committee met four times during the year under review on May 30, 2013, August 13, 2013, November 11, 2013 and February 14, 2014. The number of meetings attended by each member during the year ended March 31, 2014 is as under:

Name of the member	Designation	No. of Committee Meetings	
		Held	Attended
Mr. Mahendra Modi	Chairman	4	4
Mr. Nenshi L. Shah	Member	4	4
Mr. Amit G. Shah*	Member	1	-
Mr. Anil M. Mandevia**	Member	3	3
Mr. Karan Rajput***	Member	1	1

*Ceased to be member of the Committee w.e.f April 25, 2013.

**Ceased to be member of the Committee w.e.f. January 24, 2014.

***Appointed as member of the Committee w.e.f. January 24, 2014

The Compliance officer acts as the Secretary to the committee.

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

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.

Terms of reference:

Role of the Audit Committee includes the following:

- It shall have authority to investigate into any matter in relation to the items specified in Section 292A of the Companies Act, 1956 or referred to it by the Board and for this purpose, shall have full access to information contained in the records of our Company and external professional advice, if necessary.
- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.
- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment/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.
- Reviewing with the management, external and internal auditors, and the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors and significant findings and follow up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

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

b) Shareholders' / Investor Grievance Committee (Now known as Stakeholders' Relationship Committee):

The Board of Directors of the Company at its Meeting held on May 30, 2014 had re-christened the Shareholders' /Investor's Grievance Committee as the Stakeholders Relationship Committee, to comply with the provisions of Section 178 of the Companies Act, 2013 (the Act) and the Companies (Meetings of Board and its Powers) Rules, 2014 (the Rules).

Composition and Attendance:

The Stakeholders Relationship Committee comprises of one Executive Director and two Independent Directors. The Committee met four times during the year under review on May 30, 2013, August 13, 2013, November 11, 2013 and February 14, 2014. The number of meetings attended by each member during the year ended March 31, 2014 is as under:

Name of the member	Designation	No. of Committee Meetings	
		Held	Attended
Mr. Amit G. Shah (Upto April 24, 2013)	Chairman	-	N.A.
Mr. Mahendra Modi (Appointed w.e.f. April 25, 2013)	Chairman	4	4
Mr. Kumar P. Shah (Upto April 24, 2013)	Member	-	N.A.
Mr. Ajit Nalwaya (Appointed w.e.f. April 25, 2013) (Upto January 23, 2014)	Member	3	3
Mr. Paresh K. Shah (Upto March 27, 2014)	Member	4	4
Mr. Nenshi L. Shah (Appointed w.e.f. January 24, 2014)	Member	1	1
Mr. Karan Rajput (Appointed w.e.f. March 28, 2014)	Member	-	N.A.

The Compliance officer acts as the Secretary to the committee.

Broad terms of reference:

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

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

There were no complaints outstanding as on March 31, 2014. No investor grievances remained unattended/ pending for more than 30 days.

c) Remuneration Committee (Now known as Nomination & Remuneration Committee):

The Board of Directors of the Company at its Meeting held on May 30, 2014, had re-christened the Remuneration Committee as the Nomination and Remuneration Committee, to comply with the provisions of Section 178 of the Companies Act, 2013 (the Act) and the Companies (Meetings of Board and its Powers) Rules, 2014 (the Rules).

Terms of reference:

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

The Nomination and Remuneration Committee comprises of three Independent Directors. No meeting of the Committee was held during the year under review.

The composition of the Nomination and Remuneration Committee as on March 31, 2014 was as follows:

Name of the member	Designation
Mr. Mahendra V. Modi	Chairman
*Mr. Amit G. Shah	Member
**Mr. Anil M. Mandevia	Member
**Mr. Ajit Nalwaya	Member
***Mr. Karan Rajput	Member
***Mr. Amit Nandu	Member

* Ceased to be member of the Committee w.e.f. April 25, 2013.

** Ceased to be member of the Committee w.e.f. January 24, 2014.

*** Appointed as member of the Committee w.e.f. January 24, 2014.

The Compliance officer acts as the Secretary to the committee.

Remuneration Policy:

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

Details of remuneration paid to the Directors during the year 2013-2014 are as follows:

(a) Executive Directors:

The aggregate value of salary and perquisites paid for the year ended March 31, 2014 and No. of shares held by the Managing Director and Whole-time Directors are as follows:

(Amount in ₹)

Name & Designation	Salary	Perquisites or Allowances	Total	No. of shares held
Mr. Nenshi L. Shah Managing Director	23,48,400	51,600	24,00,000	14,85,440
Mr. Talakshi L. Nandu Whole Time Director	1,95,700	4,300	2,00,000	14,23,760
Mr. Kumar P. Shah Whole Time Director	1,95,700	4,300	2,00,000	11,23,380
Mr. Paresh K. Shah Whole Time Director	23,48,400	51,600	24,00,000	11,83,360

4. GENERAL BODY MEETINGS AND POSTAL BALLOT

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

Financial Year	Date	Time	Location	Special Resolution passed
2010-11	September 28, 2011	10.00 a.m	S.P.B.T. College, JVPD Scheme, Vile Parle (W), Mumbai – 400056	--
2011-12	September 28, 2012	11.00 a.m.	Swagat Bageecha, Bageecha Complex, Marve Road, Malad (West), Mumbai – 400095	--
2012-13	August 22, 2013	11.30 a.m.	Swagat Bageecha, Bageecha Complex, Marve Road, Malad (West), Mumbai – 400095	--

No resolution was passed through Postal Ballot during the financial year 2013-14. None of business proposed to be transacted in the ensuing Annual General Meeting require passing of resolution through Postal Ballot.

5. DISCLOSURES

a) Related-party transactions

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

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

b) Compliances by the Company

The Company has complied with the requirements of

(b) Non-executive Directors:

Except sitting fees no remuneration is paid to non executive Directors. The details of sitting fees paid during the financial year 2013-14 and no. of shares held by them are as under:

Name of the Director	Sitting fees paid (₹)	No. of Shares held	No. of Stock Options granted
Mr. Mahendra V. Modi	57,500	Nil	Nil
Mr. Anil M. Mandevia	27,500	Nil	Nil
Mr. Amit G. Shah	-	Nil	Nil
Mr. Ajit B. Nalwaya	7,500	Nil	Nil
Mr. Amit Nandu	-	Nil	Nil
Mr. Karan Rajput	-	Nil	Nil

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

c) Whistle-blower Policy

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

d) Subsidiary Companies:

The Company has two wholly owned subsidiary companies, namely Euro Merchandise (India) Limited (EMIL) and Subhnen Sanitaryware Private Limited. None of them fall in the category of material non-listed subsidiary Companies. The requirements of clause 49 of the Listing Agreement with regard to subsidiary Companies have been complied with.

e) Code of Conduct

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

f) Disclosure of Accounting Treatment

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

g) Disclosure of Risk management

The Company has initiated the risk assessment and minimization procedure.

h) CEO/CFO Certification

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

i) Review of Directors' Responsibility statement

The Board, in its report, has confirmed that the annual accounts for the year ended March 31, 2014 have been prepared as per applicable accounting standards and policies, and that sufficient care has been taken for maintaining adequate accounting records.

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

The Company has complied with the mandatory requirements of the Code of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges. The details of these compliances along with the non-mandatory requirements adopted by the Company have been given in the relevant sections of this report.

6. MEANS OF COMMUNICATION

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

7. GENERAL INFORMATION FOR SHAREHOLDERS

a)	Date, Time and Venue of Annual General Meeting	Date : September 30, 2014 Time : 10.00 a.m. Venue : Gomantak Seva Sangh, 72/A Mahant Road Extension, Vile Parle (East), Mumbai – 400057
b)	Financial Year	April 1, 2013 to March 31, 2014
c)	Book Closure dates	Wednesday September 24, 2014 to Tuesday September 30, 2014 (both days inclusive)
d)	Financial Calendar (2014- 2015)	First quarterly Results - On August 14, 2014 Second Quarterly Results - On or before November 14, 2014 Third Quarterly Results - On or before February 14, 2015 Fourth quarterly/yearly Results - On or before May 30, 2015 (Audited)
e)	Dividend payment date	Not applicable
f)	Listing on Stock Exchanges	BSE Limited (BSE) & National Stock Exchange of (India) Limited (NSE)
g)	Stock Code / Symbol	BSE - 532823 NSE – EUROCERA
	ISIN for CDSL and NSDL	INE649H01011

g) Market Price Data:

The monthly high and low quotations of shares traded on the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) during each month in 2013 – 2014 are as follows:

Month	BSE*		BSE Sensex*		NSE**		CNX Nifty** (Points)	
	High (₹)	Low (₹)	High	Low	High (₹)	Low (₹)	High	Low
Apr-13	5.71	3.98	19622.68	18144.22	5.70	4.90	5962.30	5477.20
May-13	5.27	4.38	20443.62	19451.26	-	-	6229.45	5910.95
Jun-13	4.50	4.35	19860.19	18467.16	-	-	6011.00	5566.25
Jul-13	4.14	3.56	20351.06	19126.82	-	-	6093.35	5675.75
Aug-13	4.30	3.92	19569.20	17448.71	5.45	5.45	5808.50	5118.85
Sep-13	4.50	4.09	20739.69	18166.17	5.20	5.20	6142.50	5318.90
Oct-13	4.71	3.40	21205.44	19264.72	5.45	5.25	6309.05	5700.95
Nov-13	4.15	3.34	21321.53	20137.67	5.00	5.00	6342.95	5972.45
Dec-13	4.56	3.78	21483.74	20568.70	4.95	4.50	6415.25	6129.95
Jan-14	4.80	3.67	21409.66	20343.78	4.50	4.30	6358.30	6027.25
Feb-14	4.62	3.64	21140.51	19963.12	4.50	3.70	6282.70	5933.30
Mar-14	4.67	3.20	22467.21	20920.98	4.80	3.50	6730.05	6212.25

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

h) Shareholding Pattern as on March 31, 2014:

Category	No. of shares held	Percentage of Shareholding (%)
Promoters	75,33,606	22.33
Foreign Institutional Investors	50,000	0.15
Bodies Corporate	16,15,106	4.79
Financial Institutions/Banks	101,10,000	29.97
Clearing Member	1,74,793	0.52
Non Resident Indians	33,04,664	9.80
Resident Individuals (Public)	1,09,49,548	32.45
Total	3,37,37,717	100.00

l) Distribution of Shareholding as on March 31, 2014:

Shareholding (No. of Shares)	Number of Share-holders	% of total number of share-holders	Total Number of Shares	% of Total Number of Shares
1 to 500	6147	87.39	742965	2.20
501 to 1000	386	5.49	317210	0.94
1001 to 2000	226	3.21	336937	1.00
2001 to 3000	71	1.01	181022	0.54
3001 to 4000	28	0.40	98492	0.29
4001 to 5000	39	0.55	181612	0.54
5001 to 10000	54	0.77	380285	1.13
10001 and above	83	1.18	31400194	93.36
Total	7034	100.00	33737717	100.00

j) Share Transfer System:

All shares sent or transferred in physical form are registered by the Registrar and Share Transfer Agent within 15 days of the lodgement, if documents are found in order. Shares under objection are returned within two weeks. All requests for dematerialization of shares processed and the confirmation is given to the respective depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) within 21 days. The Company obtains, from a Practicing Company Secretary, a half-yearly certificate of compliance with the share transfer formalities as required under Clause 47 (c) of Listing Agreement entered into with Stock Exchanges and files a copy of the certificate with the concerned Stock Exchanges.

k) Dematerialization of shares and liquidity:

As on March 31, 2014 the total number of Equity Shares of the Company in dematerialization form, stood at

2,61,00,410 Shares (representing 77.36 % of the Company's Paid-up Equity Share Capital of the Company).

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

The Company has not issued any ADRs, GDRs, warrants or any convertible instruments.

During the year under review, the Company has issued and allotted 51,59,705 Equity Shares of ₹ 10/- each at a price of ₹ 24.42/- per share (including premium of ₹ 14.42/- per share) upon conversion of even number of Compulsorily Convertible Debentures which were issued as per the terms of Letter of Approval (LOA) issued by Corporate Debt Restructuring (CDR) cell, dated October 29, 2011 on preferential basis.

Post allotment of Equity Shares as detailed above, the paid up share capital of the Company is increased to ₹ 33,73,77,170/- divided into 3,37,37,717 Equity Shares of ₹ 10/- each.

m) Plant Location:

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

n) 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
C-13, Pannalal Silk Mills Compound,
L. B. S. Marg,
Bhandup (West),
Mumbai – 400 078

Tel: 91 22 2594 6970
Fax: 91 22 2594 6969

E-mail: helpline@linkintime.co.in

o) Address for Investor Correspondence:

Shareholders can contact the 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,
Vallabhbai Road,
Opp. Railway Station,
Vile Parle (West), Mumbai - 400056
E-mail: investors@eurovitrified.com
Tel No.: 91 22 4019 4019
Fax No.: 91 22 4019 4020

Declaration on compliance with code of conduct:

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

For Euro Ceramics Limited

Place: Mumbai
Date: August 14, 2014

Nenshi L. Shah
Chairman & Managing Director

Auditors Certificate on Compliance of the Corporate Governance

To the members of
EURO CERAMICS LIMITED

We have examined the Compliance of the conditions of Corporate Governance by EURO CERAMICS LIMITED for the year ended March 31, 2014, as stipulated in clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

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

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

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

For **DEEPAK MARU & CO.**
Chartered Accountants
Firm Regn. No. 115678W

Jaymin P. Shah
Partner
Mem. No: 118113

Place: Mumbai
Date: August 14, 2014

Independent Auditor's Report

To
The Members of
EURO CERAMICS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Euro Ceramics Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 (the Act) read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. 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. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Qualified Opinion

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 for Qualified Opinion** herein below, the 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:

- in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- in the case of the Statement of Profit and Loss, of the **loss** of the Company for the year ended on that date, and
- in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Basis for Qualified Opinion

- The attention is invited to the fact that the Company's financial facilities/arrangements have expired and the same are overdue for repayment as under:

Sr. No.	Name of the Bank	Overdue Since
i	State Bank of India	December 2012
ii	The Cosmos Co.-Op. Bank Ltd.	April 2012
iii	ICICI Bank Ltd.	October 2012
iv	Bank Of India	April 2012
v	Indusind Bank	October 2012

The Company is unable to renegotiate, restructure or obtain replacement of financing arrangements and the banks have initiated legal proceedings for the recovery from the Company u/s. 19 of the Debt Recovery Tribunal (DRT) and u/s. 13(2) of the Securitization & Reconstruction of Financial Assets & Enforcement of Security (Second) Interest (SARFAESI) Act, 2002. In addition to this, the Company has been continuously incurring substantial losses since past few years and as on March 31, 2014, the Company's current liabilities exceed its current assets by ₹ 40,519.46 lacs. Further, the networth of the Company has fully eroded and during the year the Company has filed for registration u/s. 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985, before the Hon'ble Board for Industrial & Financial Reconstruction.

All the above 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.

2. The Company on the basis of registration filed u/s. 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985, before the Hon'ble Board for Industrial & Financial Reconstruction, and the hearings for which are in process for determination of sickness; has not provided for interest on financing facilities amounting to ₹ 6,426.05 lacs for the year ending March 31, 2014. Had the same been provided, the loss for the year ending March 31, 2014, would have increased by ₹ 6,426.05 lacs. The corresponding liabilities would also have increased by ₹ 6,426.05 lacs as at March 31, 2014.
3. The Company has not provided for impairment or diminishing value of its assets/investment as per 'Accounting Standard 28 – Accounting for Impairment of Assets' as notified under the Companies (Accounting Standards) Rules, 2006 read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of 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.
4. As on March 31, 2014, the Company has investment in equity shares of wholly owned subsidiary Euro Merchandise (India) Limited amounting to ₹ 142.50 lacs and also an outstanding of ₹ 146.29 lacs. The Company has also issued corporate guarantee to Bank amounting to ₹ 1620 lacs in respect of the said subsidiary Company (as enlisted in contingent liabilities in note no.22 to accounts). As per the latest audited financial statements of Euro Merchandise (India) Limited the net worth of the company has fully eroded, it has been continuously incurring heavy losses and the cash flows are under severe stress. No provision has been made in the financial statements of the company for depletion in value of investment and the amount receivable by the company both totaling to ₹ 288.79 lacs.

All the above events indicate a material uncertainty that casts a significant doubt on the Subsidiary 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 Company in its financial statements has not provided for the same. Had such provision been made, the profits before tax for the year would have been lower to that extent. The effect of the same has not been quantified by the management and hence the same is not ascertainable.

Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order, 2003("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 2) As required by Section 227(3) of the Act, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Act read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.
 - e) **On the basis of the written representations received from the directors as on March 31, 2014 taken on record by the Board of Directors, all the directors are disqualified as on March 31, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.**

For Deepak Maru & Co.

Chartered Accountants

ICAI Firm Regn. No.:115678W

Jaymin P. Shah

Partner

Mem.No.118113

Place: Mumbai

Date: May 30, 2014

Annexure to the Auditor's Report

(referred to in Paragraph 1 under the heading "Report on other legal and regulatory requirements" of Our Report of Even Date)

- (1) In respect of Fixed Assets:
- a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
 - b) As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regards to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
 - c) In our opinion, the Company has not disposed off a substantial part of its fixed assets during the year.
- (2) In respect of its Inventories:
- a) The inventories have been physically verified during the year by the management. In our opinion, the frequency of such verification is reasonable.
 - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (3) In respect of loans, secured or unsecured, taken or granted by the Company from / to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956:
- a) According to the information and explanation given to us, the Company has taken unsecured loans from twenty two parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 2,567.12 lacs and the year end balance of loans taken from such parties was ₹ 2,408.17 lacs.
 - b) According to the information and explanation given to us, the Company has granted loans to one party covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 7,770.02 lacs and the year-end balance of loans given to such parties was ₹ 7,765.70 lacs.
- c) In our opinion, the rate of interest and other terms and conditions on which loans mentioned above have been taken / granted are not, prima facie, prejudicial to the interest of the Company.
 - d) **There are no stipulations made regarding repayment of principal amount. However the payment of interest is overdue.**
- (4) In respect of contracts or arrangements referred to in section 301 of the Companies Act, 1956:
- a) In our opinion, and according to information and explanations given to us, the transactions made in pursuance of contracts or arrangements that need to be entered in the register maintained under section 301 of the Companies Act, 1956, have been so entered.
 - b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and aggregating during the year to ₹ 5 Lacs or more in respect of each party, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (5) The company during the year has not accepted deposits within the meaning of public deposits under the provisions of section 58A or section 58AA read with Companies (Acceptance of Deposits) Rules, 1975.
- (6) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regards to purchases of inventory, fixed assets and with regards to the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (7) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (8) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (9) In respect of Statutory Dues:
- a) According to the information and explanation given to us, the Company during the year has been facing liquidity stress due to which there were delays in payment of various statutory dues with appropriate authorities including undisputed statutory dues such as Income tax, Sales tax, VAT, Wealth tax, Custom

- duty, Excise Duty, Tax deducted/collected at source, Provident Fund, Employees' State Insurance, Profession Tax, Cess and other material statutory dues applicable to it and there are no arrears outstanding as at the year end for a period of more than six months from the date they became payable except Service Tax payable amounting to ₹ 9.70 lacs.
- b) According to the information and explanation given to us, there are no dues of Income tax, Sales Tax, VAT, Wealth tax, Customs duty, Excise duty and cess, which have not been deposited on account of any dispute.
- (10) **The Company has accumulated losses at the end of financial year and also had the same at the end of the immediately preceding financial year. Further the Company has incurred cash losses during the financial year covered by our audit and also during the immediately preceding financial year. The accumulated losses of the Company have exceeded its net worth.**
- (11) **In our opinion and according to the information and explanations given to us the Company has defaulted in repayment of loans and interests dues to the banks and financial institution. The principal outstanding of Term Loans and Cash Credit facilities amount to ₹ 45,475.67 lacs and overdue interest amounts to ₹ 9,286.46 lacs as at March 31, 2014, subject to reconciliation with the banks. The period of default ranges around 24 months.**
- (12) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (13) The company is not a chit fund or a nidhi/mutual benefit fund/society. Hence the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (14) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (15) **According to the information and explanations given to us, the Company has given the 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. However in our opinion 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.**
- (16) In our opinion, the term loans are being applied for the purpose for which they were obtained.
- (17) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company and after placing reliance on the reasonable assumptions made by the company for classification of long term and short term usages of funds, we are of the opinion that, prima facie funds raised on short-term basis have been utilized for long-term investment.
- (18) According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (19) The Company has not issued any debentures during the year and hence creation of security also does not arise.
- (20) The Company has not raised any money by way of public issues during the year.
- (21) According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

For Deepak Maru & Co.

Chartered Accountants
ICAI Firm Regn. No:115678W

Jaymin P. Shah

Partner
Mem.No.118113

Place: Mumbai
Date: May 30, 2014

Balance Sheet As at March 31, 2014

Particulars	Note No.	As at	As at
		March 31, 2014	March 31, 2013
		₹	₹
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	1	337,377,170	285,780,120
(b) Reserves and surplus	2	(734,310,647)	(458,891,233)
		(396,933,477)	(173,111,113)
2 Non-current liabilities			
(a) Long-term borrowings	3	331,555,827	3,723,041,733
(b) Deferred tax liabilities (net)		152,392,056	152,392,056
		483,947,884	3,875,433,789
3 Current liabilities			
(a) Short-term borrowings	4	147,933,477	1,180,151,307
(b) Trade payables	5	323,603,425	328,855,143
(c) Other current liabilities	6	4,892,571,395	678,754,428
(d) Short-term provisions	7	5,146,448	20,531,563
		5,369,254,745	2,208,292,441
TOTAL		5,456,269,152	5,910,615,117
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	8	4,015,900,084	4,266,901,801
(ii) Capital work-in-progress		-	49,748,563
		4,015,900,084	4,316,650,364
(b) Non-current investments	9	27,760,750	27,760,750
(c) Long-term loans and advances	10	95,299,503	164,942,702
		4,138,960,337	4,509,353,816
2 Current assets			
(a) Inventories	11	320,599,468	400,584,608
(b) Trade receivables	12	147,809,941	203,935,984
(c) Cash and Bank Balances	13	28,219,807	30,428,774
(d) Short-term loans and advances	14	820,611,175	766,291,249
(e) Other current assets	15	68,423	20,686
		1,317,308,814	1,401,261,301
TOTAL		5,456,269,152	5,910,615,117
Significant Accounting Policies and Notes on Financial Statements forming part of the financial statements	1 to 35		

In terms of our report attached.

For DEEPAK MARU & CO.

Chartered Accountants

ICAI Firm Regn. No.:115678W

For and on behalf of the Board of Directors**Jaymin P. Shah**
Partner

Mem. No.118113

Nenshi L. Shah
(Chairman & Managing Director)**Amit Nandu**
(Director)Place : Mumbai
Date : May 30, 2014Place : Mumbai
Date : May 30, 2014

Statement of Profit and Loss For the year ended March 31, 2014

Particulars	Note No.	For the year ended	For the year ended
		March 31, 2014	March 31, 2013
		₹	₹
A CONTINUING OPERATIONS			
1 Revenue from operations (gross)	16	827,768,848	987,459,341
Less: Excise duty		61,483,845	101,359,908
Other Income	17	766,285,003	886,099,433
Revenue from operations (net)		67,695,555	5,181,275
2 Expenses		833,980,558	891,280,708
(a) Cost of materials consumed	18	465,707,854	319,806,287
(b) Purchases of stock-in-trade	18.1	12,128,732	5,885,612
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	18.2	63,525,681	146,643,078
(d) Employee benefits expense	19	88,178,240	166,867,928
(e) Other expenses	20	241,842,651	525,018,496
Total Expenses		871,383,159	1,164,221,402
3 Earnings before exceptional items, extraordinary items, interest, tax, depreciation and amortisation (EBDITA)		(37,402,601)	(272,940,694)
4 Finance costs	21	16,435,231	498,937,855
5 Depreciation and amortisation expense	8	296,160,688	298,120,250
6 Profit / (Loss) before exceptional and extraordinary items and tax		(349,998,520)	(1,069,998,799)
7 Exceptional items		-	-
8 Profit / (Loss) before extraordinary items and tax		(349,998,520)	(1,069,998,799)
9 Extraordinary items		-	-
10 Profit / (Loss) before tax		(349,998,520)	(1,069,998,799)
11 Tax expense:			
(a) Current tax expense for current year		-	-
(b) (Less): MAT credit (where applicable)		-	-
(c) Current tax expense relating to prior years		(176,159)	-
(d) Net current tax expense		(176,159)	-
(e) Deferred tax		-	-
		(176,159)	-
12 Profit / (Loss) for the year		(349,822,361)	(1,069,998,799)
13 Earnings per share (of ₹ 10/- each):			
(a) Basic		(13.00)	(38.46)
(b) Diluted		(13.00)	(34.35)
Significant Accounting Policies and Notes on Financial Statements forming part of the financial statements	1 to 35		

In terms of our report attached.

For and on behalf of the Board of Directors

For DEEPAK MARU & CO.

Chartered Accountants

ICAI Firm Regn. No.:115678W

Jaymin P. Shah
Partner

Mem. No.118113

Nenshi L. Shah
(Chairman & Managing Director)Amit Nandu
(Director)Place : Mumbai
Date : May 30, 2014Place : Mumbai
Date : May 30, 2014

Cash Flow Statement For the year ended March 31, 2014

Particulars	For the year ended		For the year ended	
	March 31, 2014		March 31, 2013	
	₹	₹	₹	₹
A. Cash flow from operating activities				
Net Profit / (Loss) before extraordinary items and tax		(349,998,520)		(1,069,998,799)
Adjustments for:				
Depreciation and amortisation	296,160,688		298,120,250	
Amortisation of Software Expenses	2,041,059		-	
(Profit) / loss on sale / write off of assets	1,991,797		592,703	
Finance costs	16,435,231		498,937,855	
Interest income	(7,029,720)		(4,209,464)	
Rental income from investment properties	(1,024,575)		(971,811)	
Share of (profit)/Loss from partnership firms	688,969	309,263,449	18,582,539	811,052,072
Operating profit / (loss) before working capital changes		(40,735,072)		(258,946,727)
Changes in working capital:				
Adjustments for (increase) / decrease in operating assets:				
Inventories	79,985,140		226,291,985	
Trade receivables	56,126,043		395,429,406	
Short-term loans and advances	(54,319,926)		-	
Long-term loans and advances	4,574,265		-	
Other current assets	(47,737)		-	
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	(5,251,718)		54,754,004	
Other current liabilities	(16,309,199)		-	
Short-term provisions	(15,385,115)	49,371,753	-	676,475,395
		8,636,681		417,528,668
Cash flow from extraordinary items		-		-
Cash generated from operations		8,636,681		417,528,668
Net income tax (paid) / refunds		65,245,091		(792,432)
Net cash flow from / (used in) operating activities (A)		73,881,772		416,736,236
B. Cash flow from investing activities				
Capital expenditure on fixed assets, including capital advances	(36,000)		(27,971,814)	
Proceeds from sale of fixed assets	592,737		394,750	
Interest received	7,029,720		4,209,464	
Rental income from investment properties	1,024,575		971,811	
Amounts received from partnership firms	(688,969)	7,922,063	(18,582,539)	(40,978,328)
Cash flow from extraordinary items		-		-
		7,922,063		(40,978,328)
Net income tax (paid) / refunds		-		-
Net cash flow from / (used in) investing activities (B)		7,922,063		(40,978,328)
C. Cash flow from financing activities				
Proceeds from issue of equity shares	125,999,997		52,500,020	
Proceeds from long-term borrowings	-		135,277,975	
Proceeds from Issue of Debentures	-		125,999,997	
Repayment of long-term borrowings	(179,723,779)		(247,521,604)	
Repayment of other short-term borrowings	(13,853,790)		-	
Finance cost	(16,435,231)	(84,012,803)	(498,937,855)	(432,681,467)
Cash flow from extraordinary items		-		-
Net cash flow from / (used in) financing activities (C)		(84,012,803)		(432,681,467)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		(2,208,967)		(56,923,559)
Cash and cash equivalents at the beginning of the year		30,428,774		87,352,333
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents		-		-
Cash and cash equivalents at the end of the year		28,219,807		30,428,774

Cash Flow Statement For the year ended March 31, 2014

Particulars	For the year ended		For the year ended	
	March 31, 2014		March 31, 2013	
	₹	₹	₹	₹
Reconciliation of Cash and cash equivalents with the Balance Sheet:				
Cash and cash equivalents as per Balance Sheet (Refer Note 13)		28,219,807		30,428,774
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements (give details)		-		-
Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements)		28,219,807		30,428,774
Add: Current investments considered as part of Cash and cash equivalents (as defined in AS 3 Cash Flow Statements)		-		-
Cash and cash equivalents at the end of the year *		28,219,807		30,428,774
* Comprises:				
(a) Cash on hand		1,136,362		434,301
(b) Cheques, drafts on hand		-		-
(c) Balances with banks				
(i) In current accounts		1,646,626		4,495,221
(ii) In earmarked accounts (Refer Note (ii) below)		139,619		202,051
(d) Others - Fixed Deposits Kept as Margin Money		25,297,201		25,297,201
		28,219,807		30,428,774

Notes:

(i) The Cash Flow Statement reflects the combined cash flows pertaining to continuing and discounting operations.

(ii) These earmarked account balances with banks can be utilised only for the specific identified purposes.

See accompanying notes forming part of the financial statements

In terms of our report attached.

For and on behalf of the Board of Directors**For DEEPAK MARU & CO.**

Chartered Accountants

ICAI Firm Regn. No.:115678W

Jaymin P. Shah
Partner

Mem. No.118113

Nenshi L. Shah
(Chairman & Managing Director)**Amit Nandu**
(Director)Place : Mumbai
Date : May 30, 2014Place : Mumbai
Date : May 30, 2014

Notes forming part of the Financial Statements For the year ended March 31, 2014**SIGNIFICANT ACCOUNTING POLICIES****A Basis of accounting and preparation of financial statements**

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year unless stated otherwise. The financial statements have been prepared on going concern basis.

B Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

C Inventories

Inventories are valued at the lower of cost (on FIFO / weighted average basis) and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes cost of purchase, cost of conversion and all other costs incurred in bringing the goods to their respective present location and condition. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty.

D Cash and Bank Balances

Cash and Bank Balances also include fixed deposits, margin money deposits, earmarked balances with bank, other bank balances and cash on hand. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

E Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

F Depreciation and amortisation

Depreciation has been provided on the straight-line method as per the rates prescribed in Schedule XIV to the Companies Act, 1956. The Vitrified Ceramic Tile Plant and the allied Machineries have been classified as a continuous process plant on technical assessment & depreciation has been provided accordingly.

G Revenue recognition

"Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales include excise duty but exclude sales tax and value added tax."

Export Incentives on Advance Licenses are recognized on accrual basis.

Interest Income is recognized on accrual basis and dividend income is accounted for when the right to receive the same is established.

H Tangible fixed assets

Fixed assets are stated at cost net of tax / duty credits availed if any less accumulated depreciation and impairment losses, if any.

The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date.

Exchange differences arising on restatement / settlement of long-term foreign currency borrowings relating to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets.

Notes forming part of the Financial Statements For the year ended March 31, 2014

Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Tangible Assets which are not ready for their intended use comprising direct cost, related incidental expenses and attributable interest are disclosed under capital work-in-progress.

I Foreign currency transactions and translations

Transactions in foreign currency are accounted at the exchange rate prevailing on the date of transaction or the rate approximate to the actual rate at the date of transaction. Exchange Rate fluctuation between the transaction date and the settlement date in respect of revenue transactions are recognized in Statement of Profit and Loss and in respect of acquisition of the fixed assets are adjusted to the cost of the respective assets.

Non-monetary foreign currency items are carried at cost.

All export proceeds / import payables not realized at the year end are restated at the rate prevailing at the year end. The exchange difference arising there on has been recognized as income / expenses in the current year's Statement of Profit and Loss.

Monetary Assets & Liabilities denominated in Foreign Currency are translated at year end exchange rates and the Profit/Loss so determined is recognized in the Profit & Loss account.

The profit/loss on cancellation or renewal of derivative instruments such as forward contract and option contract undertaken to hedge exchange fluctuation/price risks are recognized as income/expenses in the Statement of Profit and Loss for the year.

J Investments

Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

K Employee benefits**Short-term employee benefits**

All employee benefits falling due wholly within twelve months of rendering service are classified as short term employee benefits. The benefits like salary, wages, short term compensated absences etc. and the expected cost of bonus / performance incentives are recognised in the period in which the employee renders the related service.

Defined contribution plans

The Company's contribution to provident fund and employees state insurance scheme and other welfare funds are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made.

Defined benefit plans

The employees gratuity fund scheme managed by the trust is the company's defined benefit plan. The present value of the obligation under such plan is determined based on actuarial valuation using the projected unit credit method. In case of a funded plan, the fair value of the plan assets is reduced from the gross obligation to recognise such obligation on a net basis.

L Borrowing costs

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing Costs attributable to acquisition and construction of qualifying asset are capitalized as a part of the cost of such asset up to the date when such asset is ready for its intended use or sale. A qualifying asset is the one that necessarily takes a substantial period to get ready for intended use. All other borrowing costs are recognised as an expense in the period in which they are incurred.

M Segment reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

Notes forming part of the Financial Statements For the year ended March 31, 2014

"The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment."

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

N Earning Per Share

"In determining the earnings per share, the Company considers the net profit/loss after tax and post tax effect of any extraordinary/exceptional item is shown separately. The number of shares considered in computing basic earnings per share is the weighted average number of shares outstanding during the year. The number of shares considered for computing diluted earnings per share comprises the weighted average number of shares used for deriving the basic earnings per share and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares which includes potential CCD conversions. The number of shares and potentially dilutive equity shares are adjusted for any stock splits and bonus shares issues."

O Taxes on income

"Provision for taxation comprises of Current tax and Deferred Tax. Current tax Provision has been made in accordance with the Income Tax Act, 1961.

Deferred tax for timing differences between the book and tax profits for the period is accounted for, using the tax rates and laws that have been substantively enacted as of the balance sheet date.

Deferred tax assets arising from timing differences are recognized to the extent there is reasonable certainty that these would be realized in future.

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

P Impairment of assets

An asset is treated as impaired when the carrying cost of such asset exceeds its recoverable value. An impairment loss is charged to Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

Q Provisions, contingent liabilities and contingent assets

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are neither recognised nor disclosed in the financial statements.

R Derivative contracts

"The Company enters into derivative contracts in the nature of foreign currency swaps, currency options, forward contracts with an intention to hedge its existing assets and liabilities, firm commitments and highly probable transactions. Derivative contracts which are closely linked to the existing assets and liabilities are accounted as per the policy stated for Foreign Currency Transactions and Translations.

Derivative contracts designated as a hedging instrument for highly probable forecast transactions are accounted as per the policy stated for Hedge Accounting.

All other derivative contracts are marked-to-market and losses are recognised in the Statement of Profit and Loss. Gains arising on the same are not recognised, until realised, on grounds of prudence."

Notes forming part of the financial statements

Note 1:- SHARE CAPITAL

Particulars	As at March 31, 2014		As at March 31, 2013	
	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
(b) Issued, Subscribed and fully paid up Equity shares of ₹ 10 each	33,737,717	337,377,170	28,578,012	285,780,120
Total	33,737,717	337,377,170	28,578,012	285,780,120

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 2013-2014 / 2012-2013. 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.

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

Particulars	Opening Balance	Add: Shares issued	Closing Balance
Equity shares with voting rights			
Year ended March 31, 2014			
- Number of shares	28,578,012	5,159,705	33,737,717
- Amount (₹)	285,780,120	51,597,050	337,377,170
Year ended March 31, 2013			
- Number of shares	26,428,134	2,149,878	28,578,012
- Amount (₹)	264,281,340	21,498,780	285,780,120

1.2 Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at March 31, 2014		As at March 31, 2013	
	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	6,753,767	20.02%	6,753,767	23.63%
ICICI Bank Ltd.	4,949,901	14.67%	4,971,378	17.40%
State Bank of India	4,135,954	12.26%	-	-
Milankumar Dhirajlal Mehta	2,477,579	7.34%	2,477,579	8.67%
Nenshi Ladhahbai Shah	-	-	1,485,440	5.20%

Notes forming part of the financial statements

1.3 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, 2014	As at March 31, 2013	As at March 31, 2012
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	-	-
Shares out of the issued, subscribed and paid-up share capital were allotted pursuant to Scheme of Corporate Debt Restructuring (CDR) without payments being received in cash.	-	2,149,878	-
Shares out of the issued, subscribed and paid-up share capital were allotted pursuant to Scheme of Demerger without payments being received in cash.	-	-	9,328,134
Fully paid up by way of bonus shares	-	-	-
Shares bought back	-	-	-

Note 2:- RESERVES & SURPLUS

Particulars	As at March 31, 2014	As at March 31, 2013
	₹	₹
(a) Capital reserve (on Demerger)		
Opening balance	49,728,952	49,728,952
Add: Additions during the year	-	-
Less: Utilised / transferred during the year	-	-
Closing balance	49,728,952	49,728,952
(b) Securities premium account		
Opening balance	1,022,256,774	991,255,534
Add : Premium on shares issued during the year	74,402,947	31,001,240
Less : Utilised during the year	-	-
Closing balance	1,096,659,721	1,022,256,774
(c) General reserve		
Opening balance	10,000,000	10,000,000
Add: Transferred from surplus in Statement of Profit and Loss	-	-
Less: Utilised / transferred during the year	-	-
Closing balance	10,000,000	10,000,000
(d) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	(1,540,876,959)	(470,878,160)
Add: Profit / (Loss) for the year	(349,822,361)	(1,069,998,799)
Less: Appropriations	-	-
Closing balance	(1,890,699,320)	(1,540,876,959)
Total (a + b + c + d)	(734,310,647)	(458,891,233)

Notes forming part of the financial statements

Note 3:- LONG TERM BORROWINGS

Particulars	Long Term Debts	Current Maturities of Long Term Debt	Long Term Debts	Current Maturities of Long Term Debt
	As at March 31, 2014	As at March 31, 2014	As at March 31, 2013	As at March 31, 2013
	(₹)	(₹)	(₹)	(₹)
SECURED:				
(a) Term loans				
(i) From banks	-	3,529,202,977	3,219,530,827	-
(ii) From others	-	-	42,072,620	-
	-	3,529,202,977	3,261,603,447	-
(b) Vehicle Loans	175,480	567,696	743,227	783,309
Total	175,480	3,529,770,673	3,262,346,674	783,309
UNSECURED:				
(a) Zero Coupon Bonds	38,500,000	-	38,500,000	-
(b) Compulsorily Convertible Debentures (CCD)	-	-	125,999,997	-
(c) Deposits	71,167,165	-	90,933,215	-
(d) Loans and advances from related parties	221,713,182	-	205,261,847	-
Total	331,380,347	-	460,695,059	-
Total (Secured + Unsecured)	331,555,827	3,529,770,673	3,723,041,733	-

Note:

For Year Ended March 31, 2014

- 3.1 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. 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.
- 3.2 In the F.Y.2013-14, the Company on the basis of audited accounts for the financial year ended March 31, 2013 and being mandatory requirement 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 and hearings of the same are in process for determination of sickness.
- 3.3 In the light of the above scenario, all the term loans from banks are no longer treated as Long Term Borrowings, but have been classified as Current maturities of Loans & Credit Facilities from Banks under Other Current Liabilities in Note No.6.

Notes forming part of the financial statements

3.4 Interest and Repayment Schedule for Long Term Borrowings:

Particulars	Type	Long Term Debts As At March 31, 2014 (₹)	Current maturities of long-term debt - included in Other Current Liabilities As At March 31, 2014 (₹)	Interest Rate Range % p.a. as at Year End	Repayment Schedule
Secured Borrowings	Term Loans from Banks :				
	Category I	-	159,300,000	8.00% to 12.00%	34 structured quarterly installments in a stepped up manner starting from Oct 2012 to March 2021 as prescribed in approved CDR Package.
	Category II	-	2,031,054,599	12.00%	38 structured quarterly installments in a stepped up manner starting from Oct 2011 to March 2021 as prescribed in approved CDR Package.
	Category III	-	860,573,600	12.00%	38 structured quarterly installments in a stepped up manner starting from Oct 2011 to March 2021 as prescribed in approved CDR Package.
	Category IV	-	478,274,779	12.00%	38 to 47 structured quarterly installments in a stepped up manner starting from Oct 2011 to March 2021 as prescribed in approved CDR Package.
	Total	-	3,529,202,977		
	Vehicle Loans	175,480	567,696	8.00% to 13.50%	Equated Montly Installments as per specific repayment schedule predetermined in case of each vehicle loan.
Grand Total	175,480	3,529,770,673			
Unsecured Borrowings	Zero Coupon Bonds	38,500,000	-	0.00%	385 Bonds of the F.V. of ₹ 1,00,000/- each, redeemable after March 31, 2021 as per approved CDR Package.
	Deposits	71,167,165	-	0.00% to 18.00%	No Specific Repayment Schedule has been prescribed by the Lendor.
	Loans and advances from related parties	221,713,182	-	0.00% to 18.00%	No Specific Repayment Schedule has been prescribed by the Lendor.
	Grand Total	331,380,347	-		

Notes forming part of the financial statements

3.5 Nature of Security for Long Term Secured Borrowings:

Category of Loan	Nature of Security
Category I	Secured against the pari passu charge created on Non Exclusive movable and immovable fixed assets worth ₹ 50 Cr., situated at Bhachau (Kutch), Gujarat
Category II	Secured against the First pari passu Charge created by mortgage on all the existing and future fixed assets situated at Bhachau (Kutch), Bharuch and Mumbai (except for plant & machinery of Calcareous Line II) and second charge created by hypothecation of current assets of the Company and against the collateral securities & Personal Guarantee given by the Directors and Related Parties.
Category III	Secured against Exclusive charge on all the moveable assets including its moveable plant and machinery, spares, tools and accessories, both present and future assets of the project situated at Bhachau, Kutch on plant pertaining to Calcareous Line II. Additional Security by way of tertiary charge on on the current assets and fixed assets both moveable and immovable, present and future, located at Bhachau (Kutch), Gujarat and against the collateral securities & Personal Guarantee given by the Directors and Related Parties.
Category IV	Secured by way of tertiary charge on on the current assets and fixed assets both moveable and immovable, present and future, located at Kutch, Gujarat and against the collateral securities & Personal Guarantee given by the Directors and Related Parties.
Vehicle Loans	Secured against the Hypothecation of underlying Company owned vehicles

For Year Ended March 31, 2013

3.6 Interest and Repayment Schedule for Long Term Borrowings:

Particulars	Type	Long Term Debts As At March 31, 2013 (₹)	Current maturities of long-term debt - included in Other Current Liabilities As At March 31, 2013 (₹)	Interest Rate Range % p.a. as at Year End	Repayment Schedule
Secured Borrowings	Term Loans from Banks				
	Category I	147,352,500	11,947,500	8.00% to 9.00%	34 structured quarterly installments in a stepped up manner starting from Oct 2012 to March 2021 as prescribed in approved CDR Package.
	Category II	1,870,317,099	160,737,500	9%	38 structured quarterly installments in a stepped up manner starting from Oct 2011 to March 2021 as prescribed in approved CDR Package.
	Category III	793,576,854	66,996,746	9%	38 structured quarterly installments in a stepped up manner starting from Oct 2011 to March 2021 as prescribed in approved CDR Package.
	Category IV	408,284,374	73,359,017	9.00% to 12.00%	38 to 47 structured quarterly installments in a stepped up manner starting from Oct 2011 to March 2021 as prescribed in approved CDR Package.
	Total	3,219,530,827	313,040,763		
	Term Loans from others	42,072,620	-	9.00%	No Specific Repayment Schedule has been prescribed by the Lendor.
	Vehicle Loans	743,227	783,309	8.00% to 13.50%	Equated Montly Installments as per specific repayment schedule predetermined in case of each vehicle loan.
Grand Total	3,262,346,674	313,824,072			

Notes forming part of the financial statements

3.6 Interest and Repayment Schedule for Long Term Borrowings: (Contd.)

Particulars	Type	Long Term Debts As At March 31, 2013 (₹)	Current maturities of long-term debt - included in Other Current Liabilities As At March 31, 2013 (₹)	Interest Rate Range % p.a. as at Year End	Repayment Schedule
Unsecured Borrowings	Zero Coupon Bonds	38,500,000	-	0.00%	385 Bonds of the F.V. of ₹1,00,000/- each, redeemable after March 31, 2021 as per approved CDR Package.
	Compulsorily Convertible Debentures (CCD)	125,999,997	-	2.00%	51,59,705 CCDs of the F.V. of ₹ 24.42/- each, convertible within 18 months from the date of issue of the same into an even number of fully paid Equity Shares as per approved CDR Package.
	Deposits	90,933,215	-	0.00% to 18.00%	No Specific Repayment Schedule has been prescribed by the Lendor.
	Loans and advances from related parties	205,261,847	-	0.00% to 18.00%	No Specific Repayment Schedule has been prescribed by the Lendor.
	Grand Total		460,695,059	-	

3.7 Nature of Security for Long Term Secured Borrowings:

Category of Loan	Nature of Security
Category I	Secured against the pari passu charge created on Non Exclusive movable and immovable fixed assets worth ₹ 50 Cr., situated at Bhachau (Kutch), Gujarat
Category II	Secured against the First pari passu Charge created by mortgage on all the existing and future fixed assets situated at Bhachau (Kutch), Bharuch and Mumbai (except for plant & machinery of Calcareous Line II) and second charge created by hypothecation of current assets of the Company and against the collateral securities & Personal Guarantee given by the Directors and Related Parties.
Category III	Secured against Exclusive charge on all the moveable assets including its moveable plant and machinery, spares, tools and accessories, both present and future assets of the project situated at Bhachau, Kutch on plant pertaining to Calcareous Line II. Additional Security by way of tertiary charge on on the current assets and fixed assets both moveable and immoveable, present and future, located at Bhachau (Kutch), Gujarat and against the collateral securities & Personal Guarantee given by the Directors and Related Parties.
Category IV	Secured by way of tertiary charge on on the current assets and fixed assets both moveable and immoveable, present and future, located at Kutch, Gujarat and against the collateral securities & Personal Guarantee given by the Directors and Related Parties.
Term Loan from Others	Secured against the Keyman Insurance Policy of the Promoter.
Vehicle Loans	Secured against the Hypothecation of underlying Company owned vehicles

Notes forming part of the financial statements

Note 4:- SHORT TERM BORROWINGS

Particulars	As at March 31, 2014	As at March 31, 2013
	₹	₹
SECURED:		
(a) Working Capital Loans from Banks	-	1,030,642,672
	-	1,030,642,672
UNSECURED:		
(b) Deposits	147,933,477	149,508,635
	147,933,477	149,508,635
Total	147,933,477	1,180,151,307

- 4.1** 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. 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.
- 4.2** In the F.Y.2013-14, the Company on the basis of audited accounts for the financial year ended March 31, 2013 and being mandatory requirement 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 and hearings of the same are in process for determination of sickness.
- 4.3** In the light of the above scenario, all the Working Capital Loans from banks have been classified as Current maturities of Loans & Credit Facilities from Banks under Other Current Liabilities in Note No.6.
- 4.4** Working capital loan from banks and buyers credit arrangement 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 5:- TRADE PAYABLES

Particulars	As at March 31, 2014	As at March 31, 2013
	₹	₹
Micro, Small and Medium Enterprises	3,965,761	4,025,761
Other	319,637,664	324,829,382
Total	323,603,425	328,855,143

5.1 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.

5.2 No interest is paid / payable during the year to any enterprise registered under the MSME.

Notes forming part of the financial statements

Note 6:- OTHER CURRENT LIABILITIES

Particulars	As at March 31, 2014	As at March 31, 2013
	₹	₹
(a) Current maturities of Loans & Credit Facilities from Banks	4,548,134,713	294,859,784
(b) Interest accrued and due on borrowings	286,041,222	309,189,985
(c) Unclaimed dividends	167,087	167,087
(d) Other payables		
(i) Statutory remittances (Contributions to PF and ESIC, Excise Duty, VAT, Service Tax, etc.)	29,034,890	36,320,129
(ii) Payables on purchase of fixed assets	-	10,642,738
(iii) Trade / security deposits received	4,476,692	8,913,601
(iv) Advances from customers	24,716,790	18,194,741
(v) Book Overdraft in Bank Balance	-	466,363
Total	4,892,571,395	678,754,428

6.1 Current maturities of Loans & Credit Facilities from Banks (refer notes 3.1 to 3.7) in Note 3 - Long-term borrowings and (refer notes 4.1 to 4.4) in Note 4 - Short-term Borrowings for details of rate of interest, repayment schedule, security and guarantee.

Note 7:- SHORT TERM PROVISIONS

Particulars	As at March 31, 2014	As at March 31, 2013
	₹	₹
Provision for employee benefits:		
(i) Provision for bonus	1,485,875	11,206,564
(ii) Provision for leave encashments	1,386,779	2,779,176
(iii) Provision for gratuity (net) (Refer Note 31)	2,273,794	6,545,823
Total	5,146,448	20,531,563

Note 8:- FIXED ASSETS

Particulars	Gross Block				Depreciation				Net Block	
	Cost as on 31-Mar-13	Additions	Deletions / Adjustment	Cost as on 31-Mar-14	Upto 31-Mar-13	For the Y. E. 31-Mar-14	On Deletions	As on 31-Mar-14	As on 31-Mar-14	As on 31-Mar-13
Tangible Assets :										
I Land - Freehold	46,837,112	47,707,504	-	94,544,616	-	-	-	-	94,544,616	46,837,112
II Building	874,020,351	-	-	874,020,351	147,545,066	26,286,965	-	173,832,031	700,188,320	726,475,285
III Plant & Machinery	4,605,665,819	-	2,500,000	4,603,165,819	1,235,014,122	235,642,554	234,572	1,470,422,103	3,132,743,716	3,370,651,697
IV Furniture & Fixtures	48,247,334	-	-	48,247,334	16,634,000	3,040,389	-	19,674,389	28,572,945	31,613,334
V Office Equipments	13,237,540	-	-	13,237,540	4,011,832	628,783	-	4,640,615	8,596,925	9,225,708
VI Vehicles	22,808,069	-	1,689,626	21,118,443	11,890,432	2,134,842	1,370,520	12,654,755	8,463,688	10,917,637
VII Computers	10,206,958	36,000	-	10,242,958	9,296,237	712,576	-	10,008,813	234,145	910,721
VIII Power Project	268,032,690	-	-	268,032,690	197,762,382	27,714,580	-	225,476,962	42,555,728	70,270,308
Intangible Assets :										
I Trademarks	10,000	-	-	10,000	10,000	-	-	10,000	-	-
Grand Total	5,889,065,873	47,743,504	4,189,626	5,932,619,751	1,622,164,071	296,160,688	1,605,092	1,916,719,667	4,015,900,084	4,266,901,805
Previous Year	5,869,952,909	27,971,814	8,858,849	5,889,065,874	1,331,915,219	298,120,250	7,871,396	1,622,164,073	4,266,901,801	4,538,037,692

Notes forming part of the financial statements

Note 9:- NON-CURRENT INVESTMENTS (AT COST)

Particulars	As at March 31, 2014	As at March 31, 2013
	₹	₹
Long Term, Non Trade and Unquoted		
(a) Investment in equity instruments - fully paid up		
(i) in subsidiaries		
1,90,000 (As at March 31, 2013: 1,90,000) shares of ₹ 10 each in Euro Merchandise (India) Limited	14,250,000	14,250,000
10,000 (As at March 31, 2013: 10,000) shares of ₹ 10 each in Subhnen Sanitaryware Private Limited	100,000	100,000
(ii) in other entities		
13,00,000 (As at March 31, 2013: 13,00,000) shares of ₹ 10 each in Euro Glass Private Limited	13,000,000	13,000,000
35,075 (As at March 31, 2013: 35,075) shares of ₹ 10 each in The Cosmos Co-Operative Bank Ltd. (Pledged with Bank)	350,750	350,750
	27,700,750	27,700,750
(b) Investment in government or trust securities		
6 Years National Savings Certificate (Deposited with Sales Tax Department)	10,000	10,000
(c) Investment in partnership firms		
M/s. Euro Realtors (Fixed Capital) (Share of Profit/Loss - 95% and Other Partner Dharmesh Gathani 5%)	50,000	50,000
Total	27,760,750	27,760,750

Note 10:- LONG TERM LOANS AND ADVANCES

Particulars	As at March 31, 2014	As at March 31, 2013
	₹	₹
Unsecured, considered good		
(a) Capital advances	-	898,763
(b) Security deposits	9,098,389	8,343,413
(c) Prepaid expenses	29,944,445	34,222,222
(d) Advance income tax (Net of Provisions)	2,992,986	68,214,621
(e) MAT Credit Entitlement	53,263,683	53,263,683
Total	95,299,503	164,942,702

Note 11:- INVENTORIES

(As Valued and Certified by Management)

Particulars	As at March 31, 2014	As at March 31, 2013
	₹	₹
(a) Raw Materials & Consumables	112,180,636	110,687,927
(b) Work-in-progress	19,224,977	50,119,535
(c) Finished goods (other than those acquired for trading)	122,277,149	152,958,149
(d) Stock-in-trade (acquired for trading)	15,627,741	17,577,865
(e) Stores and spares	46,628,467	62,178,510
(f) Power & Fuel	181,182	1,104,241
(g) Packing Materials	4,479,316	5,958,383
Total	320,599,468	400,584,610

Notes forming part of the financial statements

Note 12:- TRADE RECEIVABLES

Particulars	As at March 31, 2014	As at March 31, 2013
	₹	₹
Unsecured and considered good		
Outstanding for a period exceeding six months from the date they were due for payment	131,160,341	107,329,867
Less : Provision for Doubtful Debts	58,090,589	38,714,553
	73,069,752	68,615,314
Others	74,740,189	135,320,670
Total	147,809,941	203,935,984

Note 13:- CASH AND BANK BALANCES

Particulars	As at March 31, 2014	As at March 31, 2013
	₹	₹
(a) Cash and cash equivalents		
(i) Balances with banks		
- In current accounts	1,646,626	4,495,221
(ii) Cash on hand	1,136,362	434,301
	2,782,987	4,929,522
(b) Other Bank Balances		
In earmarked accounts		
(i) Balances held as margin money or security against borrowings, guarantees and other commitments.	25,297,201	25,297,201
(ii) Unclaimed Dividend Account	139,619	202,051
Total	28,219,807	30,428,774

Note 14:- SHORT TERM LOANS AND ADVANCES

Particulars	As at March 31, 2014	As at March 31, 2013
	₹	₹
Unsecured, considered good		
(a) Loans and advances to related parties	779,564,670	711,027,842
(b) Loans and advances to employees	2,216,559	3,321,140
(c) Prepaid expenses	2,321,543	2,470,780
(d) Balances with government authorities		
(i) CENVAT credit receivable	580,125	3,812,163
(ii) VAT credit receivable	7,502,994	10,547,398
(iii) Service Tax credit receivable	2,630,960	4,253,004
(e) Others	25,794,324	30,858,922
Total	820,611,175	766,291,249

Notes forming part of the financial statements

Note 15:- OTHER CURRENT ASSETS

Particulars	As at March 31, 2014	As at March 31, 2013
	₹	₹
(i) Interest Accrued On Fixed Deposits	68,423	20,686
Total	68,423	20,686

Note 16:- REVENUE FROM OPERATIONS

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
	₹	₹
(a) Sale of products (Refer Note 16.1 below)	825,674,214	983,721,726
(b) Sale of services (Refer Note 16.2 below)	6,790,388	16,402,569
(c) Other operating revenues (Refer Note 16.3 below)	(4,695,754)	(12,664,954)
	827,768,848	987,459,341
(d) Less: Excise duty	61,483,845	101,359,908
Total	766,285,003	886,099,433

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
	₹	₹
16.1 Sale of products comprises:		
<u>Manufactured goods:</u>		
Tiles	631,827,854	821,693,765
Others	172,965,737	144,582,563
Total - Sale of manufactured goods	804,793,590	966,276,328
<u>Traded goods:</u>		
Others	20,880,624	17,445,398
Total - Sale of traded goods	20,880,624	17,445,398
Total - Sale of products	825,674,214	983,721,726
16.2 Sale of services comprises:		
Others	6,790,388	16,402,569
Total - Sale of services	6,790,388	16,402,569
16.3 Other operating revenues comprise:		
Sale of scrap	-	122,289
Export incentives on Advance Licenses and Focus Licenses	(4,695,754)	(12,787,243)
Total - Other operating revenues	(4,695,754)	(12,664,954)

Note 17:- OTHER INCOME

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
	₹	₹
(a) Interest income (Refer Note 17.1 below)	7,029,720	4,209,464
(b) Other non-operating income (net of expenses directly attributable to such income)(Refer Note 17.2 below)	60,665,835	971,811
Total	67,695,555	5,181,275

Notes forming part of the financial statements

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
	₹	₹
17.1 Interest income comprises:		
Interest from banks on Deposits	2,281,453	3,640,106
Interest on overdue trade receivables	444,288	569,358
<u>Interest income from long term investments</u>		
Interest on income tax refund	4,303,979	-
Total - Interest income	7,029,720	4,209,464

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
	₹	₹
17.2 Other non-operating income comprises:		
Rental income from properties	1,024,575	971,811
Key man Insurance Policy - receipts on policy surrender	59,641,260	-
Total - Other non-operating income	60,665,835	971,811

Note 18:- COST OF MATERIAL CONSUMED

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
	₹	₹
Opening stock	116,646,309	185,420,789
Add: Purchases	465,721,497	251,031,807
	582,367,806	436,452,595
Less: Closing stock	116,659,952	116,646,309
Cost of material consumed	465,707,854	319,806,287
Material consumed comprises:		
Clay	9,243,195	78,254,196
Feldsper	6,979,441	34,104,654
Quartz	948,066	1,870,664
Marble & Stone	346,123,622	29,728,705
Resin	-	39,827,298
Powder Chemicals for Resin	26,660,163	27,227,184
Binders & Others	13,529,833	9,380,980
Others	62,223,534	99,412,606
Total	465,707,854	319,806,287

18.1 Purchase of traded goods

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
	₹	₹
Sanitaryware	6,705,448	4,158,938
Tiles	5,423,284	1,726,674
Total	12,128,732	5,885,612

Notes forming part of the financial statements

18.2 Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
	₹	₹
Inventories at the end of the year:		
Finished goods	122,277,149	152,958,149
Work-in-progress	19,224,977	50,119,535
Stock-in-trade	15,627,741	17,577,865
	157,129,868	220,655,549
Inventories at the beginning of the year:		
Finished goods	152,958,149	226,815,058
Work-in-progress	50,119,535	115,409,962
Stock-in-trade	17,577,865	25,073,607
	220,655,549	367,298,627
Net (Increase) / Decrease	63,525,681	146,643,078

Note 19:- EMPLOYEE BENEFIT EXPENSES

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
	₹	₹
Salaries and Wages	82,946,276	159,219,160
Contributions to provident and other funds	1,646,266	3,865,627
Staff welfare expenses	3,585,698	3,783,141
Total	88,178,240	166,867,928

Note 20:- OTHER EXPENSES

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
	₹	₹
Consumption of stores and spare parts	22,777,524	30,070,458
Increase / (decrease) of excise duty on inventory	(12,564,427)	(7,347,212)
Power and fuel	125,278,777	301,078,200
Processing Charges	19,759,256	21,961,339
Rent	3,070,325	5,722,864
Repairs and maintenance - Machinery	108,772	1,164,005
Repairs and maintenance - Others	2,604,249	5,216,017
Insurance	5,471,567	2,890,982
Rates and taxes	-	6,920,884
Travelling and conveyance	4,246,587	6,368,287
Freight and forwarding	5,095,660	17,292,031
Sales commission	6,147,016	27,982,582
Payments to auditors (Refer Note 20.1 below)	630,000	720,000
Loss on fixed assets sold / scrapped / written off	1,991,797	592,703
Bad trade and other receivables, loans and advances written off	19,653,669	45,505,427
Share of Profit / Loss from Partnership Firm	688,969	18,582,539
Selling and Distribution Expenses	15,720,193	18,375,815
Miscellaneous expenses	21,162,718	21,921,576
Total	241,842,651	525,018,496

Notes forming part of the financial statements

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

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
	₹	₹
As auditors - statutory audit	630,000	520,000
For taxation matters - considered as Professional fees	300,000	150,000
For other services - considered as Professional fees	250,000	50,000
Total	1,180,000	720,000

Note 21:- FINANCE COSTS

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
	₹	₹
(i) Interest expense on Borrowings	8,787,348	476,825,728
(ii) Interest expense on Others	3,602,191	11,544,745
(iii) Other borrowing costs	348,124	8,432,334
(iv) Net (gain) / loss on foreign currency transactions and translation (considered as finance cost)	3,697,568	2,135,048
Total	16,435,231	498,937,855

Note 22:- CONTINGENT LIABILITIES

Particulars	As at March 31, 2014	As at March 31, 2013
	₹	₹
a. Bank Guarantees	-	255,000
b. Guarantees given to the Banks for the loans taken by the Euro Merchandise (India) Ltd., (100 % Subsidiary)	162,000,000	162,000,000
c. The Company has imported various Capital Goods under the Export Promotion Capital Goods Scheme (EPCG), of the Government of India, through various licenses, at concessional rates of Custom Duty on an undertaking to fulfill quantified exports within a period of eight years from the date of the respective licenses. The Custom Duty so saved amounts to ₹ 30,76,45,374/- (Previous Year ₹30,76,45,374/-) and the corresponding Export Obligation to be fulfilled is ₹ 1,69,53,45,986/- (Previous Year ₹ 1,71,03,91,974/-) as on the Balance Sheet date. If the said export is not made within the stipulated time period, the company is required to pay the Custom Duty corresponding to the balance export obligation to be fulfilled, together with interest @15% p.a. Formal discharge from the obligation by the appropriate authorities is in progress in respect of some of the Licenses of which Export Obligation is entirely fulfilled by the close of the year.		

Note 23 : CAPITAL COMMITMENTS

Particulars	As at March 31, 2014	As at March 31, 2013
	₹	₹
Estimated amount of contracts remaining to be executed on capital account and not provided for.	-	-

Notes forming part of the financial statements

Note 24:- VALUES OF IMPORTED AND INDIGENOUS RAW MATERIALS, CONSUMABLES, STORES & SPARES, ETC. CONSUMED			
	Particulars	As at March 31, 2014	As at March 31, 2013
		₹	₹
a.	Raw Materials & Consumables		
	-Imported	341,176,020 73.26%	73,398,544 22.95%
	-Indigenous	124,531,834 26.74%	246,407,743 77.05%
		465,707,854	319,806,287
b.	Stores and Spares		
	-Imported	3,099,677 13.61%	8,212,208 27.31%
	-Indigenous	19,677,847 86.39%	21,858,250 72.69%
		22,777,524	30,070,458
Note 25 :- VALUES OF IMPORTS ON CIF BASIS IN RESPECT OF :			
	Particulars	As at March 31, 2014	As at March 31, 2013
		₹	₹
a.	Raw Materials & Consumables	278,913,749	35,627,531
b.	Stores & Spares	1,243,256	7,590,235
c.	Capital Goods	-	1,927,852
d.	Trading Goods	1,320,538	-
Note 26 :- EXPENDITURE IN FOREIGN CURRENCY			
	Particulars	As at March 31, 2014	As at March 31, 2013
		₹	₹
a.	Foreign Traveling Expenses	389,186	668,032
b.	Commission	-	256,835
Note 27:- EARNINGS IN FOREIGN CURRENCY			
	Particulars	As at March 31, 2014	As at March 31, 2013
		₹	₹
a.	FOB value of Exports (excluding sales to SEZ)	11,087,506	18,249,362

Notes forming part of the financial statements

Note 28:- DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE			
	Particulars	As at March 31, 2014	As at March 31, 2013
(a)	Unhedged Foreign Currency Exposure :		
I	Outstanding Creditors for Purchase of Raw Material, Consumables & Spares	USD 561,618.57	USD 580,053.57
II	Outstanding Creditors for Purchase of Raw Material, Consumables & Spares	EURO 84,948.78	EURO 99,787.78
III	Outstanding Creditors for Capital Goods	EURO 49,000.00	EURO 49,000.00
IV	Outstanding Debtors	USD 179,002.90	USD 179,002.90
V	Advance to Creditors for Purchase of Raw Material, Consumables & Spares	USD 6,635.20	USD 22,266.20
VI	Advance from Debtors	USD 7,126.24	USD 4,526.24
Note 29:- EARNINGS PER SHARE			
	Particulars	As at March 31, 2014	As at March 31, 2013
		₹	₹
(a)	Basic		
	Net profit / (loss) for the year	(349,822,361)	(1,069,998,798)
	Weighted average number of equity shares	26,909,859	27,818,192
	Par value per share	10/-	10/-
	Earnings per share - Basic	(13.00)	(38.46)
(b)	Diluted		
	Net profit / (loss) for the year	(349,822,361)	(1,069,998,798)
	Weighted average number of equity shares	26,909,859	31,154,330
	Par value per share	10/-	10/-
	Earnings per share - Basic	(13.00)	(34.35)
Note 30:- MAJOR COMPONENT OF DEFERRED TAX LIABILITY			
	Particulars	As at March 31, 2014	As at March 31, 2013
		₹	₹
	Depreciation	146,794,651	146,794,651
	Expenditure / Provisions Disallowable	5,597,405	5,597,405
		152,392,056	152,392,056
	The Company has not provided for Deferred Tax Liability / Assets for the financial year 2013-14 on account of absence of virtual certainty of future taxable profit and existence of heavy brought forward business losses and depreciation under the Income Tax Act.		

Notes forming part of the financial statements

Note 31:- DISCLOSURE PURSUANT TO ACCOUNTING STANDARD (AS-15) (REVISED)			
a.	Defined Contribution Plan : The Company has recognized the following amounts in statement of Profit & Loss		
	Particulars	As at March 31, 2014	As at March 31, 2013
		₹	₹
	Employer's Contribution to Provident Fund	1,456,352	3,757,836
	Employer's Contribution to Employees' State Insurance	54,795	99,913
b.	Defined Benefit Plan : Gratuity The Company has Group Gratuity Policy managed by LIC and SBI Life Insurance Co. Ltd., the below mentioned disclosure have been obtained from them:		
	Particulars	As at March 31, 2014	As at March 31, 2013
		₹	₹
a.	Changes in the present value of obligations		
	Present value of obligations as at Beginning of the year	8,233,280	9,827,349
	Interest cost	712,438	689,607
	Current Service Cost	549,797	1,711,850
	Benefits Paid	(911,141)	(2,521,619)
	Actuarial (Gain)/Loss on obligations	(5,435,414)	(1,473,907)
	Present value of obligations as at End of the year	3,148,960	8,233,280
b.	Changes in the fair value of plan assets		
	Fair value of plan assets at Beginning of the year	1,687,457	3,863,693
	Expected return on plan assets	98,850	211,334
	Employer's Contributions	-	24,234
	Benefits paid	(911,141)	(2,521,619)
	Actuarial Gain / (Loss) on Plan assets	-	109,815
	Fair value of plan assets at End of the year	875,166	1,687,457
c.	Table showing fair value of plan assets		
	Fair value of plan assets at Beginning of the year	1,687,457	3,863,693
	Actual return on plan assets	98,850	321,149
	Contributions	-	24,234
	Benefits Paid	(911,141)	(2,521,619)
	Fair value of plan assets at End of the year	875,166	1,687,457
	Funded status	(2,273,794)	(6,545,823)
	Excess of Actual over estimated return on plan assets (Actual rate of return = Estimated rate of return as ARD falls on March 31)	NIL	NIL
d.	Actuarial Gain/Loss recognized		
	Actuarial Gain/(Loss) for the year -Obligation	5,435,414	1,473,907
	Actuarial Gain/(Loss) for the year - plan assets	-	109,815
	Total Gain/(Loss) for the year	5,435,414	1,583,722
	Actuarial Gain/(Loss) recognized in the year	5,435,414	1,583,722
e.	The amounts to be recognized in the balance sheet and statements of profit and loss		
	Present value of obligations as at the end of the year	3,148,960	8,233,280
	Fair value of plan assets as at the end of the year	875,166	1,687,457
	Funded status	2,273,794	6,545,823
	Net Asset/(Liability) to be recognized in balance sheet	(2,273,794)	(6,545,823)
	-Current Liability	-	-
	-Non Current Liability	(2,273,794)	(6,545,823)
f.	Expenses Recognized in statement of Profit & Loss	2,273,794	6,570,057
g.	Principal Actuarial Assumptions used at the Balance Sheet Date		
	Discount Rate	9.16%	8.00%
	Salary Escalation	6.00%	5.00%

Notes forming part of the financial statements

Note 32 :- DISCLOSURE IN RESPECT OF RELATED PARTIES PURSUANT TO ACCOUNTING STANDARD 18:

(a) Subsidiary			
Euro Merchandise (India) Limited			
Subhnen Sanitaryware Private Limited			
(b) Name of the enterprises having same Key Management Personnel and/or their relatives as the Reporting enterprises:			
Eurobond Industries Private Limited	Euro Flooring Pvt. Ltd.	Euro Décor Pvt. Ltd	
Euro Multivision Ltd	Euro Developers Pvt. Ltd.	Subhnen Ply Pvt. Ltd.	
Euro Pratik Ispat Pvt. Ltd.	Euro Solo Energy Systems Pvt. Ltd.	Euro India Cylinders Ltd.	
Subhnen Finance & Investments Pvt Ltd.	Euro Glass Pvt. Ltd.	Kanch Ghar	
Neelam Metal	Laxmi Ply Agency	Metro Stationery Mart	
Neelam Ply & Laminates	NLS Enterprise Pvt Ltd.	Gurukul Enterprises Pvt. Ltd.	
Tangent Furniture Pvt Ltd	Lyons Technologies Ltd	Ladhabhai Sanganbhai Gala Charitable Trust	
Monex Stationers	Disti Multimedia & Communications Pvt Ltd	Vaman International (P) Ltd.	
National Ply & Laminates	Jainy Glass & Veneer	Nova Enterprises	
National Laminate Corporation	Gala Enterprises	Euro Foundation	
Euro Conventional Energy Pvt. Ltd.	Canbara Constructions Pvt. Ltd.	Euro Solar Power Pvt. Ltd.	
Drashti Veneers	Euro Realtors	Maxim Enterprises	
Link Estate Pvt. Ltd.	Euro Steel & Minerals	Euro Polaad Minerals & Steel LLP	
Laxmi Laminates	Euro Pallets Pvt. Ltd.		
(c) Relatives of Key Management Personnel:			
Nenshi L. Shah H.U.F.	Shantilal L. Shah H.U.F.	Laljibhai K. Shah H.U.F.	
Pinank N. Shah H.U.F.	Hitesh S. Shah H.U.F.	Dhaval S. Shah H.U.F.	
Manjari H. Shah	Hitesh S. Shah	Sushila H. Gala	
Nitesh P. Shah	Jayantilal Nishar	Rekhaben Nishar	
Dhaval L. Shah	Forum D. Shah	Kasturben T. Nandu	
Shantaben L. Shah	Urmi P. Shah	Viral T. Nandu	
Sonalben L. Shah	Parag K. Shah	Gunvantiben N. Shah	
Pinank N. Shah	Shantilal L. Shah	Laljibhai K. Shah	
Parita V. Nandu	Anish K. Shah	Dimple A. Shah	
Dhruti P. Shah	Hiral M. Shah	Mahek H. Shah	
Pratik K. Shah			
(d) Key Management Personnel:			
Nenshi L. Shah	Kumar P. Shah	Talakshi L. Nandu	Paresh K. Shah
Amit G. Shah	Anil M. Mandevia	Mahendra V. Modi	Ajit B. Nalaviya
Amit Nandu	Karan Rajput		

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.

(Amount in ₹)

Nature of Transactions	Subsidiary	Enterprises having common Key Management Personnel	Relative of the Key Management Personnel	Key Management Personnel
Sales Service and other income	3,091,777 (29,900,042)	2,424,268 (-3,889,390)	---- (----)	---- (----)
Sale Of Fixed Assets	---- (----)	---- (----)	---- (----)	---- (----)
Purchase of goods and services	1,141,779 (323,249)	3,774,795 (7,046,461)	---- (----)	---- (----)
Purchase of fixed assets	---- (----)	---- (23,931,412)	---- (----)	---- (----)
Donation	---- (----)	---- (----)	---- (----)	---- (----)
Director's Remuneration/Sitting Fees	---- (----)	---- (----)	1,080,000 (1,080,000)	9,692,500 (9,652,500)
Interest Received	---- (----)	---- (----)	---- (----)	---- (----)
Interest Paid/Payable	---- (----)	---- (2,233,857)	---- (----)	---- (----)
Loans/Advances Taken	---- (----)	26,094,320 (----)	---- (20,701,026)	---- (----)
Loans/Advance Repaid	---- (----)	6,684,579 (16,415,000)	4,999,998 (----)	---- (600,000)
Loans/Advances Given	---- (----)	68,411,031 (825,000)	---- (----)	---- (----)
Loans/Advance Received Back	---- (----)	---- (512,000)	---- (----)	---- (----)
Outstanding balance As at March 31, 2014:				
Loans Payable	---- (----)	125,832,847 (106,423,106)	15,701,026 (20,701,026)	99,283,107 (120,383,107)
Loans Receivable	---- (----)	776,570,093 (707,902,861)	---- (----)	---- (----)
Amount Receivable	14,485,729 (26,631,649)	24,370,870 (25,292,981)	---- (----)	---- (----)
Amount Payable	82,372 (----)	1,536,879 (----)	---- (86,900)	---- (383,000)
Note 33:- Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.				
Note 34:- The Company does not have a Company Secretary as required under the provision of Section 383A of the Companies Act, 1956. The Company is in the process of appointing a whole time Company Secretary as required by the provision of Section 383A of the Companies Act, 1956.				

NOTE : 35 SEGMENTWISE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2014 - PURSUANT TO ACCOUNTING STANDARD - 17

I) PRIMARY SEGMENTS - BUSINESS

	Tiles Division		Aluminium Division		Sanitaryware Division		Realty Division		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
a) Segmental Revenue										
Sales to External Customers	642,244,824	827,714,258	-	53,634	185,524,024	159,891,449	-	-	827,768,848	987,459,341
Less : Excise Duty	42,508,662	84,591,406	-	5,673	18,975,183	16,762,829	-	-	61,483,845	101,359,908
	599,736,162	743,122,852	-	47,961	166,548,841	142,928,620	-	-	766,285,003	886,099,433
Inter-Segmental Revenue	-	-	-	-	-	-	-	-	-	-
Total Segmental Revenue	599,736,162	743,122,852	-	47,961	166,548,841	142,928,620	-	-	766,285,003	886,099,433
b) Segmental Results (PBIT)	(271,413,112)	(397,404,604)	(2,659,496)	(2,734,130)	(21,437,700)	(41,286,920)	(350,869)	(242,927)	(295,861,177)	(441,668,590)
Less: Interest & Finance Charges									16,435,231	492,593,343
									(312,296,408)	(934,261,923)
Less: Unallocable Expenses Net of Unallocable Income									37,702,112	135,736,877
Profit Before Tax & Exceptional Items									(349,998,520)	(1,069,998,800)
Loss / (Gain) due to Exceptional Items									-	-
Profit Before Tax									(349,998,520)	(1,069,998,800)
Less: Provision for Current Tax									-	-
Add: MAT Credit									-	-
Less: Earlier Years Excess/Short Provision									(176,159)	-
Less: Provision for Deferred Tax									-	-
Profit After Tax									(349,998,520)	(1,069,998,800)
c) Carrying amount of Segmental Assets	4,493,543,802	4,636,309,891	26,032,627	26,190,930	1,187,358,457	1,183,350,818	776,856,008	707,902,861	6,483,790,894	6,553,754,500
Unallocated Assets									889,197,924	979,024,674
Total Assets									7,372,988,818	7,532,779,174
d) Carrying amount of Segmental Liabilities	2,874,072,772	2,887,092,496	1,709,108	1,475,756	34,142,454	36,439,537	-	446,026	2,909,924,334	2,925,453,815
Unallocated Liabilities									2,943,278,295	3,158,272,414
Total Liabilities									5,853,202,629	6,083,726,229
e) Cost incurred to acquire Segment Fixed Assets during the year	-	2,425,995	-	-	-	-	-	-	-	2,425,995
Unallocated Assets									36,000	27,866,814
f) Depreciation / Amortization	203,104,592	205,962,714	2,572,573	2,572,573	48,231,715	48,231,715	-	-	253,908,880	256,757,002
Unallocated depreciation									42,251,809	41,363,248

Note : There are no inter segment transactions in the previous year as well as in current year.

II) PRIMARY SEGMENTS -GEOGRAPHICAL

	For the year ended March 31, 2014	For the year ended March 31, 2013
The Company's operating facilities are located in India	₹	₹
Domestic Revenues	737,994,115	824,032,323
Export Revenues	28,290,888	62,067,111
TOTAL	766,285,003	886,099,433

Independent Auditor's Report On Consolidated Financial Statement

To
The Members of
EURO CERAMICS LIMITED

We have audited the accompanying consolidated financial statements of **EURO CERAMICS LIMITED** ('the Company'), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with General Circular No. 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act 2013. This responsibility includes the design, implementation and maintenance of internal control 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

1. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements as notified by the Companies (Accounting Standard) Rules, 2006.
2. We further report that on the basis of the information and explanations given to us, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India :-
 - i. in the case of the Balance Sheet, of the state of affairs of the Group as at March 31, 2014;
 - ii. in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
 - iii. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

DEEPAK MARU & CO.
Chartered Accountants
ICAI Firm Regn. No:115678W

Jaymin P. Shah
Membership No:118113

Place: Mumbai
Date: May 30, 2014

Consolidated Balance Sheet as at March 31, 2014

Particulars	Note No.	As at	As at
		March 31, 2014	March 31, 2013
		₹	₹
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share Capital	1	337,377,170	285,780,120
(b) Reserves and Surplus	2	(939,235,509)	(657,978,327)
		(601,858,339)	(372,198,207)
2 Non-current liabilities			
(a) Long-term borrowings	3	345,841,719	3,738,285,580
(b) Deferred tax liabilities (net)		152,392,056	152,392,056
		498,233,775	3,890,677,636
3 Current liabilities			
(a) Short-term borrowings	4	157,939,967	1,430,101,104
(b) Trade payables	5	348,051,840	357,528,372
(c) Other current liabilities	6	5,135,931,317	699,345,443
(d) Short-term provisions	7	5,175,116	21,583,282
		5,647,098,240	2,508,558,202
	TOTAL	5,543,473,677	6,027,037,630
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	8	4,019,603,115	4,270,913,789
(ii) Capital work-in-progress		-	49,748,563
		4,019,603,115	4,320,662,352
(b) Non-current investments	9	13,510,750	13,510,750
(c) Long-term loans and advances	10	95,335,528	164,948,702
		4,128,449,393	4,499,121,804
2 Current assets			
(a) Inventories	11	377,699,316	466,520,565
(b) Trade receivables	12	136,962,399	195,635,934
(c) Cash and Bank Balances	13	33,564,950	36,554,839
(d) Short-term loans and advances	14	863,293,907	826,358,360
(e) Other current assets	15	3,503,712	2,846,128
		1,415,024,284	1,527,915,826
	TOTAL	5,543,473,677	6,027,037,630
Significant Accounting Policies and Notes on Financial Statements forming part of the financial statements	1-29		

In terms of our report attached.

For and on behalf of the Board of Directors

For DEEPAK MARU & CO.

Chartered Accountants

ICAI Firm Regn. No.:115678W

Jaymin P. Shah
Partner

Mem. No.118113

Nenshi L. Shah
(Chairman & Managing Director)Amit Nandu
(Director)Place : Mumbai
Date : May 30, 2014Place : Mumbai
Date : May 30, 2014

Consolidated Statement of Profit and Loss For the year ended March 31, 2014

Particulars	Note No.	For the year ended	For the year ended
		March 31, 2014	March 31, 2013
		₹	₹
A CONTINUING OPERATIONS			
1 Revenue from operations (gross)	16	843,661,591	1,004,255,374
Less: Excise duty		61,483,845	101,359,908
		782,177,746	902,895,466
Other income	17	69,666,751	8,118,346
Revenue from operations (net)		851,844,497	911,013,813
2 Expenses			
(a) Cost of materials consumed	18	465,707,855	319,534,444
(b) Purchases of stock-in-trade	18.1	20,275,697	18,530,397
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	18.2	72,362,243	159,761,264
(d) Employee benefits expense	19	89,016,515	173,778,806
(e) Other expenses	20	247,392,838	535,911,391
Total		894,755,147	1,207,516,302
3 Earnings before exceptional items, extraordinary items, interest, tax, depreciation and amortisation (EBITDA)		(42,910,651)	(296,502,489)
4 Finance costs	21	16,455,993	536,051,633
5 Depreciation and amortisation expense		296,469,644	298,480,028
7 Profit / (Loss) before exceptional and extraordinary items and tax		(355,836,287)	(1,131,034,151)
8 Exceptional items		-	-
9 Profit / (Loss) before extraordinary items and tax		(355,836,287)	(1,131,034,151)
10 Extraordinary items		-	-
11 Profit / (Loss) before tax		(355,836,287)	(1,131,034,151)
12 Tax expense:			
(a) Current tax expense for current year		-	-
(b) (Less): MAT credit (where applicable)		-	-
(c) Current tax expense relating to prior years		(176,159)	(470,346)
(d) Net current tax expense		(176,159)	(470,346)
(e) Deferred tax		-	-
		(176,159)	(470,346)
13 Profit / (Loss) for the year		(355,660,128)	(1,130,563,805)
14 Earnings per share (of ₹ 10/- each):			
Basic & Diluted			
(i) Continuing operations	25.a	(13.22)	(40.64)
(ii) Total operations	25.b	(13.22)	(40.64)
Significant Accounting Policies and Notes on Financial Statements forming part of the financial statements	1-29		

In terms of our report attached.

For and on behalf of the Board of Directors

For DEEPAK MARU & CO.

Chartered Accountants

ICAI Firm Regn. No.:115678W

Jaymin P. Shah
Partner

Mem. No.118113

Nenshi L. Shah
(Chairman & Managing Director)**Amit Nandu**
(Director)Place : Mumbai
Date : May 30, 2014Place : Mumbai
Date : May 30, 2014

Consolidated Cash Flow Statement For the year ended March 31, 2014

Particulars	For the year ended		For the year ended	
	March 31, 2014		March 31, 2013	
	₹	₹	₹	₹
A. Cash flow from operating activities				
Net Profit / (Loss) before extraordinary items and tax		(355,836,287)		(1,131,034,151)
Adjustments for:				
Depreciation and amortisation	296,469,644		298,480,028	
Amortisation of Software Expenses	2,041,059		-	
(Profit) / loss on sale / write off of assets	1,991,797		592,703	
Finance costs	16,455,993		536,051,633	
Interest income	(7,639,567)		(5,379,714)	
Rental income from investment properties	(1,024,575)		(971,811)	
Dividend Income	(12,000)		(15,000)	
Amenity Income	(655,200)		(345,800)	
Share of (profit)/Loss from partnership firms	688,969	308,316,119	18,582,539	846,994,578
Operating profit / (loss) before working capital changes		(47,520,168)		(284,039,573)
Changes in working capital:				
Adjustments for (increase) / decrease in operating assets:				
Inventories	88,821,248		239,410,171	
Trade receivables	58,673,535		408,742,851	
Short-term loans and advances	(36,935,547)		-	
Long-term loans and advances	4,544,241		-	
Other current assets	(657,584)		-	
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	(9,476,532)		57,070,153	
Other current liabilities	(17,957,804)		-	
Short-term provisions	(16,408,166)	70,603,393	-	705,223,175
		23,083,225		421,183,602
Cash flow from extraordinary items		-		-
Cash generated from operations		23,083,225		421,183,602
Net income tax (paid) / refunds		65,245,091		1,125,554
Net cash flow from / (used in) operating activities (A)		88,328,316		422,309,156
B. Cash flow from investing activities				
Capital expenditure on fixed assets, including capital advances	(36,000)		(27,977,432)	
Proceeds from sale of fixed assets	592,737		394,750	
Interest received	7,639,567		5,379,714	
Rental income from investment properties	1,024,575		971,811	
Dividend Income	12,000		15,000	
Amenity Income	655,200		345,800	
Amounts received from partnership firms	(688,969)	9,199,110	(18,582,539)	(39,452,896)
Cash flow from extraordinary items		-		-
		9,199,110		(39,452,896)
Net income tax (paid) / refunds		-		-
Net cash flow from / (used in) investing activities (B)		9,199,110		(39,452,896)

Consolidated Cash Flow Statement For the year ended March 31, 2014

Particulars	For the year ended		For the year ended	
	March 31, 2014		March 31, 2013	
	₹	₹	₹	₹
C. Cash flow from financing activities				
Proceeds from issue of equity shares	125,999,997		52,500,020	
Proceeds from long-term borrowings	-		153,943,939	
Proceeds from Issue of Debentures	-		125,999,997	
Repayment of long-term borrowings	(183,069,211)		(235,185,498)	
Repayment of short-term borrowings	(26,992,109)		-	
Finance cost	(16,455,993)	(100,517,316)	(536,051,633)	(438,793,175)
Cash flow from extraordinary items			-	-
Net cash flow from / (used in) financing activities (C)		(100,517,316)		(438,793,175)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		(2,989,890)		(55,936,915)
Cash and cash equivalents at the beginning of the year		36,554,839		92,491,754
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents		-		-
Cash and cash equivalents at the end of the year		33,564,950		36,554,839
Reconciliation of Cash and cash equivalents with the Balance Sheet:				
Cash and cash equivalents as per Balance Sheet (Refer Note 13)		33,564,950		36,554,839
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements		-		-
Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements)		33,564,950		36,554,839
Add: Current investments considered as part of Cash and cash equivalents (as defined in AS 3 Cash Flow Statements)		-		-
Cash and cash equivalents at the end of the year *		33,564,950		36,554,839
* Comprises:				
(a) Cash on hand		1,341,836		607,686
(b) Cheques, drafts on hand		-		-
(c) Balances with banks				
(i) In current accounts		2,183,015		5,844,622
(ii) In earmarked accounts (Refer Note (ii) below)		139,619		202,051
(d) Others - Fixed Deposits Kept as Margin Money		29,900,480		29,900,480
		33,564,950		36,554,839
Notes:				
(i) The Cash Flow Statement reflects the combined cash flows pertaining to continuing and discounting operations.				
(ii) These earmarked account balances with banks can be utilised only for the specific identified purposes.				
See accompanying notes forming part of the financial statements				

In terms of our report attached.

For and on behalf of the Board of Directors

For DEEPAK MARU & CO.

Chartered Accountants

ICAI Firm Regn. No.:115678W

Jaymin P. Shah
Partner

Mem. No.118113

Nenshi L. Shah
(Chairman & Managing Director)**Amit Nandu**
(Director)Place : Mumbai
Date : May 30, 2014Place : Mumbai
Date : May 30, 2014

Notes forming part of the Consolidated Financial Statements For the year ended March 31, 2014

SIGNIFICANT ACCOUNTING POLICIES

A Basis of Consolidation

- i The consolidated financial statements (CFS) comprises of the financial statements of Euro Ceramics Limited (the Company) and its subsidiaries.
- ii The details of subsidiaries are as under :
- | Name | Incorporated in | % of holding |
|--------------------------------|-----------------|--------------|
| Euro Merchandise (India) Ltd. | India | 100 % |
| Subhnen Sanitaryware Pvt. Ltd. | India | 100 % |
- iii The financial statements of the Company and its Subsidiary Company have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-company balances, intra-company transactions and unrealized profits or losses in accordance with Accounting Standard-21 'Consolidated Financial Statements', issued by the Institute Of Chartered Accountants of India.
- iv Both the Companies are a wholly owned subsidiaries of the Company and therefore, the information pertaining to minority shareholders is not applicable in respect thereof.
- v The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statements as Goodwill or Capital Reserve as the case may be.

B Accounting Policies

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

Notes forming part of the consolidated financial statements

Note 1:- SHARE CAPITAL

Particulars	As at March 31, 2014		As at March 31, 2013	
	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
(b) Issued, Subscribed and fully paid up Equity shares of ₹ 10 each	33,737,717	337,377,170	28,578,012	285,780,120
Total	33,737,717	337,377,170	28,578,012	285,780,120

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 2013-2014 / 2012-2013. 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.

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

Particulars	Opening Balance	Add: Shares issued during the year	Closing Balance
Equity shares with voting rights Year ended March 31, 2014			
- Number of shares	28,578,012	5,159,705	33,737,717
- Amount (₹)	285,780,120	51,597,050	337,377,170
Year ended March 31, 2013			
- Number of shares	26,428,134	2,149,878	28,578,012
- Amount (₹)	264,281,340	21,498,780	285,780,120

1.2 Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 March, 2014		As at 31 March, 2013	
	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	6,753,767	20.02%	6,753,767	23.63%
ICICI Bank Ltd.	4,949,901	14.67%	4,971,378	17.40%
State Bank of India	4,135,954	12.26%	-	-
Milankumar Dhirajlal Mehta	2,477,579	7.34%	2,477,579	8.67%
Nenshi Ladhahbai Shah	-	-	1,485,440	5.20%

Notes forming part of the consolidated financial statements

1.3 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 31 March, 2014	As at 31 March, 2013	As at 31 March, 2012
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	-	-
Shares out of the issued, subscribed and paid-up share capital were allotted pursuant to Scheme of Corporate Debt Restructuring (CDR) without payments being received in cash.	-	2,149,878	-
Shares out of the issued, subscribed and paid-up share capital were allotted pursuant to Scheme of Demerger without payments being received in cash.	-	-	9,328,134
Fully paid up by way of bonus shares	-	-	-
Shares bought back	-	-	-

Note 2:- RESERVES & SURPLUS

Particulars	As at March 31, 2014	As at March 31, 2013
	₹	₹
(a) Capital reserve (on Demerger)		
Opening balance	49,728,952	49,728,952
Add: Additions during the year	-	-
Less: Utilised / transferred during the year	-	-
Closing balance	49,728,952	49,728,952
(b) Capital reserve (on Consolidation)		
Opening balance	2,098,827	2,098,827
Add: Additions during the year	-	-
Less: Utilised / transferred during the year	-	-
Closing balance	2,098,827	2,098,827
(c) Securities premium account		
Opening balance	1,022,256,774	991,255,534
Add : Premium on shares issued during the year	74,402,947	31,001,240
Less : Utilised during the year	-	-
Closing balance	1,096,659,721	1,022,256,774
(d) General reserve		
Opening balance	10,000,000	10,000,000
Add: Transferred from surplus in Statement of Profit and Loss	-	-
Less: Utilised / transferred during the year	-	-
Closing balance	10,000,000	10,000,000
(e) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	(1,742,062,880)	(611,499,076)
Add: Profit / (Loss) for the year	(355,660,128)	(1,130,563,805)
Less: Appropriations	-	-
Closing balance	(2,097,723,009)	(1,742,062,880)
Total (a + b + c + d + e)	(939,235,509)	(657,978,327)

Notes forming part of the consolidated financial statements

Note 3:- LONG TERM BORROWINGS

Particulars	As at March 31, 2014	As at March 31, 2013
	₹	₹
SECURED:		
(a) Term loans		
(i) From banks	-	3,219,530,827
(ii) From others	-	42,072,620
	-	3,261,603,447
(b) Vehicle Loans	175,480	743,227
Total	175,480	3,262,346,674
UNSECURED:		
(a) Zero Coupon Bonds	38,500,000	38,500,000
(b) Compulsorily Convertible Debentures (CCD)	-	125,999,997
(c) Deposits	71,167,165	90,933,215
(d) Loans and advances from related parties	235,999,073	220,505,694
Total	345,666,238	475,938,906
Total (Secured + Unsecured)	345,841,719	3,738,285,580

Note:

For Year Ended March 31, 2014

- 3.1 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. 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.
- 3.2 In the F.Y.2013-14, the Company on the basis of audited accounts for the financial year ended March 31, 2013 and being mandatory requirement 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 and hearings of the same are in process for determination of sickness.
- 3.3 In the light of the above scenario, all the term loans from banks are no longer treated as Long Term Borrowings, but have been classified as Current maturities of Loans & Credit Facilities from Banks under Other Current Liabilities in Note No.6.

Notes forming part of the consolidated financial statements

3.4 Interest and Repayment Schedule for Long Term Borrowings:

Particulars	Type	Long Term Debts As At March 31, 2014 (₹)	Current maturities of long-term debt - included in Other Current Liabilities As At March 31, 2014 (₹)	Interest Rate Range % p.a. as at Year End	Repayment Schedule
Secured Borrowings	Term Loans from Banks :				
	Category I	-	159,300,000	8.00% to 12.00%	34 structured quarterly installments in a stepped up manner starting from Oct 2012 to March 2021 as prescribed in approved CDR Package.
	Category II	-	2,031,054,599	12.00%	38 structured quarterly installments in a stepped up manner starting from Oct 2011 to March 2021 as prescribed in approved CDR Package.
	Category III	-	860,573,600	12.00%	38 structured quarterly installments in a stepped up manner starting from Oct 2011 to March 2021 as prescribed in approved CDR Package.
	Category IV	-	478,274,779	12.00%	38 to 47 structured quarterly installments in a stepped up manner starting from Oct 2011 to March 2021 as prescribed in approved CDR Package.
	Total	-	3,529,202,977		
	Term Loans from Others	-	-	9%	No Specific Repayment Schedule has been prescribed by the Lendor.
	Vehicle Loans	175,480	783,309	8.00% to 13.50%	Equated Montly Installments as per specific repayment schedule predetermined in case of each vehicle loan.
Grand Total	175,480	3,529,986,286			
Unsecured Borrowings	Zero Coupon Bonds	38,500,000	-	0.00%	385 Bonds of the F.V. of ₹1,00,000/- each, redeemable after March 31, 2021 as per approved CDR Package.
	Deposits	71,167,165	-	0.00% to 18.00%	No Specific Repayment Schedule has been prescribed by the Lendor.
	Loans and advances from related parties	235,999,073	-	0.00% to 18.00%	No Specific Repayment Schedule has been prescribed by the Lendor.
	Grand Total	345,666,238	-		

Notes forming part of the consolidated financial statements

3.5 Interest and Repayment Schedule for Long Term Borrowings:

Category of Loan	Nature of Security
Category I	Secured against the pari passu charge created on Non Exclusive movable and immovable fixed assets worth ₹ 50 Cr., situated at Bhachau (Kutch), Gujarat
Category II	Secured against the First pari passu Charge created by mortgage on all the existing and future fixed assets situated at Bhachau (Kutch), Bharuch and Mumbai (except for plant & machinery of Calcareous Line II) and second charge created by hypothecation of current assets of the Company and against the collateral securities & Personal Guarantee given by the Directors and Related Parties.
Category III	Secured against Exclusive charge on all the moveable assets including its moveable plant and machinery, spares, tools and accessories, both present and future assets of the project situated at Bhachau, Kutch on plant pertaining to Calcareous Line II. Additional Security by way of tertiary charge on on the current assets and fixed assets both moveable and immovable, present and future, located at Bhachau (Kutch), Gujarat and against the collateral securities & Personal Guarantee given by the Directors and Related Parties.
Category IV	Secured by way of tertiary charge on on the current assets and fixed assets both moveable and immovable, present and future, located at Kutch, Gujarat and against the collateral securities & Personal Guarantee given by the Directors and Related Parties.
Term Loan from Others	Secured against the Keyman Insurance Policy of the Promoter.
Vehicle Loans	Secured against the Hypothecation of underlying Company owned vehicles

Year ended March 31, 2013

3.6 Interest and Repayment Schedule for Long Term Borrowings:

Particulars	Type	Long Term Debts As At March 31, 2013 (₹)	Current maturities of long-term debt - included in Other Current Liabilities As At March 31, 2013 (₹)	Interest Rate Range % p.a. as at Year End	Repayment Schedule
Secured Borrowings	Term Loans from Banks				
	Category I	147,352,500	11,947,500	8.00% to 9.00%	34 structured quarterly installments in a stepped up manner starting from Oct 2012 to March 2021 as prescribed in approved CDR Package.
	Category II	1,870,317,099	160,737,500	9%	38 structured quarterly installments in a stepped up manner starting from Oct 2011 to March 2021 as prescribed in approved CDR Package.
	Category III	793,576,854	66,996,746	9%	38 structured quarterly installments in a stepped up manner starting from Oct 2011 to March 2021 as prescribed in approved CDR Package.
	Category IV	408,284,374	73,359,017	9.00% to 12.00%	38 structured quarterly installments in a stepped up manner starting from Oct 2011 to March 2021 as prescribed in approved CDR Package.
	Total	3,219,530,827	313,040,763		
	Term Loans from others	42,072,620	-	9.00%	No Specific Repayment Schedule has been prescribed by the Lendor.
	Vehicle Loans	743,227	783,309	8.00% to 13.50%	Equated Montly Installments as per specific repayment schedule predetermined in case of each vehicle loan.
Grand Total	3,262,346,674	313,824,072			

Notes forming part of the consolidated financial statements

3.6 Interest and Repayment Schedule for Long Term Borrowings:

Particulars	Type	Long Term Debts As At March 31, 2013 (₹)	Current maturities of long-term debt - included in Other Current Liabilities As At March 31, 2013 (₹)	Interest Rate Range % p.a. as at Year End	Repayment Schedule
Unsecured Borrowings	Zero Coupon Bonds	38,500,000	-	0.00%	385 Bonds of the F.V. of ₹1,00,000/- each, redeemable after March 31, 2021 as per approved CDR Package.
	Compulsorily Convertible Debentures (CCD)	125,999,997	-	2.00%	51,59,705 CCDs of the F.V. of ₹ 24.42/- each, convertible within 18 months from the date of issue of the same into an even number of fully paid Equity Shares as per approved CDR Package.
	Deposits	90,933,215	-	0.00% to 18.00%	No Specific Repayment Schedule has been prescribed by the Lendor.
	Loans and advances from related parties	220,505,694	-	0.00% to 18.00%	No Specific Repayment Schedule has been prescribed by the Lendor.
	Grand Total		475,938,906	-	

3.7 Nature of Security for Long Term Secured Borrowings:

Category of Loan	Nature of Security
Category I	Secured against the pari passu charge created on Non Exclusive movable and immovable fixed assets worth ₹ 50 Cr., situated at Bhachau (Kutch), Gujarat
Category II	Secured against the First pari passu Charge created by mortgage on all the existing and future fixed assets situated at Bhachau (Kutch), Bharuch and Mumbai (except for plant & machinery of Calcareous Line II) and second charge created by hypothecation of current assets of the Company and against the collateral securities & Personal Guarantee given by the Directors and Related Parties.
Category III	Secured against Exclusive charge on all the moveable assets including its moveable plant and machinery, spares, tools and accessories, both present and future assets of the project situated at Bhachau, Kutch on plant pertaining to Calcareous Line II. Additional Security by way of tertiary charge on the current assets and fixed assets both moveable and immovable, present and future, located at Bhachau (Kutch), Gujarat and against the collateral securities & Personal Guarantee given by the Directors and Related Parties.
Category IV	Secured by way of tertiary charge on the current assets and fixed assets both moveable and immovable, present and future, located at Kutch, Gujarat and against the collateral securities & Personal Guarantee given by the Directors and Related Parties.
Term Loan from Others	Secured against the Keyman Insurance Policy of the Promoter.
Vehicle Loans	Secured against the Hypothecation of underlying Company owned vehicles

Notes forming part of the consolidated financial statements

Note 4:- SHORT TERM BORROWINGS

Particulars	As at March 31, 2014	As at March 31, 2013
	₹	₹
SECURED:		
(a) Working Capital Loans from Banks	-	1,257,459,659
	-	1,257,459,659
UNSECURED:		
(a) Overdraft Facility from Banks	-	20,932,810
(b) Loans and advances from related parties	10,006,490	1,200,000
(c) Deposits	147,933,477	150,508,635
	157,939,967	172,641,445
Total	157,939,967	1,430,101,104

- 4.1 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. 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.
- 4.2 In the F.Y.2013-14, the Company on the basis of audited accounts for the financial year ended March 31, 2013 and being mandatory requirement 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 and hearings of the same are in process for determination of sickness.
- 4.3 In the light of the above scenario, all the Working Capital Loans from banks have been classified as Current maturities of Loans & Credit Facilities from Banks under Other Current Liabilities in Note No.6.
- 4.4 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.
- 4.5 Overdraft Facility from Banks is secured against the Tertiary Charge on the entire Fixed Assets and Current Assets.

Note 5:- TRADE PAYABLES

Particulars	As at March 31, 2014	As at March 31, 2013
	₹	₹
Micro, Small and Medium Enterprises	3,965,761	4,025,761
Other	344,086,079	353,502,611
Total	348,051,840	357,528,372

- 5.1 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.
- 5.2 No interest is paid / payable during the year to any enterprise registered under the MSME.

Notes forming part of the consolidated financial statements

Note 6:- OTHER CURRENT LIABILITIES

Particulars	As at March 31, 2014	As at March 31, 2013
	₹	₹
(a) Current maturities of Loans & Credit Facilities from Banks	4,774,939,701	294,859,784
(b) Interest accrued but not due on borrowings	-	-
(c) Interest accrued and due on borrowings	286,041,222	311,577,461
(d) Unclaimed dividends	167,087	167,087
(e) Borrowings to be Converted into Equity / Equity Convertible Instruments	-	-
(f) Other payables		
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	43,795,205	51,507,663
(ii) Payables on purchase of fixed assets	-	10,642,738
(iii) Trade / security deposits received	5,437,783	11,282,540
(iv) Advances from customers	25,525,319	18,740,880
(v) Book Overdraft	-	567,290
(vi) Outstanding Expenses	25,000	-
Total	5,135,931,317	699,345,443

6.1 Current maturities of Loans & Credit Facilities from Banks (refer notes 3.1 to 3.7) in Note 3 - Long-term borrowings and (refer notes 4.1 to 4.4) in Note 4 - Short-term Borrowings for details of rate of interest, repayment schedule, security and guarantee.

Note 7:- SHORT TERM PROVISIONS

Particulars	As at March 31, 2014	As at March 31, 2013
	₹	₹
Provision for employee benefits:		
(i) Provision for bonus	1,514,543	11,668,324
(ii) Provision for leave encashments	1,386,779	2,850,466
(iii) Provision for gratuity (net)	2,273,794	7,064,492
Total	5,175,116	21,583,282

Notes forming part of the consolidated financial statements

Note 8:- FIXED ASSETS

Particulars	Gross Block			Depreciation			Net Block		
	Holding	Subsidiary	Consolidated as on March 31, 2014	Holding	Subsidiary	Consolidated as on March 31, 2014	Holding	Subsidiary	Consolidated as on March 31, 2014
Tangible Assets :									
I Land - Freehold	94,544,616	272,600	94,817,216	-	-	-	94,544,616	272,600	94,817,216
II Building	874,020,351	-	874,020,351	173,832,031	-	173,832,031	700,188,320	-	700,188,320
III Plant & Machinery	4,603,165,819	198,640	4,603,364,459	1,470,422,103	83,440	1,470,505,543	3,132,743,716	115,200	3,132,858,916
IV Furniture & Fixtures	48,247,334	3,385,071	51,632,405	19,674,389	528,867	20,203,256	28,572,945	2,856,204	31,429,149
V Office Equipments	13,237,540	385,412	13,622,952	4,640,615	123,715	4,764,330	8,596,925	261,696	8,858,621
VI Vehicles	21,118,443	912,314	22,030,757	12,654,755	714,985	13,369,740	8,463,688	197,329	8,661,017
VII Computers	10,242,958	521,746	10,764,704	10,008,813	521,746	10,530,559	234,145	-	234,145
VIII Power Project	268,032,690	-	268,032,690	225,476,962	-	225,476,962	42,555,728	-	42,555,728
Intangible Assets :									
I Trademarks	10,000	-	10,000	10,000	-	10,000	-	-	-
Grand Total	5,932,619,751	5,675,783	5,938,295,534	1,916,719,667	1,972,754	1,918,692,420	4,015,900,084	3,703,029	4,019,603,115
Previous Year	5,889,065,874	5,675,783	5,894,741,656	1,622,164,073	1,663,797	1,623,827,870	4,266,901,801	4,011,986	4,270,913,789

Note 9:- NON-CURRENT INVESTMENTS

Particulars	As at March 31, 2014	As at March 31, 2013
	₹	₹
Investments (At cost):		
A. Other investments		
(a) Investment in equity instruments - Unquoted, fully paid up		
(i) of other entities		
13,00,000 (As at March 31, 2013: 13,00,000) shares of ₹ 10 each in Euro Glass Private Limited	13,000,000	13,000,000
45,075 (As at March 31, 2013: 45,075) shares of ₹ 10 each in The Cosmos Co-Operative Bank Ltd. (Pledged with Bank)	450,750	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
(c) Investment in partnership firms		
M/s. Euro Realtors (Fixed Capital) Share of Profit/Loss - 95% and Other Partner Dharmesh Gathani 5%	50,000	50,000
Total	13,510,750	13,510,750

Notes forming part of the consolidated financial statements

Note 10:- LONG TERM LOANS AND ADVANCES

Particulars	As at March 31, 2014	As at March 31, 2013
	₹	₹
Unsecured, considered good		
(a) Capital advances	-	898,763
(b) Security deposits	9,128,414	8,343,413
(c) Prepaid expenses	29,944,445	34,222,222
(d) Advance income tax (Net of Provision)	2,992,986	68,214,621
(e) MAT Credit Entitlement	53,269,683	53,269,683
Total	95,335,528	164,948,702

Note 11:- INVENTORIES

(As Valued and Certified by Management)

Particulars	As at March 31, 2014	As at March 31, 2013
	₹	₹
(a) Raw Materials & Consumables	112,180,636	110,687,927
(b) Work-in-progress	19,224,977	50,119,535
(c) Finished goods (other than those acquired for trading)	122,277,149	152,958,149
(d) Stock-in-trade (acquired for trading)	72,727,590	83,513,821
(e) Stores and spares	46,628,467	62,178,510
(f) Power & Fuel	181,182	1,104,241
(g) Packing Materials	4,479,316	5,958,383
Total	377,699,316	466,520,565

Note 12:- TRADE RECEIVABLES

Particulars	As at March 31, 2014	As at March 31, 2013
	₹	₹
Unsecured and considered good		
Outstanding for a period exceeding six months from the date they were due for payment	139,129,214	121,748,857
Less : Provision for Doubtful Debts	58,090,589	38,714,553
	81,038,625	83,034,304
Others	55,923,774	112,601,631
Total	136,962,399	195,635,934

Notes forming part of the consolidated financial statements

Note 13:- CASH AND BANK BALANCES

Particulars	As at March 31, 2014	As at March 31, 2013
	₹	₹
(a) Cash and cash equivalents		
(i) Balances with banks		
- In current accounts	2,183,015	5,844,622
(ii) Cash on hand	1,341,836	607,686
	3,524,851	6,452,308
(b) Other Bank Balances		
- In earmarked accounts		
(i) Balances held as margin money or security against borrowings, guarantees and other commitments.	29,900,480	29,900,480
(ii) Unclaimed Dividend Account	139,619	202,051
Total	33,564,950	36,554,839

Note 14:- SHORT TERM LOANS AND ADVANCES

Particulars	As at March 31, 2014	As at March 31, 2013
	₹	₹
Unsecured, considered good		
(a) Loans and advances to related parties	786,738,350	731,327,842
(b) Loans and advances to employees	2,236,559	3,372,032
(c) Prepaid expenses	2,321,543	2,528,694
(d) Balances with government authorities		
(i) CENVAT credit receivable	580,125	3,812,163
(ii) VAT credit receivable	23,240,060	30,155,951
(iii) Service Tax credit receivable	2,630,960	4,253,004
(iv) Custom Duty receivable	16,359,968	16,359,968
(e) Advance income tax (net of provisions)	510,206	370,689
(f) Others	28,676,136	34,178,016
Total	863,293,907	826,358,360

Note 15:- OTHER CURRENT ASSETS

Particulars	As at March 31, 2014	As at March 31, 2013
	₹	₹
(i) Interest Accrued On Fixed Deposits	3,503,712	2,846,128
Total	3,503,712	2,846,128

Note 16:- REVENUE FROM OPERATIONS

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
	₹	₹
(a) Sale of products	841,566,958	1,000,517,760
(b) Sale of services	6,790,388	16,402,569
(c) Other operating revenues	(4,695,754)	(12,664,954)
	843,661,591	1,004,255,374
(d) Less: Excise duty	61,483,845	101,359,908
Total	782,177,746	902,895,466

Notes forming part of the consolidated financial statements

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
	₹	₹
16.1 Sale of products comprises:		
<u>Manufactured goods:</u>		
Tiles	629,029,247	789,436,876
Others	172,744,802	144,294,230
Total - Sale of manufactured goods	801,774,048	933,731,107
<u>Traded goods:</u>		
Tiles	12,178,794	48,060,771
Others	27,614,115	18,725,882
Total - Sale of traded goods	39,792,909	66,786,653
Total - Sale of products	841,566,958	1,000,517,760
16.2 Sale of services comprises:		
Others	6,790,388	16,402,569
Total - Sale of services	6,790,388	16,402,569
16.3 Other operating revenues comprise:		
Sale of scrap	-	122,289
Export incentives on Advance Licenses and Focus Licenses	(4,695,754)	(12,787,243)
Total - Other operating revenues	(4,695,754)	(12,664,954)

Note 17:- OTHER INCOME

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
	₹	₹
(a) Interest income (Refer Note 17.1 below)	7,639,567	5,379,714
(b) Dividend income	12,000	15,000
(c) Net gain on foreign currency transactions and translation (other than considered as finance cost)	8,188	525
(d) Other non-operating income (net of expenses directly attributable to such income)(Refer note 17.2 below)	62,006,996	2,723,108
Total	69,666,751	8,118,346

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
	₹	₹
17.1 Interest income comprises:		
Interest from banks on Deposits	2,891,300	4,239,513
Interest on overdue trade receivables	444,288	569,358
Interest on income tax refund	4,303,979	-
Other interest	-	570,843
Total - Interest income	7,639,567	5,379,714

Notes forming part of the consolidated financial statements

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
	₹	₹
17.2 Other non-operating income comprises:		
Rental income from investment properties	1,024,575	971,811
Key man Insurance Policy - receipts on policy surrender	59,641,260	-
Commission	685,961	1,405,497
Amenity charges	655,200	345,800
Total - Other non-operating income	62,006,996	2,723,108

Note 18:- COST OF MATERIAL CONSUMED

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
	₹	₹
Opening stock	116,646,309	185,420,789
Add: Purchases	465,721,497	250,759,964
	582,367,806	436,180,753
Less: Closing stock	116,659,952	116,646,309
Cost of material consumed	465,707,855	319,534,444

18.1 Purchase of traded goods

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
	₹	₹
Sanitaryware	6,705,448	3,845,862
Tiles	9,328,348	13,668,748
Others	4,241,901	1,015,787
Total	20,275,697	18,530,397

18.2 Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
	₹	₹
Inventories at the end of the year:		
Finished goods	122,277,149	152,958,149
Work-in-progress	19,224,977	50,119,535
Stock-in-trade	72,727,590	83,513,821
	214,229,716	286,591,505
Inventories at the beginning of the year:		
Finished goods	152,958,149	226,815,058
Work-in-progress	50,119,535	115,409,962
Stock-in-trade	83,514,275	104,127,750
	286,591,959	446,352,770
Net (increase)/ decrease	72,362,243	159,761,264

Notes forming part of the consolidated financial statements

Note 19:- EMPLOYEE BENEFIT EXPENSES

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
	₹	₹
Salaries and Wages	83,774,857	166,066,755
Contributions to provident and other funds	1,646,266	3,865,627
Staff welfare expenses	3,595,392	3,846,424
Total	89,016,515	173,778,806

Note 20:- OTHER EXPENSES

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
	₹	₹
Consumption of stores and spare parts	22,777,524	30,070,458
Increase / (decrease) of excise duty on inventory	(12,564,427)	(7,347,212)
Power and fuel	125,278,777	301,078,200
Processing Charges	19,759,256	21,961,339
Rent	3,268,325	6,354,513
Repairs and maintenance - Machinery	108,772	1,164,005
Repairs and maintenance - Others	2,670,211	5,436,688
Insurance	5,558,551	3,069,578
Rates and taxes	3,582,914	7,354,623
Travelling and conveyance	4,313,118	6,866,660
Freight and forwarding	5,233,648	18,143,359
Sales commission	6,225,596	28,195,107
Payments to auditors	669,325	770,000
Bad trade and other receivables, loans and advances written off	(61,842)	2,325,524
Loss on fixed assets sold / scrapped / written off	1,991,797	592,703
Provision for doubtful trade and other receivables, loans and advances (net)	19,653,669	45,505,427
Share of Loss From Partnership Firm - M/s.Euro Realtors	688,969	18,582,539
Selling and Distribution Expenses	15,725,992	22,273,908
Miscellaneous expenses	22,512,663	23,513,972
Total	247,392,838	535,911,391

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

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
	₹	₹
As auditors - statutory audit	669,325	555,000
For taxation matters - Considered as Professional Fees	300,000	165,000
For other services - Considered as Professional Fees	250,000	50,000
Total	1,219,325	770,000

Notes forming part of the consolidated financial statements

Note 21:- FINANCE COSTS

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
	₹	₹
(i) Interest expense on Borrowings	8,787,348	513,897,411
(ii) Interest expense on Others	3,602,191	11,544,745
(iii) Other borrowing costs	368,885	8,474,430
(iv) Net (gain) / loss on foreign currency transactions and translation (considered as finance cost)	3,697,568	2,135,048
Total	16,455,993	536,051,633

Note 22:- CONTINGENT LIABILITIES

	Particulars	As at March 31, 2014	As at March 31, 2013
		₹	₹
a	Bank Guarantees	-	255,000
b	Customs Duty	36,988,372	36,988,372
c	The Company has imported various Capital Goods under the Export Promotion Capital Goods Scheme (EPCG), of the Government of India, through various licenses, at concessional rates of Custom Duty on an undertaking to fulfill quantified exports within a period of eight years from the date of the respective licenses. The Custom Duty so saved amounts to ₹ 30,76,45,374/- (Previous Year ₹30,76,45,374/-) and the corresponding Export Obligation to be fulfilled is ₹ 1,69,53,45,986/- (Previous Year ₹ 1,71,03,91,974/-) as on the Balance Sheet date. If the said export is not made within the stipulated time period, the company is required to pay the Custom Duty corresponding to the balance export obligation to be fulfilled, together with interest @15% p.a. Formal discharge from the obligation by the appropriate authorities is in progress in respect of some of the Licenses of which Export Obligation is entirely fulfilled by the close of the year.		

Note 23:- CAPITAL COMMITMENTS

	Particulars	As at March 31, 2014	As at March 31, 2013
		₹	₹
	Estimated amount of contracts remaining to be executed on capital account and not provided for.	-	-

Notes forming part of the consolidated financial statements

Note 24:- DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE			
	Particulars	As at March 31, 2014	As at March 31, 2013
(a)	Unhedged Foreign Currency Exposure :		
I	Outstanding Creditors for Purchase of Raw Material, Consumables & Spares	USD 561,618.57	USD 580,053.57
II	Outstanding Creditors for Purchase of Raw Material, Consumables & Spares	EURO 84,948.78	EURO 99,787.78
III	Outstanding Creditors for Capital Goods	EURO 49,000.00	EURO 49,000.00
IV	Outstanding Debtors	USD 179,002.90	USD 179,002.90
V	Advance to Creditors for Purchase of Raw Material, Consumables & Spares	USD 6,635.20	USD 22,266.20
VI	Advance from Debtors	USD 7,126.24	USD 4,526.24
Note 25:- EARNINGS PER SHARE			
	Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
		₹	₹
(a)	Basic		
	Net profit / (loss) for the year	(355,660,128)	(1,130,563,805)
	Weighted average number of equity shares	26,909,859	27,818,192
	Par value per share	10/-	10/-
	Earnings per share - Basic	(13.22)	(40.64)
(b)	Diluted		
	Net profit / (loss) for the year	(355,660,128)	(1,130,563,805)
	Weighted average number of equity shares	26,909,859	31,154,330
	Par value per share	10/-	10/-
	Earnings per share - Basic	(13.22)	(36.29)
Note 26:- MAJOR COMPONENT OF DEFERRED TAX LIABILITY			
	Particulars	As at March 31, 2014	As at March 31, 2013
		₹	₹
	Depreciation	146,794,651	146,794,651
	Expenditure / Provisions Disallowable	5,597,405	5,597,405
		152,392,056	152,392,056
	The Company has not provided for Deferred Tax Liability / Assets for the financial year 2013-14 on account of absence of virtual certainty of future taxable profit and brought forward business losses and depreciation under the Income Tax Act.		

Notes forming part of the consolidated financial statements

Note 27:- DISCLOSURE IN RESPECT OF RELATED PARTIES PURSUANT TO ACCOUNTING STANDARD 18:

(a) Name of the enterprises having same Key Management Personnel and/or their relatives as the Reporting enterprises:			
Eurobond Industries Private Limited	Euro Flooring Pvt. Ltd.	Euro Décor Pvt. Ltd	
Euro Multivision Ltd	Euro Developers Pvt. Ltd.	Subhnen Ply Pvt. Ltd.	
Euro Pratik Ispat Pvt. Ltd.	Euro Solo Energy Systems Pvt. Ltd.	Euro India Cylinders Ltd.	
Subhnen Finance & Investments Pvt Ltd.	Euro Glass Pvt. Ltd.	Kanch Ghar	
Neelam Metal	Laxmi Ply Agency	Metro Stationery Mart	
Neelam Ply & Laminates	NLS Enterprise Pvt Ltd.	Gurukul Enterprises Pvt. Ltd.	
Tangent Furniture Pvt Ltd	Lyons Technologies Ltd	Ladhabhai Sanganbhai Gala Charitable Trust	
Monex Stationers	Disti Multimedia & Communications Pvt Ltd	Vaman International (P) Ltd.	
National Ply & Laminates	Jainy Glass & Veneer	Nova Enterprises	
National Laminate Corporation	Gala Enterprises	Euro Foundation	
Euro Conventional Energy Pvt. Ltd.	Canbara Constructions Pvt. Ltd.	Euro Solar Power Pvt. Ltd.	
Drashti Veneers	Euro Realtors	Maxim Enterprises	
Link Estate Pvt. Ltd.	Euro Steel & Minerals	Euro Polaad Minerals & Steel LLP	
Laxmi Laminates	Euro Pallets Pvt. Ltd.	Euro Natural Resources Pvt. Ltd.	
(b) Relatives of Key Management Personnel:			
Nenshi L. Shah H.U.F.	Shantilal L. Shah H.U.F.	Laljibhai K. Shah H.U.F.	
Pinank N. Shah H.U.F.	Hitesh S. Shah H.U.F.	Dhaval S. Shah H.U.F.	
Manjari H. Shah	Hitesh S. Shah	Sushila H. Gala	
Pratik K. Shah	Jayantilal Nishar	Rekhaben Nishar	
Dhaval L. Shah	Forum D. Shah	Kasturben T. Nandu	
Shantaben L. Shah	Urmi P. Shah	Viral T. Nandu	
Sonalben L. Shah	Parag K. Shah	Gunvantiben N. Shah	
Pinank N. Shah	Shantilal L. Shah	Laljibhai K. Shah	
Parita V. Nandu	Anish K. Shah	Dimple A. Shah	
Dhruti P. Shah	Hiral M. Shah	Mahek H. Shah	
(c) Key Management Personnel:			
Nenshi L. Shah	Kumar P. Shah	Talakshi L. Nandu	Amit G. Shah
Anil M. Mandevia	Mahendra V. Modi	Amit Nandu	Karan Rajput
Nitesh P. Shah	Paresh K. Shah	Ajit B. Nalaviya	

Notes forming part of the consolidated financial statements

(e) During the year following transactions were carried out with the related parties in the ordinary course of business.

(Amount in ₹)

Nature of Transactions	Enterprises having common Key Management Personnel	Relative of the Key Management Personnel	Key Management Personnel
Sales Service and other income	(549,711)	----	----
	(3,936,890)	(287)	----
Sale Of Fixed Assets	----	----	----
Purchase of goods and services	4,004,164	----	----
	----	----	----
Purchase of fixed assets	----	----	----
	(23,931,412)	----	----
Donation	----	----	----
	----	----	----
Director's Remuneration/Sitting Fees	----	1,080,000	9,992,500
	----	(1,080,000)	(10,850,000)
Interest Received	----	----	----
	----	----	----
Interest Paid/Payable	----	----	----
	(2,233,857)	----	----
Loans/Advances Taken	26,094,320	----	----
	----	(20,701,026)	----
Loans/Advance Repaid	18,610,899	7,649,998	----
	(16,165,000)	----	(600,000)
Loans/Advances Given	68,411,031	----	----
	(1,625,000)	----	----
Loans/Advance Received Back	13,126,320	----	----
	(1,312,000)	----	----
Outstanding balance As at March 31, 2014:			
Loans Payable	129,839,337	15,701,026	113,568,998
	(122,356,366)	(20,701,026)	(137,318,999)
Loans Receivable	783,743,773	----	----
	(728,202,861)	(-----)	(-----)
Amount Receivable	26,293,823	----	----
	(25,292,981)	(-----)	(-----)
Amount Payable	3,361,656	----	----
	(2,570,413)	(86,900)	(383,000)
Note 28:- Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.			

NOTE 29 : SEGMENTWISE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2014 - PURSUANT TO ACCOUNTING STANDARD - 17

I) PRIMARY SEGMENTS - BUSINESS

	Tiles Division		Aluminium Division		Sanitaryware Division		Realty Division		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
a) Segmental Revenue										
Sales to External Customers	658,137,567	844,823,367	-	53,634	185,524,024	159,378,373	-	-	843,661,591	1,004,255,374
Less : Excise Duty	42,508,662	84,591,406	-	5,673	18,975,183	16,762,829	-	-	61,483,845	101,359,908
	615,628,905	760,231,961	-	47,961	166,548,841	142,615,544	-	-	782,177,746	902,895,466
Inter-Segmental Revenue	-	-	-	-	-	-	-	-	-	-
Total Segmental Revenue	615,628,905	760,231,961	-	47,961	166,548,841	142,615,544	-	-	782,177,746	902,895,466
b) Segmental Results (PBIT)	(277,230,118)	(421,326,939)	(2,659,496)	(2,734,130)	(21,437,700)	(41,286,920)	(350,869)	(242,927)	(301,678,183)	(465,590,915)
Less: Interest & Finance Charges									16,455,993	536,051,633
									(318,134,175)	(1,001,642,549)
Less: Unallocable Expenses Net of Unallocable Income									37,702,112	129,391,602
Profit Before Tax & Exceptional Items									(355,836,287)	(1,131,034,151)
Loss / (Gain) due to Exceptional Items									-	-
Profit Before Tax									(355,836,287)	(1,131,034,151)
Less: Provision for Current Tax									-	-
Add: MAT Credit									(176,159)	(470,346)
Less: Earlier Years Excess/Short Provision									-	-
Less: Provision for Deferred Tax									(355,660,128)	(1,130,563,805)
Profit After Tax										
c) Carrying amount of Segmental Assets	4,582,721,080	4,754,396,215	26,032,627	26,190,930	1,187,358,457	1,183,350,818	776,856,008	707,902,861	6,572,968,171	6,671,840,824
Unallocated Assets									889,197,924	979,024,674
Total Assets									7,462,166,096	7,650,865,498
d) Carrying amount of Segmental Liabilities	3,166,202,159	3,202,602,104	1,709,108	1,475,756	34,142,454	36,439,537	-	446,026	3,202,053,721	3,240,963,423
Unallocated Liabilities									2,943,278,295	3,158,272,414
Total Liabilities									6,145,332,015	6,399,235,837
e) Cost incurred to acquire Segment Fixed Assets during the year	-	105,000	-	-	-	-	-	-	-	105,000
Unallocated Assets									36,000	27,866,814
f) Depreciation / Amortization	203,413,548	206,312,492	2,572,573	2,572,573	48,231,715	48,231,715	-	-	254,217,835	257,116,780
Unallocated depreciation									42,251,809	41,363,248

Note : There are no inter segment transactions in the previous year as well as in current year.

II) PRIMARY SEGMENTS - GEOGRAPHICAL

	For the year ended March 31, 2014	For the year ended March 31, 2013
	₹	₹
The Company's operating facilities are located in India		
Domestic Revenues	753,886,858	840,828,355
Export Revenues	28,290,888	62,067,111
TOTAL	782,177,746	902,895,466



EURO CERAMICS LIMITED

(CIN: L26914MH2002PLC135548)

Registered Office: 208, Sangam Arcade, Vallabhbai Road, Vile Parle (West), Mumbai – 400 056

Phone: +91-22-4019 4019; E-mail: sales@eurocl.com; Website: www.eurovitrified.com

FOR KIND ATTENTION OF MEMBERS

Dear Shareholders,

As per the provisions of Section 88 of the Companies Act, 2013 read with Companies (Management & Administration) Rules, 2014, the Company needs to update its 'Register of Members' to incorporate certain new details, as 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:

Folio No.	
Name of the Members	
Father's/Mother's/Spouse's Name	
Address (Registered Office Address in case the Member is a Body Corporate)	
E-mail ID	
PAN or CIN	
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 Member

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", C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West), Mumbai – 400 078.

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

Nenshi L. Shah
Chairman & Managing Director



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ASSENT/DISSENT FORM FOR VOTING ON AGM RESOLUTIONS 12TH ANNUAL GENERAL MEETING ON TUESDAY, SEPTEMBER 30, 2014

1.	Name & Registered Address of Shareholder (IN BLOCK LETTER)			
2.	Name(s) of Joint holders, if any			
3.	Registered folio No./ DP ID No./Client ID No.* (*Applicable to investors holding shares in dematerialized form)			
4.	Number of share(s) held			
5.	I/We hereby exercise my/our vote in respect of the following resolutions to be passed for the business stated in the Notice of the Annual General Meeting dated August 14, 2014 by conveying my/our assent or dissent to the Resolutions by placing a tick (✓) mark at the appropriate box below:			
Item No.	Description of the Resolution	No. of share(s)	I/We assent to the resolution (FOR)	I/We dissent to the resolution (AGAINST)
1.	Ordinary Resolution for adoption of Audited Financial Statements for the year ended March 31, 2014 and the Reports of the Directors' and the Auditors'.			
2.	Ordinary Resolution to appoint a Director in the place of Mr. Nenshi L. Shah, Managing Director, who retires by rotation and being eligible, offers himself for re-appointment			
3.	Ordinary Resolution to appointment of M/s. Deepak Maru & Co., Chartered Accountants, Mumbai (FRN: 115678W) as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting upto the conclusion of next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.			
4.	Ordinary Resolution for appointment of Mr. Karan Rajput as an Independent Director of the Company to hold office as such upto March 31, 2019.			
5.	Ordinary Resolution for appointment of Mr. Amit Nandu as an Independent Director of the Company to hold office as such upto JMarch 31, 2019.			
6.	Ordinary Resolution for appointment Mr. Mahendra Modi as an Independent Director of the Company to hold office as such upto March 31, 2019.			
7.	Ordinary Resolution for appointment of Mr. Pratik Shah as Director of the Company w.e.f. June 1, 2014.			
8.	Ordinary Resolution for appointment of Mr. Pratik Shah as Whole-time Director of the Company for a period of 3 years w.e.f. June 1, 2014.			
9.	Special Resolution under Section 180(1)(c) of the Companies Act, 2013 for increase in borrowing powers of the Company up to ₹ 1000 Crores.			



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Item No.	Description of the Resolution	No. of share(s)	I/We assent to the resolution (FOR)	I/We dissent to the resolution (AGAINST)
10.	Special Resolution under Section 180(1)(a) of the Companies Act, 2013 to authorize Board of Directors of the Company to create mortgages /charges/hypothecation on all or any of the immovable and movable assets of the Company, both present and future upto an amount as approved by the shareholders of the Company under Section 180(1)(c) of the Companies Act, 2013.			
11.	Special Resolution for adoption of new set of Articles of Association of the Company			

Date: _____

Place: _____

(Signature of the Member)

Notes :

- (i) If you opt to cast your vote by e-voting, there is no need to fill up and sign this form.
- (ii) Last date for receipt of Assent/Dissent Form: September 24, 2014 (6.00 p.m.)
- (iii) Please read the instructions carefully before exercising your vote.



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INSTRUCTIONS

General Instructions

1. Shareholders have option to vote either through e-voting i.e. electronic means or to convey assent/dissent in physical form. If a shareholder has opted for Physical Assent / Dissent Form, then he/she should not vote by e-voting and vice versa. However, in case Shareholders cast their vote through both physical assent/dissent form and e-voting, then vote casted through physical assent/dissent form shall be considered, subject to the assent/dissent from being found to be valid and vote cast through e-voting shall be treated as invalid.
2. The notice of Annual General Meeting is dispatched/e-mailed to the members whose names appear on the Register of Members as on August 22, 2014 and voting rights shall be reckoned on the paid up value of the shares registered in the name of the shareholders as on the said date.
3. Voting through physical assent / dissent form cannot be exercised by a proxy.

Instructions for voting physically in Assent / Dissent Form

1. A Member desiring to exercise vote by Assent / Dissent should complete this Form (no other form or photocopy thereof is permitted) and send it to the Scrutinizer, CS Manish L. Ghia, Partner, M/s Manish Ghia and Associates, Company Secretaries, Mumbai and send the same at their cost to reach the Scrutinizer at the registered office of the Company on or before the close of working hours i.e. 6.00 p.m. on September 24, 2014 (6.00 p.m.). Any Forms received after this date will be strictly treated as if the reply from such Member has not been received.
2. This Form should be completed and signed by the Shareholder (as per the specimen signature registered with the Company/ Depository Participants). In case of joint holding, this Form should be completed and signed by the first named Shareholder and in his absence, by the next named Shareholder.
3. In respect of shares held by corporate and institutional shareholders (companies, trusts, societies, etc.), the completed Assent / Dissent Form should be accompanied by a certified copy of the relevant Board Resolution/appropriate authorization, with the specimen signature(s) of the authorized signatory(ies) duly attested.
4. The consent must be accorded by recording the assent in the column 'FOR' or dissent in the column 'AGAINST' by placing a tick mark (✓) in the appropriate column in the Form. The assent or dissent received in any other form shall not be considered valid.
5. Members are requested to fill the Form in indelible ink and avoid filling it by using erasable writing medium(s) like pencil.
6. There will be one Assent / Dissent Form for every folio / Client id irrespective of the number of joint holders.
7. A Member may request for a duplicate Assent / Dissent Form, if so required, and the same duly completed should reach the Scrutinizer not later than the date specified under instruction No. 1 above.
8. Members are requested not to send any other paper along with the Assent / Dissent Form. They are also requested not to write anything in the Assent / Dissent form except giving their assent or dissent and putting their signature. If any other paper is sent along with the form the same will be destroyed by the Scrutinizer.
9. The Scrutinizer's decision on the validity of the Assent / Dissent Form will be final and binding.

Incomplete, unsigned or incorrectly ticked Assent / Dissent Forms will be rejected



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ATTENDANCE SLIP 12TH ANNUAL GENERAL MEETING ON SEPTEMBER 30, 2014

Registered Folio/DP ID & Client ID	
Name and Address of the Shareholder(s)	
Joint Holder 1	
Joint Holder 2	
No. of Shares held	

I/we hereby record my/our presence at the 12th Annual General Meeting of the Company held at Gomantak Seva Sangh, 72/A Mahant Road Extension, Vile Parle (East), Mumbai 400 057 on Tuesday, September 30, 2014.

Member's / Proxy's Name
(in Block Letters)

Member's/Proxy'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 **ENTERANCE OF THE MEETING HALL.**
2. Please read the instructions for e-voting given along with Annual Report. The Voting period starts from Monday, September 22, 2014 (9.00 a.m.) and ends on Wednesday, September 24, 2014 (6.00 p.m.). The voting module shall be disabled by CDSL for voting thereafter.



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(CIN: L26914MH2002PLC135548)

Registered Office: 208, Sangam Arcade, Vallabhbai Road, Vile Parle (West), Mumbai – 400 056

Phone: +91-22-4019 4019; E-mail: sales@eurocl.com; Website: www.eurovitrified.com

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

12TH ANNUAL GENERAL MEETING ON SEPTEMBER 30, 2014

Name of the Member (s) /
Joint Holder (s) : _____

Registered address : _____

Email Id : _____

Folio No/Client Id : _____

DP ID : _____

I/We, being a Member (s) of _____ shares of the above named Company hereby appoint:

1. Name : _____

Address : _____

Email ID : _____

Signature : _____, or failing him

2. Name : _____

Address : _____

Email ID : _____

Signature : _____, or failing him

3. Name : _____

Address : _____

Email ID : _____

Signature : _____,

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 12th Annual General Meeting of the Company to be held on Tuesday, September 30, 2014 at 10.00 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	No. of share(s)	I/We assent to the resolution (FOR)	I/We dissent to the resolution (AGAINST)
	Ordinary Business:			
1.	Ordinary Resolution for adoption of Audited Financial Statements for the year ended March 31, 2014 and the Reports of the Directors' and the Auditors'.			
2.	Ordinary Resolution to appoint a Director in the place of Mr. Nenshi L. Shah, Managing Director, who retires by rotation and being eligible, offers himself for re-appointment.			
3.	Ordinary Resolution to appointment of M/s. Deepak Maru & Co., Chartered Accountants, Mumbai (FRN: 115678W) as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting upto the conclusion of next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.			
	Special Business:			
4.	Ordinary Resolution for appointment of Mr. Karan Rajput as an Independent Director of the Company to hold office as such upto March 31, 2019.			
5.	Ordinary Resolution for appointment of Mr. Amit Nandu as an Independent Director of the Company to hold office as such upto March 31, 2019.			
6.	Ordinary Resolution for appointment Mr. Mahendra Modi as an Independent Director of the Company to hold office as such upto March 31, 2019.			
7.	Ordinary Resolution for appointment of Mr. Pratik Shah as Director of the Company w.e.f. June 1, 2014.			
8.	Ordinary Resolution for appointment of Mr. Pratik Shah as Whole-time Director of the Company for a period of 3 years w.e.f. June 1, 2014.			
9.	Special Resolution under Section 180(1)(c) of the Companies Act, 2013 for increase in borrowing powers of the Company up to ₹ 1000 Crores.			
10.	Special Resolution under Section 180(1)(a) of the Companies Act, 2013 to authorize Board of Directors of the Company to create mortgages /charges/hypothecation on all or any of the immovable and movable assets of the Company, both present and future upto an amount as approved by the shareholders of the Company under Section 180(1)(c) of the Companies Act, 2013.			
11.	Special Resolution for adoption of new set of Articles of Association of the Company			

Signed this _____ day of _____ 2014

Signature of Member: _____

Signature of Proxy holder: _____

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 or abstain column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she may deemed appropriate.

Affix
Revenue
Stamp
of ₹ 0.15

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