



## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF KAJARIA BATHWARE PRIVATE LIMITED

#### Report on the Standalone Ind AS Financial Statements

#### Opinion

We have audited the accompanying standalone financial statements of **KAJARIA BATHWARE PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the loss and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Basis Of Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements





**Information Other than the Standalone Ind AS Financial Statements and Auditors' Report Thereon**

The Company's Board of Directors is responsible for the preparation of other information. The other information comprises the Director's report, Corporate Governance report, Business responsible report and Management Discussion and Analysis of Annual report, but does not include the Standalone Ind AS Financial Statements and our report thereon. The Directors report, Corporate Governance report, Business responsible report and Management Discussion and Analysis of Annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the Standalone Ind AS Financial Statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Ind AS Financial Statements, our responsibility is to read the other information identified above when it becomes available to us and, in doing so, consider whether the other information is materially inconsistent with the Standalone Ind AS Financial Statements or our knowledge obtained during the course of our audit, or otherwise appears to be materially misstated.

When we read such other information as and when made available to us and if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

**Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the in AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.





In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error audit procedures, design and perform responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(l) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls
3. Evaluate the appropriateness of accounting policies used and the reasonable ness of accounting estimates and related disclosures made by management.





4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.





### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure I" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - 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, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended.;
  - e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure II". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

No managerial remuneration has been paid/provided during the year by the company.





**O P BAGLA & CO LLP**  
CHARTERED ACCOUNTANTS

Regd. Office :  
8/12, KALKAJI EXTENSION  
NEW DELHI - 110019  
Ph.: 011-26436190, 26412939  
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- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There have been no amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For O P BAGLA & CO LLP  
CHARTERED ACCOUNTANTS  
Firm Regn. No. 000018N/N500091

  
(NITIN JAIN)  
PARTNER  
M. No. 510841

PLACE: NEW DELHI

DATED: 09.05.19





**ANNEXURE- I TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

- i. a) As informed to us the company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.  
b) These fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.  
c) As informed to us and as verified by us during the course of our audit the title deeds of immovable properties are held in name of the company.
- ii. As informed to us physical verification of inventory has been conducted at reasonable intervals by the management. As informed to us no material discrepancies were noticed on physical verification. The discrepancies noticed have been properly dealt with in the books of account.
- iii. As informed to us the company has granted unsecured loans to a company covered in the register maintained under section 189 of the Companies Act 2013. In respect of such loans we have been informed that:
  - a. the terms and conditions of the grant of such loans are not prejudicial to the company's interest.
  - b. the schedule of repayment of principal and payment of interest is not stipulated. Therefore, no comments are offered on whether the repayments or receipts are regular.
  - c. no amount is overdue as at the end of the year.
- iv. The company has not entered into any transactions in nature of loans/ investment/guarantee/security covered under section 185 and 186 of Companies Act 2013.
- v. According to the information and explanations given to us the company has not accepted any deposits, in terms of the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under.
- vi. In respect of business activities of the company maintenance of cost records has not been specified by the Central Government under sub-section (I) of section 148 of the Companies Act read with rules framed thereunder.





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- vii. a) The company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of customs, goods and service tax, cess and any other statutory dues with the appropriate authorities. There are no outstanding statutory dues as at the last day of the financial year under audit for a period of more than six months from the date they became payable.
- b) There are no dues of income tax or sales tax or service tax or duty of customs or duty of excise or goods and service tax or value added tax or cess which have not been deposited on account of any dispute.
- viii. In accordance with the information and explanations given to us we are of the opinion that the company has not defaulted in repayment of dues. There are no loans from financial institution or government. The company has not issued any debenture.
- ix. The company has not raised any money during the year by way of initial public offer or further public offer (including debt instrument and term loan).
- x. As informed to us there has been no fraud by the company or on the company by its officers or employees noticed or reported during the year.
- xi. No managerial remuneration has been paid/provided during the year by the company.
- xii. The company is not a Nidhi company and therefore clause 3(xii) of the Order related to such companies is not applicable to the company.
- xiii. According to the information and explanation given to us all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- xiv. The company has made private placement of compulsorily convertible preference shares (CCPS) during the year. Requirement of Section 42 of the Companies Act, 2013 have been complied with by the company and the amount raised have been used for the purposes for which the funds were raised.
- xv. As informed to us, during the year the company has not entered into any non-cash transactions with any of its directors or persons connected with the directors. Therefore, clause 3(xv) of the Order is not applicable.







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xvi. In our opinion the company is not required to get registered under section 45-IA of Reserve Bank of India Act 1934.

For O P BAGLA & CO LLP  
CHARTERED ACCOUNTANTS  
Firm Regn. No. 000018N/N500091

PLACE: NEW DELHI  
DATED : 09.05.2019



  
(NITIN JAIN)  
PARTNER  
M. No. 510841



**ANNEXURE- II TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

We have audited the internal financial controls over financial reporting of **KAJARIA BATHWARE PRIVATE LIMITED** ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence /we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.





### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For O P BAGLA & CO LLP  
CHARTERED ACCOUNTANTS  
Firm Regn. No. 000018N/N500091



*(Signature)*  
**(NITIN JAIN)**  
PARTNER  
M. No. 510841

PLACE: NEW DELHI  
DATED : 09.05.2019

KAJARIA BATHWARE PRIVATE LIMITED  
STANDALONE BALANCE SHEET AS AT 31 MARCH 2019

(Amount in Rupees lakhs, unless otherwise stated)

Notes	As at 31 March 2019	As at 31 March 2018	
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, plant and equipment	3	4,388.25	5,015.17
(b) Capital work in progress		0.69	81.34
(c) Intangible assets	4	7.99	13.13
(d) Financial assets:			
(i) Investments	5	1,123.92	1,123.92
(ii) Loans	6	33.75	2,830.66
(e) Non-current tax assets (net)	7	234.61	143.12
(f) Other non-current assets	8	10.63	12.95
		<b>5,799.84</b>	<b>9,220.29</b>
<b>Current assets</b>			
(a) Inventories	9	2,779.71	2,299.39
(b) Financial assets:			
(i) Trade receivables	10	2,701.27	2,228.86
(ii) Cash and cash equivalents	11	3.48	17.81
(iii) Loans	6	24.34	34.42
(iv) Other financial assets	12	201.04	9.95
(c) Other current assets	8	176.21	233.07
		<b>5,886.05</b>	<b>4,823.50</b>
<b>TOTAL ASSETS</b>		<b>11,685.89</b>	<b>14,043.79</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	13	2,500.00	2,500.00
(b) Instruments entirely equity in nature	13	441.18	-
(c) Other Equity	14	3,349.76	(1,880.17)
<b>Sub-total</b>		<b>6,290.94</b>	<b>619.83</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities:			
(i) Borrowings	15	1,590.00	9,500.00
(b) Provisions	16	110.19	75.39
		<b>1,700.19</b>	<b>9,575.39</b>
<b>Current liabilities</b>			
(a) Financial liabilities:			
(i) Borrowings	15	1,162.07	1,341.22
(ii) Trade Payables:	17		
- Dues of micro and small enterprises		188.31	310.53
- Dues of creditors other than micro and small enterprises		479.26	583.85
(iii) Other financial liabilities	18	1,497.79	1,410.53
(b) Other current liabilities	19	349.87	189.41
(c) Provisions	16	17.46	13.03
		<b>3,694.76</b>	<b>3,848.57</b>
<b>TOTAL LIABILITIES</b>		<b>5,394.95</b>	<b>13,423.96</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>11,685.89</b>	<b>14,043.79</b>

**Significant Accounting Policies**

1 & 2

See accompanying notes forming part of the financial statements.

As per our report of even date attached  
FOR O P BAGLA & CO.LLP  
CHARTERED ACCOUNTANTS  
FRN : 000018N /N500091

For and on behalf of the board of directors

Nitin Jain  
Partner  
M.No. 510841



Rishi Kajaria  
Managing Director  
DIN 228455

Ashok Kumar Kajaria  
Director  
DIN 273877

Dilip Kumar Maliwal  
Chief Financial Officer

Saurabh Chakraborty  
Company Secretary  
(ACS: A-52813)

Date: 09 May 2019  
Place: New Delhi

**KAJARIA BATHWARE PRIVATE LIMITED**

**Standalone Statement of Profit and Loss for the year ended 31 March 2019**

(Amount in Rupees lakhs, unless otherwise stated)

	Notes	For the Year ended 31 March 2019	For the Year ended 31 March 2018
<b>I INCOME</b>			
Revenue from operations	20	11222.71	7,831.42
Other income	21	122.38	276.59
<b>TOTAL INCOME (I)</b>		<b>11345.09</b>	<b>8,108.01</b>
<b>II EXPENSES</b>			
Cost of materials consumed	22	2627.02	1,927.25
Purchase of stock-in-trade		4316.04	3,004.60
Changes in inventories of finished goods, stock-in-trade and work-in-progress	23	(439.29)	(339.12)
Excise duty		-	77.92
Employee benefits expense	24	1636.44	1,265.46
Finance costs	25	432.88	669.61
Depreciation and amortization expenses	26	375.32	318.08
Other expenses	27	3029.42	2,217.43
<b>Total expenses (II)</b>		<b>11977.83</b>	<b>9,231.32</b>
<b>III Profit / (loss) before exceptional items and tax (I - II)</b>		(632.74)	(1,123.31)
<b>IV Exceptional item (refer note 40)</b>		142.66	-
<b>V Profit / (loss) before tax ( III-IV )</b>		<b>(775.40)</b>	<b>(1,123.31)</b>
<b>VI Tax expense:</b>			
Current Tax		-	-
<b>VII Profit / (Loss) for the year (V - VI)</b>		<b>(775.40)</b>	<b>(1,123.31)</b>
<b>VIII Other Comprehensive Income (OCI)</b>			
Items that will not be reclassified to statement of profit and loss		(3.49)	(7.60)
Income tax relating to Items that will not be classified in statement of profit and loss		-	-
<b>Total other comprehensive income for the year, net of tax</b>		<b>(3.49)</b>	<b>(7.60)</b>
<b>IX Total comprehensive income for the year (comprising profit and other comprehensive income for the year) (VII+ VIII)</b>		<b>(778.89)</b>	<b>(1,130.91)</b>
<b>X Earnings per equity share (face value of Rs. 10 each)</b>	28		
(1) Basic (in Rs.)		(3.10)	(4.49)
(2) Diluted (in Rs.)		(3.10)	(4.49)
Significant Accounting Policies	1 & 2		

See accompanying notes forming part of the financial statements.

As per our report of even date attached

**FOR O P BAGLA & CO.LLP**  
**CHARTERED ACCOUNTANTS**  
 FRN : 000018N /N500091

Nitin Jain  
 Partner  
 M.No. 510841  
 Date: 09 May 2019  
 Place: New Delhi



For and on behalf of the board of directors

*Rishi Kujaria*  
 Rishi Kujaria  
 Managing Director  
 DIN 228455

*Ashok Kumar Kajaria*  
 Ashok Kumar Kajaria  
 Director  
 DIN 273877

*Dilip Kumar Maliwal*  
 Dilip Kumar Maliwal  
 Chief Financial Officer

*Saurabh Chakraborty*  
 Saurabh Chakraborty  
 Company Secretary  
 (ACS. A-52813)

## KAJARIA BATHWARE PRIVATE LIMITED

## Cash Flow Statement for the year ended 31 March 2019

(Amount in Rupees lacs, unless otherwise stated)

	Year ended 31 March 2019	Year ended 31 March 2018
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit/(loss) before tax	(775.40)	(1,123.31)
Adjusted for :		
Depreciation and amortisation	375.32	318.08
Interest income	(78.96)	(259.36)
Finance costs	432.88	669.61
Loss on sale of property, plant and equipment	10.42	-
Items of other comprehensive income	(3.49)	(7.60)
Exceptional item	142.66	-
	<u>878.83</u>	<u>720.73</u>
<b>Operating profit before working capital changes</b>	<b>103.43</b>	<b>(402.58)</b>
Working capital adjustments :		
Trade and other receivables		
Inventories	(597.70)	(784.85)
Trade payable	(480.32)	(471.76)
Other financial liabilities	(226.81)	565.90
Other current liabilities	94.69	361.16
Provisions	160.46	(18.92)
	39.23	39.83
	<u>(1,010.45)</u>	<u>(308.64)</u>
<b>Cash Generated from Operations</b>	<b>(907.02)</b>	<b>(711.20)</b>
Direct taxes paid (net)	(91.49)	(42.24)
<b>Net cash flow/(used in) operating activities</b>	<b>(998.51)</b>	<b>(753.44)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property plant and equipment (including increase in capital work in progress, intangible assets and capital creditors)	(146.06)	(806.22)
Proceeds from disposal of property plant and equipment	321.17	-
Loans (to) / received back from subsidiary (net)	2,800.00	(584.76)
Interest received	78.96	259.36
<b>Net cash flow (used in) investing activities</b>	<b>3,054.07</b>	<b>(1,131.62)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of Preference Share Capital (Net)	6,450.00	-
Proceeds/ (Repayment) of non-current borrowings (Net)	(7,910.00)	1,681.65
Interest Paid	(430.77)	(666.19)
<b>Net Cash used in Financing Activities</b>	<b>(1,890.77)</b>	<b>1,015.45</b>
<b>Net increase in Cash and Cash Equivalents</b>	<b>164.79</b>	<b>(869.61)</b>
Opening balance of Cash and Cash Equivalents as at the beginning of the year	(1,323.41)	(453.80)
Closing balance of Cash and Cash Equivalents as at the year end	<u>(1,158.62)</u>	<u>(1,323.41)</u>



KAJARIA BATHWARE PRIVATE LIMITED

Cash Flow Statement for the year ended 31 March 2019

(Amount in Rupees lacs, unless otherwise stated)

Note to cash flow statement

1 Components of cash and cash equivalents

	Year ended 31 March 2019	Year ended 31 March 2018
Balances with banks		
- Current accounts	3.00	15.13
- Deposit accounts (demand deposits and deposits having original maturity of 3 months or less)		
Cash on hand	0.48	2.68
Short term borrowings - working capital and buyers credit facility	(1,162.07)	(1,341.22)
<b>Cash and cash equivalents considered in the cash flow statement</b>	<b>(1,158.59)</b>	<b>(1,323.41)</b>

2 Reconciliation of cash and cash equivalent with balance sheet:

Cash and cash equivalent as per note 11	3.48	17.81
Short term borrowings considered as cash and cash equivalent in cash flow statement	(1,162.07)	(1,341.22)
<b>Cash and cash equivalent in cash flow statement</b>	<b>(1,158.59)</b>	<b>(1,323.41)</b>

3 The above cash flow statement has been prepared in accordance with the 'Indirect method' as set out in Indian Accounting Standard - 7 on 'Statement of Cash Flows' as specified in (Indian Accounting Standard) Amendment Rules, 2016

See accompanying notes forming part of the financial statements.

As per our report of even date attached

**FOR O P BAGLA & CO LLP**  
CHARTERED ACCOUNTANTS  
FRN : 000018N/IN50009

Nitin Jain  
Partner  
M.No. 510841

Date: 09 May 2019  
Place: New Delhi



For and on behalf of the board of directors

*Rishi Kajaria*

Rishi Kajaria  
Managing Director  
DIN 228455

*Ashok Kumar Kajaria*

Ashok Kumar Kajaria  
Director  
DIN 273877

*Dilip Kumar Maliwal*

Dilip Kumar Maliwal  
Chief Financial Officer

*Saurabh Chakraborty*

Saurabh Chakraborty  
Company Secretary  
(ACS: A-52813)

**KAJARIA BATHWARE PRIVATE LIMITED**  
**Statement of Changes in Equity for the year ended 31 March 2019**

**a Equity share capital**

	As at 31 March 2019	As at 31 March 2018
<b>Issued, subscribed and paid up capital (Refer note 13)</b>		
Balance at the beginning of the year	2,500.00	2,500.00
Changes during the year	-	-
<b>Balance at the end of the year</b>	<b>2,500.00</b>	<b>2,500.00</b>

**b Instruments entirely equity in nature**

	As at 31 March 2019	As at 31 March 2018
<b>Issued, subscribed and paid up compulsorily convertible preference shares (Refer note 13)</b>		
Balance at the beginning of the year	-	-
Changes during the year	441.18	-
<b>Balance at the end of the year</b>	<b>441.18</b>	<b>-</b>

**c Other equity (refer note 14)**

	Reserves and Surplus		Total equity
	Securities premium	Retained earnings	
<b>Balance as at 1 April 2017</b>	<b>1,500.00</b>	<b>(2,249.26)</b>	<b>(749.26)</b>
Profit/(loss) for the year	-	(1,123.31)	(1,123.31)
Items of OCI for the year	-	(7.60)	(7.60)
Remeasurement of defined benefit plans	-	(7.60)	(7.60)
<b>Balance as at 31 March 2018</b>	<b>1,500.00</b>	<b>(3,380.17)</b>	<b>(1,880.17)</b>
Profit/(loss) for the year	-	(775.40)	(775.40)
On share issued during the year	6,008.82	-	6,008.82
Items of OCI for the year	-	(3.49)	(3.49)
Remeasurement of defined benefit plans	-	(3.49)	(3.49)
<b>Balance as at 31 March 2019</b>	<b>7,508.82</b>	<b>(4,159.06)</b>	<b>3,349.76</b>

See accompanying notes forming part of the financial statements.

As per our report of even date attached

**FOR O P BAGLA & CO. LLP**  
 CHARTERED ACCOUNTANTS  
 FRN : 000018N/IN500091

Milind Jain  
 Partner  
 M.No. 510841  
 Date: 09 May 2019  
 Place: New Delhi



For and on behalf of the board of directors

*Rishi Kajaria*  
 Rishi Kajaria  
 Managing Director  
 DIN 228455

*Dilip Kumar Maliwal*  
 Dilip Kumar Maliwal  
 Chief Financial Officer

*Ashok Kumar Kajaria*  
 Ashok Kumar Kajaria  
 Director  
 DIN 273877

*Saurabh Chakraborty*  
 Saurabh Chakraborty  
 Company Secretary  
 (ACS: A-52813)



## **Kajaria Bathware Private Limited**

### **Summary of the significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31-March-2019**

#### **1. Corporate information**

KAJARIA BATHWARE PRIVATE LIMITED ("KBPL" or "the Company") is a private limited company domiciled in India and was incorporated on 22<sup>nd</sup> May 2013. The Company is subsidiary company of Kajaria Ceramics Ltd. and has a subsidiary Kajaria Sanitaryware Private Limited. The registered office of the Company is located at J-1/B-1 Extension, Mohan Coop Ind Estate, Mathura Road, New Delhi.

The Company is engaged in manufacturing of Bathware fittings and it also trades in Sanitaryware items. The Company started its operations in the year 2015 with a manufacturing capacity of 10 lakhs pieces per annum of Bathware fittings at Gailpur (Rajasthan) and it also has trading division at Morbi (Gujarat).

The Company, through its subsidiary Kajaria Sanitaryware Private Limited, has also forayed into manufacturing sanitaryware items with a capacity of 5.40 lakhs pieces per annum at Morbi (Gujarat).

The financial statements of the Company for the year ended 31st March 2019 were authorized for issue in accordance with a resolution of the directors on 09th May, 2019.

#### **2. Significant accounting policies**

##### **2.1 Basis of preparation**

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) (Amendment) Rules, 2016.

The financial statements have been prepared on a historical cost basis, except for the certain assets and liabilities which have been measured at different basis and such basis has been disclosed in relevant accounting policy.

The financial statements are presented in INR and all values are rounded to the nearest lakhs (INR 00,000), except when otherwise indicated.

##### **2.2 Significant accounting policies**

###### **a. Current versus non-current classification**

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

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

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

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

The Company classifies all other liabilities as non-current.

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



**Kajaria Bathware Private Limited**  
**Summary of the significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31-March-2019**

**b. Property, plant and equipment**

**i) Tangible assets**

Property, plant and equipment are stated at cost [i.e., cost of acquisition or construction inclusive of freight, erection and commissioning charges, non-refundable duties and taxes, expenditure during construction period, borrowing costs (in case of a qualifying asset) upto the date of acquisition/ installation], net of accumulated depreciation.

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

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

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

Depreciation on property, plant and equipments are provided to the extent of depreciable amount on the straight line (SLM) Method. Depreciation is provided at the rates and in the manner prescribed in Schedule II to the Companies Act, 2013 except on some assets, where useful life has been taken based on external / internal technical evaluation as given below:

Particulars	Useful lives
Plant and Machinery	7.5 years

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

**ii) Capital work in progress**

Capital work in progress includes construction stores including material in transit/ equipment / services, etc. received at site for use in the projects.

All revenue expenses incurred during construction period, which are exclusively attributable to acquisition / construction of fixed assets, are capitalized at the time of commissioning of such assets.

**c. Intangible Assets**

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

Intangible assets with finite lives (i.e. software and licenses) are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and method for an intangible asset is reviewed at least at the end of each reporting period.

Costs relating to computer software are capitalised and amortised on straight line method over their estimated useful economic life of six years.



**Kajaria Bathware Private Limited**

**Summary of the significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31-March-2019**

**d. Borrowing Costs**

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

**e. Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

**f. Inventories**

Items of inventories are measured at lower of cost and net realizable value after providing for obsolescence, wherever considered necessary. Cost of inventories comprises of cost of purchase, cost of conversion and other costs including manufacturing overheads incurred in bringing them to their respective present location and condition. Cost of raw material, stores and spares, packing materials, trading and other products are determined on weighted average basis.

**g. Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue from operations includes sale of goods, services and excise duty, adjusted for discounts (net).

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the interest rate applicable.

**h. Foreign currency transactions**

The Company's financial statements are presented in INR, which is also its functional currency.

Foreign currency transactions are initially recorded in functional currency using the exchange rates at the date the transaction.

At each balance sheet date, foreign currency monetary items are reported using the exchange rate prevailing at the year end.

Exchange differences arising on settlement or translation of monetary items are recognised in statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.



**Kajaria Bathware Private Limited**  
**Summary of the significant accounting policies and other explanatory information to the**  
**standalone financial statements for the year ended 31-March-2019**

**i. Taxes on income**

Current tax

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

Current income tax relating to items recognised directly in equity/other comprehensive income is recognised under the respective head and not in the statement of profit & loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax assets are offset against current tax liabilities if, and only if, a legally enforceable right exists to set off the recognised amounts and there is an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Tax relating to items recognized directly in equity/other comprehensive income is recognized in respective head and not in the statement of profit & loss.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**j. Employee benefits**

All employee benefits that are expected to be settled wholly within twelve months after the end of period in which the employee renders the related services are classified as short term employee benefits. Benefits such as salaries, wages, short-term compensated absences, etc. are recognized as expense during the period in which the employee renders related service.

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered the service entitling them to the contribution.

The Company's contribution to the Provident Fund is remitted to provident fund authorities and are based on a fixed percentage of the eligible employee's salary and debited to Statement of Profit and Loss.

**k. Provisions, Contingent liabilities and Contingent assets**

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



## **Kajaria Bathware Private Limited**

### **Summary of the significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31-March-2019**

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

Contingent liability is disclosed in the case of:

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

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

#### **l. Earnings per share**

Basic earnings per equity share is computed by dividing the net profit after tax attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed by dividing adjusted net profit after tax by the aggregate of weighted average number of equity shares and dilutive potential equity shares during the year.

#### **m. Cash and cash equivalents**

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

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

#### **n. Fair value measurement**

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

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

#### **o. Financial instruments**

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



**Kajaria Bathware Private Limited**  
**Summary of the significant accounting policies and other explanatory information to the**  
**standalone financial statements for the year ended 31-March-2019**

**(a) Financial assets**

**Classification**

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

**Initial recognition and measurement**

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

**Subsequent measurement**

For purposes of subsequent measurement financial assets are classified in below categories:

• **Financial assets carried at amortised cost**

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

• **Financial assets at fair value through other comprehensive income**

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

• **Financial assets at fair value through profit or loss**

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

**Derecognition**

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

**Investment in subsidiaries, joint ventures and associates**

The company has accounted for its investment in subsidiaries, joint ventures and associates at cost.

**Impairment of financial assets**

The Company assesses impairment based on expected credit losses (ECL) model for measurement and recognition of impairment loss on the financial assets that are trade receivables or contract revenue receivables and all lease receivables.



**(b) Financial liabilities**

**Classification**

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

**Initial recognition and measurement**

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

**Subsequent measurement**

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

• **Financial liabilities at amortised cost**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

• **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

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

**Derecognition**

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

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

**2.3 Significant accounting judgements, estimates and assumptions**

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



## **Kajaria Bathware Private Limited**

### **Summary of the significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31-March-2019**

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

#### **Judgements**

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements:

#### **Contingencies**

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

#### **Estimates and assumptions**

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

#### **(a) Impairment of non-financial assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

#### **(b) Defined benefit plans**

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

#### **(c) Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgements





## Kajaria Bathware Private Limited

### Summary of the significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31-March-2019

include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

#### (d) Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgments in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

## 2.4 Standards Issued but not yet Effective

1. **Ind AS 116 Leases** : On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116- Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The Company is in the process of making an assessment of the impact of Ind AS 116 upon initial application.

2. **Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments**: On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The standard permits two possible methods of transition - i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company is currently evaluating the effect of this amendment on the standalone financial statements.

3. **Amendment to Ind AS 12 – Income taxes** : On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is currently evaluating the effect of this amendment on the standalone financial statements.



**Kajaria Bathware Private Limited**

**Summary of the significant accounting policies and other explanatory information to the standalone financial statements for the year ended 31-March-2019**

4. **Amendment to Ind AS 19 – plan amendment, curtailment or settlement** : On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity:
- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
  - to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is currently evaluating the effect of this amendment on the standalone financial statements.



**KAJARIA BATHWARE PRIVATE LIMITED**  
Notes to financial statement for the year ended 31 March 2019

(Amount in Rupees lakhs, unless otherwise)

**Note 3 :**

**a. Property, plant and equipment**

	Freehold land	Building	Plant and machinery	Furniture and fixtures	Vehicles	Computers	Office equipments	Sales outlet	
<b>Gross carrying amount :</b>									
As 1 April 2017	352.43	1,500.34	2,826.44	23.43	53.30	18.75	34.02	172.32	4
Additions	172.24	95.91	111.37	1.76	84.05	3.41	2.27	304.48	
Disposal	-	-	-	-	-	-	-	-	
As 31 March 2018	524.67	1,596.25	2,937.81	25.19	137.35	22.16	36.29	476.80	5
Additions	98.71	1.48	21.22	0.11	68.61	2.37	1.17	23.84	
Disposal	448.13	-	-	-	25.80	-	-	14.44	
As 31 March 2019	175.25	1,597.73	2,959.03	25.30	180.16	24.53	37.46	486.20	5
<b>Accumulated depreciation:</b>									
As 1 April 2017	-	82.71	300.25	3.60	6.36	10.96	6.75	17.78	
Depreciation for the year	-	49.79	194.58	2.34	8.08	5.77	4.44	47.94	
Disposal	-	-	-	-	-	-	-	-	
As 31 March 2018	-	132.50	494.83	5.94	14.44	16.73	11.19	65.72	
Depreciation for the year	-	50.62	201.34	2.42	16.38	3.17	4.85	91.40	
Disposal	-	-	-	-	8.52	-	-	5.60	
As 31 March 2019	-	183.12	696.17	8.36	22.30	19.90	16.04	151.52	1
<b>Net carrying amount :</b>									
31 March 2019	175.25	1,414.61	2,262.86	16.94	157.86	4.63	21.42	334.68	4
31 March 2018	524.67	1,463.75	2,442.98	19.25	122.91	5.43	25.10	411.08	5

Note :

Refer to note 15 for information on property plant and equipment pledged as security by the Company for borrowings.



**KAJARIA BATHWARE PRIVATE LIMITED**  
**Notes to financial statement for the year ended 31 March 2019**

(Amount in Rupees lakhs, unless otherwise stated)

**Note 4 : Intangible assets**

	<b>Software</b>
<b>Gross carrying amount :</b>	
<b>As at at 1 April 2017</b>	26.95
Additions	-
<b>As at 31 March 2018</b>	26.95
Additions	-
<b>As at 31 March 2019</b>	<b>26.95</b>
<b>Accumulated amortisation :</b>	
<b>As at 1 April 2017</b>	8.68
Amortisation charge for the year	5.14
<b>As at 31 March 2018</b>	13.82
Amortisation charge for the year	5.14
<b>As at 31 March 2019</b>	<b>18.96</b>
<b>Net carrying amount :</b>	
<b>As at 31 March 2019</b>	<b>7.99</b>
As at 31 March 2018	13.13



**KAJARIA BATHWARE PRIVATE LIMITED**

Notes to financial statement for the year ended 31 March 2019

(Amount in Rupees lakhs, unless otherwise stated)

**Note 5 : Investments**

Investments in equity shares (Unquoted)\*

- Investments in subsidiary company (at cost) - Trade

Kajaria Sanitaryware Private Limited 10,332,000 (March 31, 2018: 10,332,000) equity shares of Rs.10 each fully paid up)

Aggregate value of unquoted investments

Aggregate amount of impairment in value of investments

	Non-Current	Current
	31 March 2019	31 March 2018
	1,123.92	1,123.92
	1,123.92	1,123.92
	1,123.92	1,123.92
	-	-
	-	-

**Note 6 : Loans #**

Loans at amortised cost (Unsecured, Considered good)

Security deposits

Loan to related party \*

Loan to employees

	Non-Current	Current
	31 March 2019	31 March 2018
	33.75	30.66
	-	2,800.00
	-	-
	33.75	2,830.66
	24.34	34.42
	24.34	34.42

\*Represent loan given to subsidiary company M/s Kajaria Sanitaryware Private Limited, in which two directors of the Company are also directors

# Loans are non derivative financial assets which generate a fixed or variable interest income for the Company. The carrying value may be affected by changes in the credit risk of the counterparties



**KAJARIA BATHWARE PRIVATE LIMITED**  
**Notes to financial statement for the year ended 31 March 2019**

(Amount in Rupees lakhs, unless otherwise stated)

**Note 7 : Non current tax assets (net)**

	Non-Current		Current	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Non current tax assets (net)	234.61	143.12	-	-
	234.61	143.12	-	-

**Note 8 : Other non financial assets**

	Non-Current		Current	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Capital advances (Unsecured, considered good)	0.38	0.75	-	-
Others - (Unsecured, considered good)	-	-	81.28	144.24
Advances to Contractors and Suppliers	-	-	0.23	1.52
Employees	-	-	81.04	78.36
Prepaid expenses	10.25	12.20	1.82	2.05
Deferred Lease Expense	-	-	11.84	6.90
Balance with statutory authorities (Unsecured, considered good)	10.63	12.95	176.21	233.07



**KAJARIA BATHWARE PRIVATE LIMITED**  
**Notes to financial statement for the year ended 31 March 2019**

(Amount in Rupees lakhs, unless otherwise stated)

**Note 9 : Inventories (valued at lower of cost or net realisable value)**

	As at 31 March 2019	As at 31 March 2018
Raw Materials	463.21	425.65
Work-in-Process	184.03	155.04
Finished Goods	697.69	695.33
Stock In Trade	1,378.57	970.63
Stores and Spares	50.37	43.90
Packing Materials	5.84	8.84
	<b>2,779.71</b>	<b>2,299.39</b>

(Inventories have been valued in accordance with accounting policy no. 2.2 (f) as referred in Note No.1&2)

**Note 10 : Trade receivables**

	As at 31 March 2019	As at 31 March 2018
Unsecured, Considered Good	2,701.27	2,228.86
Add: Credit impaired	0.46	-
Less: Allowance for expected credit losses	(0.46)	-
	<b>2,701.27</b>	<b>2,228.86</b>

No trade or other receivable are due from Directors or other officers of the Company either severally or jointly with any other person. No any trade or other receivable due from firms or private companies in which any director is a partner, director or a member.

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

**Note 11 : Cash and cash equivalent**

	As at 31 March 2019	As at 31 March 2018
a) Balance with banks		
- In current accounts	3.00	15.13
b) Cash on hand	0.48	2.68
	<b>3.48</b>	<b>17.81</b>

Note :

There are no repatriation restriction with regard to cash and cash equivalents as the end of the reporting period and prior period

**Note 12 : Other financial assets**

	As at 31 March 2019	As at 31 March 2018
<b>(Unsecured, Considered Good)</b>		
Other dues from related party *	198.50	-
Claim receivable	2.54	9.95
	<b>201.04</b>	<b>9.95</b>

\*Represent dues from subsidiary company M/s Kajaria Sanitaryware Private Limited, in which two directors of the Company are also directors

**Break up of financial assets carried at amortised cost:**

	As at 31 March 2019	As at 31 March 2018
Investments	1,123.92	1,123.92
Security deposits	33.75	30.66
Loans to Related Parties	-	2,800.00
Other dues from Related Parties	198.50	-
Advance to employees	24.34	34.42
Trade receivables	2,701.27	2,228.86
Cash and Cash Equivalents	3.48	17.81
Other financial assets	2.54	9.95
<b>Total</b>	<b>4,087.80</b>	<b>6,245.62</b>



**KAJARIA BATHWARE PRIVATE LIMITED**  
Notes to financial statement for the year ended 31 March 2019

**Note 13 : Equity Share capital**

**a) Authorised**

300,00,000 Equity shares of Rs. 10 each (31 March 2018: 2,50,00,000 Equity shares of Rs. 10 each )  
50,00,000 Preference shares of Rs. 10 each (31 March 2018: Nil)

**b) Issued, subscribed and paid up Equity shares**

2,50,00,000 Equity Shares (31 March 2018: 2,50,00,000 shares of par value of Rs. 10 each)

**Preference shares**

4411764 Compulsorily Convertible Preference shares of Rs. 10 each (31 March 2018: Nil)

c) The Company has issued 4411764 Preference shares during the year. The company has not bought back any share during the year.

**d) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year**

**(i) Equity share capital**

**Particulars**

At the beginning of the reporting year  
Add : Increase during the year  
At the end of the reporting year

**(ii) Preference share capital**

**Particulars**

At the beginning of the reporting year  
Add : Issued during the year  
At the end of the reporting year

**e) Rights, preferences and restrictions attached to the equity shares**

The Company has only one class of equity shares having face value of Rs. 10/- per share. The holder of the equity shares is entitled to receive dividend as declared from time to time. The dividend proposed by the Board of Directors is subject to approval of the shareholders in ensuing annual general meeting. The holder of the share is entitled to voting rights proportionate to their shareholding in the event of liquidation of the Company. The holders of equity shares will be entitled to receive assets of the Company remaining after settlement of all liabilities. The distribution will be in proportion to the number of equity shares held by the share holders.

(Amount in Rupees lakhs, unless otherwise stated)

	31 March, 2019	31 March, 2018
	3,000.00	2,500.00
	500.00	-
	<b>3,500.00</b>	<b>2,500.00</b>
	2,500.00	2,500.00
	<b>2,500.00</b>	-
	441.18	-
	<b>441.18</b>	-

As at 31 March 2019		As at 31 March 2018	
No. of shares	Amount (Rs. in lakhs)	No. of shares	Amount (Rs. in lakhs)
25000000	2500.00	25000000.00	2500.00
<b>25000000.00</b>	<b>2500.00</b>	<b>25000000.00</b>	<b>2500.00</b>

As at 31 March 2019		As at 31 March 2018	
No. of shares	Amount (Rs. in lakhs)	No. of shares	Amount (Rs. in lakhs)
4,411,764	441.18	-	-
<b>4,411,764</b>	<b>441.18</b>	-	-





**KAJARIA BATHWARE PRIVATE LIMITED**  
**Notes to financial statement for the year ended 31 March 2019**

f) Kajaria Ceramics Limited is the holding company of the Company and shares held by such holding company are mentioned in as below. The Company has a subsidiary Kajaria Sanitaryware Private Limited.

g) Details of the Shareholders holding more than 5% shares in the Company

Particulars	As at 31 March 2019		As at 31 March 2018	
	Number of shares held	% of holding	Number of shares held	% of holding
	25,000,000	100%	25,000,000	100%

Kajaria Ceramics Limited\*

\* including 100 shares held by Kajaria Ceramics Limited jointly with Mr. Ashok Kajaria, Director of the Company.

h) The Company has not issued any bonus shares or shares for a consideration other than cash immediately preceding five years.

i) **Compulsorily Convertible Preference Shares:**

The Company has issued one class of 0.01% compulsorily convertible preference shares (CCPS) with following terms and conditions:

1. The term of the CCPS is 9 (Nine) years from the date of issue of such CCPS.
2. The holder of the CCPS may convert the CCPS in whole or part into Equity Shares at any time prior before 9 years at the rate of 1 (one) Equity Share per 1 (one) CCPS.
3. Dividend will be paid 0.01% on face value of total number of shares or dividend % calculated for equity shares, whichever is higher.



**KAJARIA BATHWARE PRIVATE LIMITED**  
**Notes to financial statement for the year ended 31 March 2019**

(Amount in Rupees lakhs, unless otherwise stated)

**Note 14 : Other Equity**

	<u>As at</u> <u>31 March 2019</u>	<u>As at</u> <u>31 March 2018</u>
<b>Reserves and Surplus</b>		
<b>Security premium reserve</b>		
Balance at the beginning of the year	1,500.00	1,500.00
Issued during the year	6,008.82	-
<b>Balance at the end of the year</b>	<b><u>7,508.82</u></b>	<b><u>1,500.00</u></b>
<b>Retained earnings</b>		
Balance at the beginning of the year	(3380.17)	(2249.27)
Profit/(loss) for the year	(775.40)	(1123.31)
items of OCI for the year, net of tax	(3.49)	(7.60)
<b>Balance at the end of the year</b>	<b><u>(4159.06)</u></b>	<b><u>(3380.17)</u></b>
<b>Total other equity</b>	<b><u>3349.76</u></b>	<b><u>(1880.17)</u></b>



(Amount in Rupees lakhs, unless otherwise stated)

	Non-Current		Current	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
<b>Note 15 : Borrowings</b>				
Term loans (secured) (refer note A)				
From banks	1,000.00	1,600.00	-	-
Less: current maturities of long term debts (refer to note 17)	(600.00)	(600.00)	-	-
	400.00	1,000.00	-	-
Buyers credit facility (secured) (refer note B)				
From banks	-	-	-	817.26
Working capital facilities - (secured) (refer note C)				
From banks	-	-	1,162.07	523.96
Inter corporate loan - unsecured (refer note D)				
From related party	1,190.00	8,500.00	-	-
	1,590.00	9,500.00	1,162.07	1,341.22

**TERMS OF BORROWINGS**

**A) TERM LOAN**

Secured against exclusive charge on immovable and movable assets of the company, both present & future. Rate of Interest is MCLR+spread. Present rate is 8.30% p.a. The loan is repayable in 14 quarterly installments of Rs 150 lacs each and 2 quarterly installments of Rs. 200 lacs each w.e.f. December 2016 till August 2020.

**B) BUYERS CREDIT**

Secured against Hypothecation of entire raw materials, stock in process, stores & spares, packing materials, finished goods and book debts of the company, both present & future. Rate of Interest is Libor + Spread.

**C) WORKING CAPITAL**

Secured against 1st charge on Inventories and Book debts of the Company, both present & future. Rate of Interest is MCLR + Spread. Present rate is 8.65% p.a.

**Other Note :**

(i) Term loan, buyers credit and working capital facility loans are further secured by guarantee of Holding Company M/s. Kajaria Ceramics Limited

(ii) There is no continuing default on the balance sheet date in repayment of loan and interest

D) Inter corporate loans represents amount borrowed from M/s Kajaria Ceramics Ltd - Holding Company. Bearing interest @ 8% p.a. No stipulation has been fixed for repayment of loans

There is no continuing default on the balance sheet date in repayment of loan and interest

**Note 16 : Provisions**

	Non-Current		Current	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Provision for employee benefits (refer note 29)				
Gratuity	54.59	31.64	0.17	0.12
Accumulated leaves	55.60	43.75	17.29	12.91
	110.19	75.39	17.46	13.03

**Note 17 : Trade Payables**

	As at 31 March 2019	As at 31 March 2018
<b>Trade payables</b>		
Dues of Micro and Small Enterprises	188.31	310.53
Dues to others	479.26	583.85
	667.57	894.38

All amounts are short-term. The net carrying value of trade payables is considered a reasonable approximation of fair value.

**Note 18 : Other Financial Liabilities**

	As at 31 March 2019	As at 31 March 2018
Current maturities of long term debts	600.00	600.00
Interest accrued but not due	7.06	4.95
Capital creditors	-	9.54
Interest bearing deposits from customers	272.89	203.83
Outstanding Liabilities *	617.84	592.21
	1497.79	1410.53

**Break up of financial liabilities carried at amortised cost:**

	As at 31 March 2019	As at 31 March 2018
Trade payables	667.57	894.38
Other financial liabilities	1,497.79	1,410.53
Borrowings (current)	1,162.07	1,341.22
Borrowings (non - current)	1,590.00	9,500.00
	4,917.43	13,146.14



**KAJARIA BATHWARE PRIVATE LIMITED**  
Notes to financial statement for the year ended 31 March 2019

**Note 19 : Other Current liabilities**

Advance from Customers  
Statutory Dues Payable

(Amount in Rupees lakhs, unless otherwise stated)

As at	As at
31 March 2019	31 March 2018
77.61	53.42
272.26	135.99
349.87	189.41



(Amount in Rupees lakhs, unless otherwise stated)

**Note 20 : Revenue from operations**

	Year ended 31 March 2019	Year ended 31 March 2018
Sale of products - Faucet, Sanitaryware and other allied products	11,159.31	7,768.07
Other operating income - Scrap sale	63.40	63.35
	<b>11,222.71</b>	<b>7,831.42</b>

- Sales of products includes excise duty collected from customers of Rs. Nil (31 March 2018 : Rs. 77.92 lakh)
- Consequent upon implementation of Goods and Service Tax ( GST) Act w.e.f. 1st July 2017 sales excludes GST. Accordingly sales for the year ended 31st March 2019 is not comparative with previous year as sales of previous year is inclusive of excise duty.
- Sale of products are net of discounts amounting to Rs.1051.09 lakhs (31 March 2018: Rs. 891.49 lakhs) which has been issued to customers after invoices.

**Note 21 : Other Income**

	Year ended 31 March 2019	Year ended 31 March 2018
Interest income on :		
- Loan to subsidiary	77.30	257.39
- Others	1.66	1.97
Net gain on foreign currency transaction and translation	38.82	5.19
Other income:		
- Sundry Balances Written Back	4.47	5.52
- Insurance claim	0.13	6.52
	<b>122.38</b>	<b>276.59</b>

**Note 22 : Cost of materials consumed**

	Year ended 31 March 2019	Year ended 31 March 2018
Body Material	2,518.68	1,829.89
Packing Material	108.34	97.36
	<b>2,627.02</b>	<b>1,927.25</b>

**Note 23 : Changes in inventories of finished goods, stock in trade and work in progress**

	Year ended 31 March 2019	Year ended 31 March 2018
Opening stock		
Finished Goods	695.33	901.23
Stock In Trade	970.63	520.89
Work-in-Process	155.04	59.76
	<b>1,821.00</b>	<b>1,481.88</b>
Closing stock		
Finished Goods	697.69	695.33
Stock In Trade	1,378.57	970.63
Work-in-Process	184.03	155.04
	<b>2,260.29</b>	<b>1,821.00</b>
	<b>(439.29)</b>	<b>(339.12)</b>



**KAJARIA BATHWARE PRIVATE LIMITED**  
Notes to financial statement for the year ended 31 March 2019

**Note 24 : Employee benefit expense**

(Amount in Rupees lakhs, unless otherwise stated)

Salary, wages, bonus and allowance  
Contribution to provident fund and other funds  
Staff Welfare expenses  
Less: Recovery of expenses \*

Year ended 31 March 2019	Year ended 31 March 2018
2,701.08	2,097.62
106.57	83.39
44.79	44.45
(1216.00)	(960.00)
<b>1,636.44</b>	<b>1,265.46</b>

\* Represents amount recovered from subsidiary company M/S Kajaria Sanitaryware Private Limited

**Note 25 : Finance Costs**

Interest on debts and borrowings  
Other ancillary borrowings costs

Year ended 31 March 2019	Year ended 31 March 2018
424.09	656.49
8.79	13.12
<b>432.88</b>	<b>669.61</b>

**Note 26 : Depreciation and amortization expense**

Depreciation of property, plant and equipment (refer to note 3)  
Amortisation of intangible assets (refer to note 4)

Year ended 31 March 2019	Year ended 31 March 2018
370.18	312.94
5.14	5.14
<b>375.32</b>	<b>318.08</b>

**Note 27 : Other expenses**

Power and Fuel  
Stores Consumed  
Excise Duty Variance on Inventory  
Repair and Maintenance  
-Buildings  
-Machinery  
-Other  
Auditor's Remuneration  
-As Audit Fee  
-For Other matters  
Legal and Professional Expenses  
Communication Expense  
Rent Expenses  
Advertisement and Sales Promotion Expenses \*  
Freight, Handling and Distribution Expenses  
Rates and taxes  
Printing and stationary  
Insurance Expenses  
Travelling and Conveyance Expense  
Security Charges  
Loss on sale of property plant and equipment  
Vehicle Running and Maintenance Expenses  
Miscellaneous Expenses

Year ended 31 March 2019	Year ended 31 March 2018
234.38	189.56
270.40	117.54
-	(97.14)
27.80	12.42
4.01	3.98
6.49	6.30
5.00	5.00
5.60	1.95
21.77	8.28
37.51	49.70
192.13	86.78
956.15	881.16
457.87	337.08
36.91	10.01
16.33	12.27
30.04	24.27
604.56	495.16
33.56	32.08
10.42	-
19.32	11.17
59.17	29.86
<b>3,029.42</b>	<b>2,217.43</b>

\* Net of amount recovered from subsidiary company M/S. Kajaria Sanitaryware Private Limited Rs. 300.00 Lacs (Previous year Rs. 150 Lacs)



**KAJARIA BATHWARE PRIVATE LIMITED**  
**Notes to financial statement for the year ended 31 March 2019**

**(Amount in Rupees lakhs, unless otherwise stated)**

**Note -28**  
**Earning per share**

Basic and Diluted EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the company by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

	<u>Year ended</u> <u>31 March 2019</u>	<u>Year ended</u> <u>31 March 2018</u>
<b>Profit attributable to equity holders of the Company:</b>		
Profit attributable to equity holders of the Company for basis earnings (Rs. In lakhs) for the year:	(775.40)	(1,123.31)
Weighted Average number of equity shares in calculating basic earnings per Share (Nos.)	25000000	25000000
Weighted Average number of equity shares in calculating diluted earnings per Share (Nos.)	25000000	25000000
<b>Earning Per Share</b>		
Basic (Rs.)	(3.10)	(4.49)
Diluted (Rs.)	(3.10)	(4.49)
<b>Face Value per equity share</b>	10.00	10.00

\* Compulsorily Convertible Preference Shares (CCPS) have been ignored being anti dilutive





**KAJARIA BATHWARE PRIVATE LIMITED**

**Notes to financial statement for the year ended 31 March 2019**

**(Amount in Rupees lakhs, unless otherwise stated)**

**Note 29**

**CONTINGENT LAIBILITY & CAPITAL COMMITMENT**

	<u>As at 31 March</u> <u>2019</u>	<u>As at 31 March</u> <u>2018</u>
Estimated amount of contracts remaining to be executed on Capital Account (Net of Advances) and not provided for :	-	7.46



**Note - 30**

**A Defined Contribution Plans - General Description**

Retirement benefits in the form of provident fund, superannuation fund and national pension scheme are defined contribution schemes. The Company has no obligation, other than the contribution payable to the provident fund. The Company's contribution to the provident fund is Rs. 68.03 lacs (31 March 2017 : Rs.63.94 lacs)

**B Defined Benefit Plans - General Description**

**Gratuity:**

The Company has a defined benefit gratuity plan. Gratuity is computed as 15 days salary, for every completed year of service or part thereof in excess of 6 months and is payable on retirement / termination / resignation. The benefit vests on the employee completing 5 years of service. The Company makes provision of such gratuity asset/liability in the books of account on the basis of actuarial valuation as per the projected unit credit method.

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

Changes in the present value of the defined benefit obligation are, as follows:

	31 March 2019	31 March 2018
Defined benefit obligation at the beginning of the year	31.76	10.58
Current service cost	17.06	12.79
Interest cost	2.45	0.79
Benefits paid	-	-
Actuarial (gain)/ loss on obligations - OCI	3.49	7.60
<b>Defined benefit obligation at the end of the year</b>	<b>54.76</b>	<b>31.76</b>

Changes in the fair value of plan assets are, as follows:

	31 March 2019	31 March 2018
Fair value of plan assets at the beginning of the year	-	-
Contribution by employer	-	-
Return on plan assets	-	-
Benefits paid	-	-
Expected Interest Income on plan assets	-	-
Actuarial gain/(loss) on plan asset	-	-
<b>Fair value of plan assets at the end of the year</b>	<b>-</b>	<b>-</b>

Reconciliation of fair value of plan assets and defined benefit obligation:

	31 March 2019	31 March 2018
Fair value of plan assets	-	-
Defined benefit obligation	54.76	31.76
<b>Amount recognised in the Balance Sheet</b>	<b>54.76</b>	<b>31.76</b>
Current	0.17	0.12
Non current	54.59	31.64

Amount recognised in Statement of Profit and Loss:

	31 March 2019	31 March 2018
Current service cost	17.06	12.79
Net interest expense	2.45	0.79
<b>Amount recognised in Statement of Profit and Loss</b>	<b>19.51</b>	<b>13.58</b>

Amount recognised in Other Comprehensive Income:

	31 March 2019	31 March 2018
Actuarial (gain)/loss - obligation	3.49	7.60
<b>Amount recognised in Other Comprehensive Income:</b>	<b>3.49</b>	<b>7.60</b>

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

	31 March 2019	31 March 2018
Discount rate	7.75%	7.50%
Future salary increases	5.00%	5.00%
Attrition Rate / Withdrawal Rate	20.00%	20.00%
Retirement age	58 years	58 years
Limit (Rs. In lakhs)	20.00	20.00



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

Gratuity Plan	Sensitivity level		Impact on DBO	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Assumptions				
	Discount rate	1% -1%	1% -1%	(2.11) 2.29
Future salary increases	1% -1%	1% -1%	2.33 (2.19)	1.38 (1.29)
	Withdrawal rate	1% -1%	1% -1%	(0.72) 0.70

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

Sensitivities due to mortality and withdrawals are insignificant and hence ignored.

Sensitivities as to rate of inflation, rate of increase of pensions in payments, rate of increase of pensions before retirement & life expectancy are not applicable being a lump sum benefit on retirement.

The following payments are expected contributions to the defined benefit plan in future years:

	From '31 March 2019	From '31 March 2018
Within next 12 months (next annual reporting period)	0.79	0.23
Between 1 and 5 years	63.58	36.29
Beyond 5 years	22.13	22.54
<b>Total expected payments</b>	<b>86.50</b>	<b>59.06</b>

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 21 (31 March 2018: 21 years).

C Other long-term benefits - Compensated absences (unfunded)

Amounts recognised in the balance sheet

	As at 31 March 2019	As at 31 March 2018
Amounts recognised in the balance sheet	72.89	56.66



**KAJARIA BATHWARE PRIVATE LIMITED**

**Notes to financial statement for the year ended 31 March 2019**

(Amount in Rupees lakhs, unless otherwise stated)

**Note -31**

**Dues to Micro and Small Enterprises**

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

Particulars	Rs in Lakhs	
	March 31, 2019	March 31, 2018
(a) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount due to micro and small enterprises	188.31	310.53*
Interest due on above	-	-
(b) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
(c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	-	-
(d) The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	-	-

#The details of amounts outstanding to Micro and Small Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 are as per available information with the Company.

\*Based on the information received in Current Year.



**KAJARIA BATHWARE PRIVATE LIMITED**

**Notes to financial statement for the year ended 31 March 2019**

**(Amount in Rupees lakhs, unless otherwise stated)**

**Note -32**

**Segment Reporting**

The business activity of the Company falls within one business segment viz. "Sanitaryware and Bathware fittings" and substantially sale of the product is within the country. The Gross income and profit from the other segment is below the norms prescribed in Ind AS 108 Hence the disclosure requirement of Indian Accounting Standard 108 of "Segment Reporting" notified by the Companies (Indian Accounting Standards) Rules, 2014 (as amended), is not considered applicable.



**KAJARIA BATHWARE PRIVATE LIMITED**  
Notes to financial statement for the year ended 31 March 2019

(Amount in Rupees lakhs, unless otherwise stated)

Note - 33

**A List of related parties**

Name of the related party	Relationship
Kajaria Ceramics Limited	Holding Company
Kajaria Sanitaryware Private Limited	Subsidiary Company
Kajaria Floera Ceramics Private Limited	Subsidiary of Holding Company
Dua Engineering Private Limited	Enterprises owned by key managerial personnel

**B Transactions during the year:**

	Year ended 31 March 2019	Year ended 31 March 2018
<b>Kajaria Ceramics Limited</b>		
Amount borrowed & paid (Net)	(7,310.00)	2,281.64
Purchase of goods (Net)	0.20	-
Rent Paid	98.32	36.29
Interest paid	227.91	393.45
Reimbursement of Expenses	44.97	30.98
Amount received on behalf of KCL	-	13.59
<b>Kajaria Sanitaryware Private Limited</b>		
Loan given/(received) (Net)	(2,800.00)	584.76
Sale of goods (Net)	0.93	-
Salary, wages, bonus and allowance (including management charges)	1,200.00	960.00
Advertisement, publicity and sales promotion	300.00	150.00
Reimbursement of Expenses	38.40	-
Interest Income	77.30	257.39
<b>Kajaria Floera Ceramics Private Limited</b>		
Reimbursement of Expenses	-	5.46
<b>Dua Engineering Private Limited</b>		
Rent paid	11.57	11.57

**C Balance outstanding at the end of the year**

	Year ended 31 March 2019	Year ended 31 March 2018
<b>Holding Company - Kajaria Ceramics Limited</b>		
- Borrowings	1,190.00	8,500.00
<b>Subsidiary Company - Kajaria Sanitaryware Private Limited</b>		
- Borrowings	-	2,800.00
- Other Receivables	198.50	-

**Terms and conditions of transactions with related parties**

The transaction to and from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured. There have been no guarantees provided or received for any related party receivables or payables. Term loans, Buyers Credit Facilities are guaranteed by holding company, Kajaria Ceramics Ltd. For the year ended 31 March 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2017: INR Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.



**34. Financial risk management objectives and policies**

The Company's principal financial liabilities, other than derivatives, comprise borrowings, trade and other payables, security deposits and others. The Company's principal financial assets include trade and other receivables, loans and cash and short-term deposits and loans.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's management oversees the management of these risks. The Company's senior management is reviewing financial risks and the appropriate financial risk governance framework. The Company's management ensure that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The management reviews and agrees policies for managing each of these risks, which are summarised below.

**I. Market risk**

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

The sensitivity analyses of the above mentioned risk in the following sections relate to the position as at 31 March 2019 and 31 March 2020.

The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities of foreign operations. The analysis for contingent liabilities is provided in Note 37.

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

- The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial

A. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates. However the risk is very low due to negligible borrowings by the Company.

	Increase/decrease in basis points	Effect on loss before tax
		INR In lacs
<b>31-Mar-19</b>		
INR	+50	(23.72)
INR	-50	23.72
<b>31-Mar-18</b>		
INR	+50	(34.93)
INR	-50	34.93

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

B. Foreign currency sensitivity

Foreign currency risk is the risk that the fair value of future cash flows of an exposure will fluctuate because of changes in exchange rates. Foreign currency risk sensitivity is the impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The following tables demonstrate the sensitivity to a reasonably possible change in USD and EURO exchange rates, with all other variables held constant.

	Change in USD rate	Effect on loss before tax
		INR in Lacs
<b>31-Mar-19</b>	+5%	(0.01)
	-5%	0.01
<b>31-Mar-18</b>	+5%	(38.05)
	-5%	38.05



	Change in EURO rate	Effect on loss before tax INR in Lacs
31-Mar-19	+5%	(2.01)
	-5%	2.01
31-Mar-18	+5%	(8.67)
	-5%	8.67

The movement in the pre-tax effect on profit and loss is a result of a change in the fair value of derivative financial instruments not designated in a hedge relationship and monetary assets and liabilities denominated in INR, where the functional currency of the entity is a currency other than INR.

## II. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions.

Credit risk from investments with banks and other financial institutions is managed by the Treasury functions in accordance with the management policies. Investments of surplus funds are only made with approved counterparties who meet the appropriate rating and/or other criteria, and are only made within approved limits. The management continually re-assess the Company's policy and update as required. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty failure.

### A. Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit review and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

At the year end the Company does not have any significant concentrations of bad debt risk.

An impairment analysis is performed at each reporting date on an individual basis for major clients. The calculation is based on historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 33. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate in largely independent markets.

### B. Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties.

## III. Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	(Rs. in Lacs) Total
<b>Year ended</b>						
<b>31-Mar-19</b>						
Borrowings	1,162.07	-	-	1,590.00	-	2,752.07
Trade payables	-	667.57	-	-	-	667.57
Other financial liabilities *	279.95	767.84	450.00	-	-	1,497.79
	<b>1,442.02</b>	<b>1,435.41</b>	<b>450.00</b>	<b>1,590.00</b>	-	<b>4,917.43</b>
<b>Year ended</b>						
<b>31-Mar-18</b>						
Borrowings	523.96	500.38	316.88	9,500.00	-	10,841.22
Trade payables	-	894.38	-	-	-	894.38
Other financial liabilities *	213.37	745.62	451.54	-	-	1,410.53
	<b>737.33</b>	<b>2,140.38</b>	<b>768.42</b>	<b>9,500.00</b>	-	<b>13,146.13</b>

\* In absolute terms i.e. undiscounted and including current maturity portion

## IV. Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The Company's marketing facilities are situated in different geographies. Similarly the distribution network is spread PAN India.





**Kajaria Bathware Private Limited**

**Notes to financial statement for the year ended 31 March 2019**  
**(Amount in Rupees lacs, unless otherwise stated)**

**36. Leases**

**Operating lease commitments - Company as lessee**

The Company has taken various commercial premises under operating leases. These leases have varying terms, escalation clauses and renewal rights. On renewal the terms of the leases are re-negotiated. Rent amounting to ₹192.13 lakhs (31 March 2018: ₹ 86.78 lakhs) has been debited to the Statement of Profit and Loss during the year. The future minimum lease payments are as follows:

	<u>31 March 2019</u>	<u>31 March 2018</u>
Not later than one year	40.89	56.56
Later than one year but not later than five years	15.17	65.82
Later than five years	-	-



## KAJARIA BATHWARE PRIVATE LIMITED

### OTHER NOTES ON ACCOUNTS

#### **37. Deferred Tax Asset/Liability**

Deferred Tax arises because of difference in treatment between financial accounting and tax accounting, known as "Timing Differences". The tax effect of these timing differences is recorded as "Deferred Tax Assets" (generally items that can be used as a tax deduction or credit in future periods) and "Deferred Tax Liabilities" (generally items for which the company has received a tax deduction but has not recorded in the statement of income).

The deferred tax asset arising during the year has been set off to the extent of deferred tax liability and resulting Net Deferred Tax Asset has not been recognized in term of prudence norms and conservative view with regard to certainty of virtual profitability in future years.

38. In the opinion of Directors the value of realisation of current assets, loans & advances in the ordinary course of business will not be less than the amount at which they are stated in the balance sheet.

39. Foreign currency exposure not hedged by derivative instrument or otherwise:

Particulars		31-03-2019 (in Rs Lakhs)		31-03-2018 (in Rs Lakhs)	
		Foreign Currency	Indian Rupee	Foreign Currency	Indian Rupee
<b>Payables</b>					
For Goods and Services	EURO	0.51	40.22	1.37	112.27
	USD	0.001	0.01	0.07	4.86
<b>Buyers' Credit</b>	EURO	-	-	0.75	61.16
	USD	-	-	11.52	756.10



40. Exceptional items represents loss on surrender of land situated at Chittoor, Andhra Pradesh to Andhra Pradesh Industrial Infrastructure Corporation Limited (APIICL) which includes site development expenses incurred on said land. The Company has incurred site development expenses of Rs. 98.71 lacs on said land and requested APIICL to reimburse these site development expenses from future buyer of said land.

As per our report of even date attached

**For O P Bagla & Co LLP**  
Chartered Accountants  
FRN 000018N/N500091

For and on behalf of the board of Directors


  
**Nitin Jain**

Partner  
M.No. 510841  
Place: New Delhi


Date:



  
(Rishi Kajaria)  
Managing Director  
(DIN 228455)

  
(Dilip Maliwal)  
Chief Financial Officer

  
(Ashok Kumar Kajaria)  
Director  
(DIN 273877)

  
Saurabh Chakraborty  
Company Secretary  
(ACS No. A-52813)