SORISO CERAMIC PVT. LID.

AT: LAKHDHIRPUR ROAD,TAL : MORBI

AUDIT REPORT

2016-17

AUDITORS:

V. N. SITAPARA & ASSOCIATES

CHARTERED ACCOUNTANTS

"202 , Je Bhagwan Complex
Savsar Plot Main Road,
Ram Chowk,
Morbi - 363641

V. N. SITAPARA & ASSOCIATES
CHARTERED ACCOUNTANTS

V. N. SITAPARA & ASSOCIATES
B.Com. F.C.A.
Ram Chowk,
Savsar Plot Main Road
MORBI –363 641
Tel : O. 223996

INDEPENDENT AUDITOR'S REPORT

To
The Members of
SORISO CERAMIC PRIVATE LIMITED

Report on the Financial Statements

We have audited the accompanying Ind AS financial statements of **SORISO CERAMIC PRIVATE LIMITED**, which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss ,cash flow statement for the year ended and statement of changes in equity for the year the ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the companies Act,2013 with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position and financial performance, Cash flow and changes in equity of the Company in accordance with the Accounting Principles generally accepted in India,Including the Indian Accounting Standards (IND AS) specified under section 133 of the Act, with relevant rules issued thereunder.The Board of director is responsible for 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 the selection and application of appropriate accounting policiesmaking judgments and estimates that are reasonable and prudent anddesign, 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 theInd AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on theseInd AS financial statements based on our audit. While conducting the audit, We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

V. N. SITAPARA & ASSOCIATES
CHARTERED ACCOUNTANTS
MORBI

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act.Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of theInd AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of theInd AS financial statements in order to design audit procedures that are appropriate in the circumstances,but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of theInd AS financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS:

(i) in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2017;

(ii) in the case of the statement of profit and loss, of the **PROFIT** for the year ended on that date; and

(iii) in the case of the cash flow statement, of the cash flows for the year ended on that date.

(iv) in the case of statement of changes in equity, of the changes in equityfor the year ended.

Report on Other Legal and Regulatory Requirements

As required by 'the Companies (Auditor's Report) Order, 2016' ("the order"), issued by the Central Government of India in terms of sub section 11 of Section 143 of the Companies Act, 2013, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.

As required bySection143(3) of the Act, 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 purposeof 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, the Cash Flow Statement and statement of changes in equity, dealt with by this Report are in agreement with the books of account.

V. N. SITAPARA & ASSOCIATES
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(d) In our opinion, the aforesaidInd ASfinancial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) 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, 2017, 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. A separate report in this regard is also issued.

(f) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors of the company, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director of the company in terms ofSection 164 (2)of theAct.

(g) 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, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements -Note 19 to the financial statements.
ii. The Company did nothave any long-term contracts including derivative contracts for which there were any material foreseeable losses.
iii. As per information and explanations given to us the company is not required to transfer any amount to Investor education and protection fund hence itsreporting is not applicable.
iv. The company has provided requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November,2016 to 30th December,206 - Refer Note No. 35

For V.N. SITAPARA & ASSOCIATES.
CHARTERED ACCOUNTANTS

Sitapara V. N.

(VIJAY. N. SITAPARA)
PROPRIETOR
M No.113966
FIRM REG. NO. 123575 W

PLACE : MORBI
DATED :.21/04/2017

V. N. SITAPARA & ASSOCIATES CHARTERED ACCOUNTANTS MORBI

ANNEXURE REFERRED TO IN PARAGRAPH 1 OF THE AUDITORS' REPORT ON ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2017

1. a) The Company has maintained proper records to show full particulars including quantitative details and situation of fixed assets.

   b) As explained to us, major fixed assets have been physically verified by the management during the year. We have been informed that the discrepancies noticed on such verification as compared to book record were not material and have been properly dealt with in the books of account. In our opinion the frequency of verification is reasonable.

   c) In our opinion and according to the information and explanation given to us title deeds of immovable properties are held in the name of the company.

2. a) Physical verification has been conducted by the management at reasonable intervals in respect of finished goods, stores, spare parts and raw materials except clay. We were informed that physical verification of clay was difficult due to its volume and loose nature.The discrepancies noticed on such verification between the physical stocks and book records were not significant and the same has been properly dealt with in the books of account.

3. The Company has notgranted any loan during the year, to Company, firms,limited liability partnership or other partiescoveredin the register maintained under section 189 of the Act.

4. In our opinion and according to the information and explanations given to us In respect of loans, investments and guarantees, provisions of Section 185 and 186 of the Companies Act, 2013 have been complied with

5. In our opinion and according to the information and explanations given to us, the Company has not accepted deposits within the Provisions of sections 73 to 76 and rule framed there under of the companies Act therefore clause V of Companies (Auditor's Report) order is not applicable.

6. In respect of the business activities of the company, maintenance of cost records has not been specified by the central Government under sub section (I) of section 148 read with rules framed there under of the Companies Act, 2013.

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7. a) As per information and explanations given to us the Company has been regular in depositing the undisputed statutory dues including Provident Fund, Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Cess, Octroi, entry tax and other statutory dues with the appropriate Authorities. There are no undisputed statutory dues at the year end outstanding for a period of more than six months from the date they become payable.

   b) We have been informed that disputed demands of Rs.40.00lacs in respect of Excise Duty are pending in litigation with the Commissionerof Central Excise & Customs Rajkot and disputed demands of Rs. 1076.40lacs in respect of VAT/CST are pending in litigation with the Sales Tax Authority.

8. Based on our audit procedures and on the basis of information and explanations given to us by the management, we are of the opinion that there is no default in repayment of dues to the Financial Institutions or banks as at the year end.

9. According to the information and explanations given to us the term loans taken by the company have been applied for the purposes for which the loans were obtained.

10. As per information provided to us & explanation given to us & based on the audit procedures conducted we are of the opinion that no fraud has been committed by the company or on the company during the year covered under Audit

11. Remuneration given to directors are under compliance with Section 197 read with schedule V to the companies Act , 2013.

12. As the company is not a nidhi company clause xii of paragraph 3 is not applicable.

13. Based on our audit procedures and on the basis of information and explanations given to us by the management, we are of the opinion that all the transactions with related parties are in compliance with section 177 and section 188 of the companies Act, 2013. Details of such transaction as per AS 18 have been given in point no 15 in Note No 23 in Notes to accounts.

14. As per information and explanations given to us the Company has not made any preferential allotment hence clause is not applicable.

15. Based on our audit procedures and on the basis of information and explanations given to us by the management , company has not entered into any non cash transactions with directors or persons connected with him.

V. N. SITAPARA & ASSOCIATES
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16. Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934,

For V.N. SITAPARA & ASSOCIATES.
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(*VIJAY. N. SITAPARA*)
PROPRIETOR
M No.113966
FIRM REG. NO. 123575 W

PLACE : MORBI
DATED :21.04.2017

V.N. SITAPARA & ASSOCIATES
CHARTERED ACCOUNTANTS
MORBI

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

In conjuction with our audit of the Ind AS financial statements of the company as of and for the year ended 31st March 2017, We have audited the internal financial controls over financial reporting of **SORISO CERAMIC PVT. LTD.**

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.

V. N. SITAPARA & ASSOCIATES CHARTERED ACCOUNTANTS MORBI

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 authorizations of management and directors of the company; and
(3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on theInd AS 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, 2017, 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 V.N. SITAPARA & ASSOCIATES.
CHARTERED ACCOUNTANTS

Sitapara V. N.

(VIJAY. N. SITAPARA)
PROPRIETOR
M No.113966
FIRM REG. NO. 123575 W

PLACE : MORBI
DATED :21.04.2017

V. N. SITAPARA & ASSOCIATES
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MORBI

1. Corporate information

SORISO CERAMIC PVT. LTD. ("the company") is a Private limited company domiciled in India and was incorporated on 27/03/2006.The registered office of the Company is located at S. NO. 809-810,Lakhdhirpur Road, At : Ghuntu ,Tal : Morbi - 363642

The company is closely held company limited by shares ,company is engaged in manufacturing of Ceramic Porcelain tiles having its factory premises at above mentioned address.Companyisa subsidiary of Kajaria Ceramic Ltd.

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.

For all periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with Indian GAAP includingaccounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These financial statements for the year ended 31 March 2017 are the first being prepared in accordance with IndAS.

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 0,00,000), 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.

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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

b. Property, plant and equipment

i) Tangible assets

Under the previous GAAP (Indian GAAP), property, plant and equipment were carried in the balance sheet at cost net of accumulated depreciation and accumulated impairment losses, if anyas at 31 March 2015. The Company has elected to regard those values of property as deemed cost at the date of the transition to Ind AS, i.e., 1 April 2015.

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

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

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

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

Depreciation on property, plant and equipmentsare provided to the extent of depreciable amount on the written down value (WDV) 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	18 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.

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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 three years.

d. Research & Development Costs

Research and development costs that are in nature of tangible assets and are expected to generate probable future economic benefits are capitalised as tangible assets. Revenue expenditure on research and development is charged to the statement of profit and loss in the year in which it is incurred.

e. 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.

f. 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.

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g. 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.

h. 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.

i. 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 andloss.

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.

j. 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.

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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.

k. 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.

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.

l. 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.

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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.

m. Earnings per share

Basic earnings per equity share is computed by dividingthe 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.

n. 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.

o. 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.

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

p. 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.

(a) Financial assets

Classification

The Company classifies financial assets as subsequently measured at amortized cost, fair value through othercomprehensive income or fair value through profit or loss on the basis of its business model for managing the financialassets 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.

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Derecognition

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

Impairment of financial assets

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

(b) Financial liabilities

Classification

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

V. N. SITAPARA & ASSOCIATES
CHARTERED ACCOUNTANTS
MORBI

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.

(c) Offsetting of financial instruments

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

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

V. N. SITAPARA & ASSOCIATES
CHARTERED ACCOUNTANTS
MORBI

SORISO CERAMIC PRIVATE LIMITED
BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH 2017

(Amount in Rupees Lakhs, unless otherwise stated)

	Particulars	Notes	As at 31 March 2017	As at 31st March 2016	As at 1 April 2015
I	**ASSETS**				
(1)	**Non-current assets**				
	Property, plant and equipment	3	1,577.30	1,739.21	1,836.50
	Capital work-in-progress		64.38	-	5.04
	Other Intangible assets	4	0.68	1.86	-
	Financial assets				
	(i) Loans	5	0.75	0.75	0.75
	(ii) Others financial assets	6	59.65	77.63	111.11
	Other non-current assets	7	209.01	209.01	143.23
(2)	**Current assets**				
	Inventories	8	987.90	1,318.51	983.76
	Financial assets				
	(i) Trade receivables	9	584.43	501.11	858.13
	(ii) Cash and cash equivalents	10	16.82	14.91	49.41
	(iii) Loans	5	-	-	-
	(iv) Others financial assets	6	6.84	20.20	24.37
	Other current assets	7	178.66	155.05	66.48
	Total Assets		**3,686.43**	**4,038.25**	**4,078.79**
II	**EQUITY AND LIABILITIES**				
(1)	**Equity**				
	Equity share capital	11	300.00	300.00	300.00
	Other Equity	12	1,588.28	1,483.99	1,104.91
(2)	**LIABILITIES**				
(a)	**Non-current liabilities**				
	Financial liabilities				
	(i) Borrowings	13	700.00	49.26	230.22
	(ii) Other financial liabilities	14	-	-	-
	Provisions	16	-	-	-
	Deferred tax liabilities (Net)		93.21	103.82	112.40
	Other non current liabilities	17	-	-	-
(b)	**Current liabilities**				
	Financial liabilities				
	(i) Borrowings	13	109.20	820.41	871.20
	(ii) Trade Payables	15	675.29	919.73	1,019.63
	(iii) Other financial liabilities	14	-	94.21	200.46
	Provisions	16	50.63	45.97	103.44
	Other current liabilities	17	169.82	220.86	136.54
	Total Equity and Liabilities		**3,686.43**	**4,038.25**	**4,078.79**
	Significant accounting policies	1&2			

The accompanying notes form an integral part of these financial statements.

In terms of our report of even date annexed

FOR, V.N.SITAPARA & ASSOCIATES

CHARTERED ACCOUNTANTS

FRN: 123575 W

Sitapara V.N.

(Vijay N. Sitapara)

Proprietor

M. No. - 113966

V. N. SITAPARA & ASSOCIATES CHARTERED ACCOUNTANTS MORBI

PLACE :- MORBI

DATED:- 21/04/2017

For and on behalf of the Board

Director

Director

SORISO CERAMIC PRIVATE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2017

(Amount in Rupees Lakhs, unless otherwise stated)

	Particulars	Notes	For the Year ended 31 March 2017	For the Year ended 31 March 2016
I	**REVENUE**			
	Revenue from operations	18	7,568.94	10,473.98
	Other income	19	13.49	16.47
	Total Revenue (I)		**7,582.43**	**10,490.45**
II	**EXPENSES**			
	Cost of material consumed	20	2,661.93	4,433.72
	Purchases of stock in trade		-	-
	Changes in inventories of finished goods, stock-in-trade and work in progress	21	273.46	(307.71)
	Excise duty on sale of goods		1,163.10	1,573.50
	Employee benefits expenses	22	540.83	611.56
	Finance costs	23	90.92	104.49
	Depreciation and amortization expenses	24	230.38	260.14
	Other expenses	25	2,139.59	3,256.65
	Total expenses (II)		**7,100.22**	**9,932.35**
III	**Profit before exceptional items and tax from continuing operations (I-II)**		**482.20**	**558.10**
IV	Exceptional Items		-	
V	**Profit/(loss) before tax from continuing operations (III-IV)**		**482.20**	**558.10**
VI	Tax expense:			
(1)	Current Tax	26	171.86	187.60
(2)	Deferred Tax	26	(10.61)	(8.58)
VII	**Profit/ (loss) for the year (VII+VIII)**		**320.95**	**379.08**
VIII	Other Comprehensive Income			
	A Items that will be reclassified to profit or loss		-	-
	B Items that will not be reclassified to profit or loss		-	-
IX	**Total Comprehensive Income for the Year (IX + X) (Comprising Profit (Loss) and Other Comprehensive Income for the Year)**		**320.95**	**379.08**
	Earnings per equity share for continuing operations			
	(1) Basic, computed on the basis of profit from continuing operations		10.70	12.64
	(2) Diluted, computed on the basis of profit from continuing operations		10.70	12.64
	Significant accounting policies	1&2		

The accompanying notes form an integral part of these financial statements.
In terms of our report of even date annexed

FOR, V.N.SITAPARA & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN: 123575 W

Sitapara V.N.
(Vijay N. Sitapara)
Proprietor
M. No. - 113966

V. N. SITAPARA & ASSOCIATES CHARTERED ACCOUNTANTS MORBI

PLACE :- MORBI
DATED:- 21/04/2017

For and on behalf of the Board

Director

Director

SORISO CERAMIC PRIVATE LIMITED
Statement of Changes in Equity for the year ended 31 March 2017

(Amount in Rupees Lakhs, unless otherwise stated)

A) Equity share capital	**31 March 2017**	**31 March 2016**
Issued, subscribed and paid up capital (Refer note 3)		
Opening balance	300.00	300.00
Changes	0.00	0.00
Closing balance	300.00	300.00

B) Other equity

Particulars	**Reserves and Surplus**	**Total equity**
	Retained earnings	
As at 1 April 2015	1,104.91	1,104.91
Net income / (loss) for the year	379.08	379.08
Total comprehensive income	**379.08**	**379.08**
At 31 March 2016	1,483.99	1,483.99
Net income / (loss) for the year	320.95	320.95
Interim Dividend (FY16.17)	(180.00)	(180.00)
Dividend Distribution Tax	(36.66)	(36.66)
Balancing Charge of Change in Dep./Diff		0.00
Total comprehensive income	104.29	104.29
At 31 March 2017	1,588.28	1,588.28

Significant accounting policies 1&2

The accompanying notes form an integral part of these financial statements.

In terms of our report of even date annexed

FOR, V.N.SITAPARA & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN: 123575 W

Sitapara V. N.

(Vijay N. Sitapara)
Proprietor
M. No. - 113966

V. N. SITAPARA & ASSOCIATES CHARTERED ACCOUNTANTS MORBI

PLACE :- MORBI
DATED:- 21/04/2017

For and on behalf of the Board

Director

Director

SORISO CERAMIC PRIVATE LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017

(Amount in Rupees Lakhs, unless otherwise stated)

PARTICULARS	Year ended			
	31 March 2017		31 March 2016	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax		**482.20**		**558.10**
Adjusted for :				
Depreciation	230.38		260.14	
Mobile tower rent income	(1.89)		(1.89)	
Interest Income	(6.51)		(8.14)	
Interest cost	90.92		104.49	
Loss on sale of Fixed Assets	3.69		0.00	
		316.60		354.60
Operating Profit before Working Capital Changes		798.80		912.70
Adjusted for :				
Trade receivables	(83.32)		357.02	
Inventories	330.61		(334.75)	
Other assets	(5.44)		(154.35)	
Other financial assets	(4.81)		4.17	
Trade payables	(244.44)		(99.90)	
Other financial liabilities	0.00		0.00	
Other liabilities	(51.04)		84.32	
		(58.45)		(143.48)
Cash Generated from Operations		740.35		769.23
Direct Taxes Paid	(167.20)		(245.07)	
Exceptional / Extraordinary items			0.00	
		(167.20)		(245.07)
Net Cash from operating activities		**573.15**		**524.16**
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(73.85)		(159.67)	
Sale of fixed assets	2.86		0.00	
Purchase of Intangible Assets	0.00		(5.04)	
Capital work in progress	(64.38)		5.04	
Purchase of Investments (Bank deposit)	17.98		33.47	
Interest Received	6.51		8.14	
Net Cash used in Investing Activities		**(110.87)**		**(118.06)**
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds/ (Repayment) of Long Term Borrowings (Net)	650.74		(180.96)	
Proceeds / (Repayment) of Short Term Borrowings (Net)	(711.21)		(50.78)	
Current maturities of long term debts	(94.21)		(106.25)	
Dividend and Dividend Tax Paid	(216.66)			
Interest Paid	(90.92)		(104.49)	
Mobile Tower rent income	1.89		1.89	

V. N. SITAPARA & ASSOCIATES CHARTERED ACCOUNTANTS MORBI

Net Cash flow from in Financing Activities	**(460.36)**	**(440.60)**
Net increase in Cash and Cash Equivalents (A+B+C)	**1.91**	**(34.50)**
Opening Cash and Cash Equivalents	**14.91**	**49.41**
Closing Cash and Cash Equivalents	**16.82**	**14.91**
Components of cash and cash equivalents		
Cash on hand	9.52	8.88
Balance with banks	7.31	6.03
	16.82	**14.91**

Significant accounting policies 1&2

The accompanying notes form an integral part of these financial statements.

In terms of our report of even date annexed

FOR, V.N.SITAPARA & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN: 123575 W

(Vijay N. Sitapara)
Proprietor
M. No. - 113966

PLACE :- MORBI
DATED:- 21/04/2017

For and on behalf of the Board

Director

Director

SORISO CERAMIC PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

(Amount in Rupees Lakhs, unless otherwise stated)

3. Property, Plant & Equipment

	Freehold land	Building	Plant and machinery	Furniture & fixtures	Vehicles	Office equipments	Computers	Total
Cost								
At 1 April 2015	38.90	491.58	2,729.10	29.45	11.31	11.46	6.87	**3,318.66**
Additions	-	3.27	153.08	-	-	3.31	-	**159.67**
Disposal	-	-	-	-	-	-	-	**-**
As at 31 March 2016	38.90	494.85	2,882.18	29.45	11.31	14.77	6.87	**3,478.33**
Additions	8.99	11.36	14.34	2.80	32.63	1.05	2.67	**73.85**
Disposal	-	-	15.40	-	-	-	-	**15.40**
As at 31 March 2017	47.89	506.21	2,881.12	32.25	43.94	15.82	9.54	**3,536.77**
Depreciation and impairment								
At 1 April 2015	-	187.72	1,260.71	21.77	0.57	5.10	6.28	1,482.16
Additions	-	29.11	221.35	1.72	3.32	1.09	0.37	256.96
Disposal	-	-	-	-	-	-	-	-
As at 31 March 2016	-	216.83	1,482.06	23.49	3.88	6.19	6.65	**1,739.12**
Additions	-	26.74	194.85	1.30	4.25	1.27	0.80	229.21
Disposal	-	-	8.86	-	-	-	-	8.86
As at 31 March 2017	-	243.58	1,668.06	24.79	8.13	7.46	7.45	**1,959.47**
Net book value								
31 March 2017	47.89	262.63	1,213.06	7.46	35.81	8.36	2.09	1,577.30
31 March 2016	38.90	278.02	1,400.12	5.96	7.42	8.58	0.22	1,739.21
01 April 2015	38.90	303.86	1,468.38	7.68	10.74	6.36	0.59	1,836.50

Notes:

I. Expenditure incurred during the year , Rs. 73.85 lakhs (previous year Rs. 159.67 lakhs) was capitalized to fixed assets.

V. N. SITAPARA & ASSOCIATES CHARTERED ACCOUNTANTS MORBI

SORISO CERAMIC PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

(Amount in Rupees Lakhs, unless otherwise stated)

4. Intangible Assets

Particulars	Software	Total
Cost		
At 1 April 2015	-	**-**
Additions	5.04	**5.04**
Disposal	-	**-**
As at 31 March 2016	5.04	**5.04**
Additions	-	**-**
Disposal	-	**-**
As at 31 March 2017	5.04	**5.04**
Amortisation and impairment		
At 1 April 2015	-	**-**
Additions	3.18	**3.18**
Disposal	-	**-**
As at 31 March 2016	3.18	**3.18**
Additions	1.17	**1.17**
Disposal	-	**-**
As at 31 March 2017	4.36	**4.36**
Net book value		
31 March 2017	0.68	0.68
31 March 2016	1.86	1.86
01 April 2015	-	-

V. N. SITAPARA & ASSOCIATES CHARTERED ACCOUNTANTS MORBI

SORISO CERAMIC PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

(Amount in Rupees Lakhs, unless otherwise stated)

5. Financial Assets

	Non-Current			Current		
	31 March 2017	31 March 2016	01 April 2015	31 March 2017	31 March 2016	01 April 2015
Loans at amortised cost						
Security deposits						
Unsecured						
Considered good	0.75	0.75	0.75	-	-	-
Considered doubtful	-	-	-	-	-	-
Less: provision for doubtful deposits	-	-	-	-	-	-
Total loans at amortised cost	0.75	0.75	0.75	-	-	-

6. Other Financial Assets

	Non-Current			Current		
	31 March 2017	31 March 2016	01 April 2015	31 March 2017	31 March 2016	01 April 2015
Interest Accrued on Term Deposit	-	-	-	6.84	20.20	24.37
Bank deposits with more than 12 months maturity	59.65	77.63	111.11	-	-	-
	59.65	77.63	111.11	6.84	20.20	24.37

7. Other Non-Financial Assets

	Non-Current			Current		
	31 March 2017	31 March 2016	01 April 2015	31 March 2017	31 March 2016	01 April 2015
Advances recoverable in cash or kind						
Unsecured						
Considered good	-	-	-	129.99	111.82	27.11
Considered doubtful	-	-	-	-	-	-
Less: provision for doubtful advances	-	-	-	-	-	-
	-	-	-	129.99	111.82	27.11
Other loans and advances (unsecured, considered good)						
Prepaid expenses	-	-	-	16.15	11.26	10.68
Balance with statutory authorities	209.01	209.01	143.23	32.52	31.97	28.69
	209.01	**209.01**	**143.23**	**178.66**	**155.05**	**66.48**

V. N. SITAPARA & ASSOCIATES CHARTERED ACCOUNTANTS MORBI

SORISO CERAMIC PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017
(Amount in Rupees Lakhs, unless otherwise stated)

	31 March 2017	31 March 2016	01 April 2015
8. Inventories			
(As taken, valued & certified by the management)			
Raw Materials	109.63	165.76	134.84
Work-in-Process	51.47	48.16	58.52
Finished Goods	739.90	1,016.66	698.60
Stores and Spares	86.90	87.93	91.81
	987.90	1,318.51	983.76

9. Trade receivables

	31 March 2017	31 March 2016	01 April 2015
(unsecured, considered good, unless otherwise stated)			
(Average credit period is 60 days)			
Trade receivables - others	584.43	501.11	858.13
	584.43	501.11	858.13

10. Cash and cash equivalent

	31 March 2017	31 March 2016	01 April 2015
a) Balance with banks			
- In current accounts	7.31	6.03	41.44
c) Cash on hand	9.52	8.88	7.97
	16.82	14.91	49.41

Breakup of Financial assets at amortised cost	31 March 2017	31 March 2016	01 April 2015
Loans	0.75	0.75	0.75
Trade receivables	584.43	501.11	858.13
Other assets	66.49	97.84	135.48
Cash and cash equivalents	16.82	14.91	49.41

V. N. SITAPARA & ASSOCIATES
CHARTERED ACCOUNTANTS
MORBI

SORISO CERAMIC PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017
(Amount in Rupees Lakhs, unless otherwise stated)

11. Euqity Share capital

	31 March 2017	31 March 2016	01 April 2015
a) Authorised Share Capital			
Equity share capital (March 31,2017:3000000March 31, 2016: 3000000, April 01, 2015 : 3000000) equity shares of Rs. 10 each.	300.00	300.00	300.00
Total	**300.00**	**300.00**	**300.00**
b) Issued, subscribed and paid up capital			
Equity share capital (March 31,2017:3000000March 31, 2016: 3000000, April 01, 2015 : 3000000) equity shares of Rs. 10 each.	300.00	300.00	300.00
	300.00	**300.00**	**300.00**

c) Reconciliation of number of shares outstanding and the amount of share capital
Equity share capital

	Number of shares		
	31 March 2017	31/03/2016	01/04/2015
Shares outstanding at the beginning of the year	3,000,000.00	3,000,000.00	3,000,000.00
Shares issued during the year	-	-	-
Shares outstanding at the end of the year	**3,000,000.00**	**3,000,000.00**	**3,000,000.00**

	Amount of share capital		
	31/03/2017	31/03/2016	01/04/2015
Shares outstanding at the beginning of the year	30,000,000.00	30,000,000.00	30,000,000.00
Shares issued during the year	-	-	-
Shares outstanding at the end of the year	**30,000,000.00**	**30,000,000.00**	**30,000,000.00**

V. N. SITAPARA & ASSOCIATES CHARTERED ACCOUNTANTS MORBI

d) Rights, preferences and restrictions attached to the equity shares

The Company has only one class of Issued, subscribed and paid up equity shares having a par value of INR 10/- each per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the share holders.

e) Details of the Shareholders holding more than 5% share in the Company

	31/03/2017		31/03/2016		01/04/2015	
	Number of shares held	**% of holding**	**Number of shares held**	**% of holding**	**Number of shares held**	**% of holding**
Equity shares of INR 10 each fully paid up						
Kajaria Ceramics Limited	1,530,000.00	51%	1,530,000.00	51%	1,530,000.00	51%

V. N. SITAPARA & ASSOCIATES CHARTERED ACCOUNTANTS MORBI

SORISO CERAMIC PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

(Amount in Rupees Lakhs, unless otherwise stated)

12. Other Equity

Particulars	Amount
Retained earnings	
As at 01 April 2015	1,104.91
Add: Acquisition during period	-
Profit/(loss) during the period	379.08
As at 31 March 2016	1,483.99
Profit/(loss) during the period	320.95
Less: Dividend	180.00
Less: Dividend distribution tax	36.66
As At 31 March 2017	**1,588.28**
Total other equity at	
As at 31 March 2017	1,588.28
As at 31 March 2016	1,483.99
As at 01 April 2015	1,104.91

V. N. SITAPARA & ASSOCIATES CHARTERED ACCOUNTANTS MORBI

SORISO CERAMIC PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

(Amount in Rupees Lakhs, unless otherwise stated)

	Non-Current			Current		
	31 March 2017	31 March 2016	01 April 2015	31 March 2017	31 March 2016	01 April 2015
13. Borrowings						
Rupee term loans (secured)						
From banks	-	3.14	173.35	-	-	-
From others	-	46.11	56.87	-	-	-
Working capital loans (secured)						
From banks	-	-	-	109.20	820.41	871.20
Unsecured loan from related parties	700.00	-	-	-	-	-
Total brrowings	700.00	49.26	230.22	109.20	820.41	871.20

Notes:

Type and Nature of Borrowings	Amount Outstanding			Effective interest rate	Security Details	Repayment Terms***
	01-Apr-15	31-Mar-16	31-Mar-17			
Bank Loans	373.81	97.35	-	-	NA	NA
Working capital loans	871.20	820.41	109.20	10%	*	On demand

* Working capital facility includes cash credit limit from SBI banks is secured against Stock & Book debts of the Company

14. Other Financial Liabilities

	Non-Current			Current		
	31 March 2017	31 March 2016	01 April 2015	31 March 2017	31 March 2016	01 April 2015
Current maturities of long term debts		-	-	-	94.21	200.46
	-	-	-	-	94.21	200.46

V. N. SITAPARA & ASSOCIATES CHARTERED ACCOUNTANTS MORBI

15. Trade payables

	Non-Current			Current		
	31 March 2017	31 March 2016	01 April 2015	31 March 2017	31 March 2016	01 April 2015
Sundry Creditors: (Average credit period is 60 days)						
Dues of Micro, Small and Medium Enterprises	-	-	-	-	-	-
Dues to others	-	-	-	675.29	919.73	1,019.63
	-	-	-	675.29	919.73	1,019.63

16. Provisions

	Non-Current			Current		
	31 March 2017	31 March 2016	01 April 2015	31 March 2017	31 March 2016	01 April 2015
Others						
Provision for :						
Income Taxes		-	-	50.63	45.97	103.44
	-	-	-	50.63	45.97	103.44

17. Other Non-Financial Liabilities

	Non-Current			Current		
	31 March 2017	31 March 2016	01 April 2015	31 March 2017	31 March 2016	01 April 2015
Provision for expenses		-	-	55.30	51.18	19.56
Advance from Customers		-	-	3.96	4.76	9.63
Statutory Dues Payable		-	-	110.55	164.91	107.35
	-	-	-	169.82	220.86	136.54

Financial liabilities at amortised cost	**31 March 2017**	**31 March 2016**	**01 April 2015**
Borrowings	809.20	869.67	1,101.41
Trade payables	675.29	919.73	1,019.63
Others Liabilities	-	94.21	200.46

V. N. SITAPARA & ASSOCIATES
CHARTERED ACCOUNTANTS
MORBI

SORISO CERAMIC PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017
(Amount in Rupees Lakhs, unless otherwise stated)

18. Revenue from operations

Particulars	31 March 2017	31 March 2016
Sale of products		
Sale of Tiles	7566.91	10468.54
Total sale of products	**7566.91**	**10468.54**
Other operating revenue		
Scrap sales	1.38	1.38
Export incentives	0.09	4.06
Sundry balances written off	0.56	0.00
Total	**7568.94**	**10473.98**

(Sale of Tiles include excise duty collected of Rs. 1163.10 lakhs (Previou year Rs. 1573.50 lakhs)

19. Other Income

Particulars	31 March 2017	31 March 2016
Other non operating income		
Rental Income	1.89	1.89
Gain / (loss) on foreign currency rate difference	0.00	4.80
Interest Income	6.51	8.14
Miscellaneous income	5.09	1.64
	13.49	16.47

20. Cost of materials consumed

Particulars	31 March 2017	31 March 2016
Raw Material & Glaze, Frits And Chemicals Consumed	2333.54	3815.38
Packing Material Consumed	328.39	618.34
Cost of material consumed	2661.93	4433.72

21. Changes in inventories of finished goods, stock in trade and work in progress

Particulars	31 March 2017	31 March 2016
Closing stock		
Finished Goods	739.90	1016.66
Work-in-process	51.47	48.16
	791.36	1064.83
Less :		
Opening stock		
Finished Goods	1016.66	698.60
Work-in-process	48.16	58.52
	1064.83	757.11
(Increase) / decrease		
- Finished goods	276.77	(318.07)
- Work-in-progress	(3.31)	10.35
Net (Increase)/decrease in Stock	273.46	(307.71)

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22. Employee benefit expense

Particulars	31 March 2017	31 March 2016
Salary, wages, bonus and allowance	523.75	591.53
Contribution to provident fund and other funds	3.53	3.41
Staff Welfare expenses	13.54	16.62
	540.83	611.56

23. Finance Cost

Particulars	31 March 2017	31 March 2016
Interest on debts and borrowings	84.41	95.94
Other Borrowing Cost	6.51	8.55
	90.92	104.49

24. Depreciation and amortization expense

Particulars	31 March 2017	31 March 2016
Depreciation of property, plant and equipment (refer note 3)	229.21	256.96
Amortisation of intangible assets (refer note 3)	1.17	3.18
	230.38	260.14

25. Other expenses

Particulars	31 March 2017	31 March 2016
Consumption of stores, spares and consumables	198.17	272.82
Packing Freight & Forwarding Expenses	8.52	10.82
Power and fuel	1841.62	2688.57
Traveling & Conveyance Expenses	0.70	0.83
Insurance	4.33	4.95
Rates and taxes		0.00
Repairs and maintenance:		
- Building	4.62	10.46
- Machinery	73.40	132.92
- Others	6.42	10.53
Legal and professional charges	13.32	8.77
Payment to Auditors: As Auditor:	2.01	2.00
Loss on Sale / Scrapping of Fixed Assets	3.69	0.00
Excise duty on closing stock	(55.70)	57.65
Security Charges	5.04	4.51
Vehicle Running & Maintenance Expenses	6.63	14.22
Printing & Stationary	2.41	2.78
Bank charges	7.91	6.94
Communication Expense	3.58	4.20
Miscellaneous expenses	12.92	23.69
	2,139.59	3,256.65

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(Amount in Rupees lakhs,unless otherwise stated)

26. Tax Reconciliation

(a) **Income tax expense:**

The major components of income tax expenses for the year ended March 31, 2017 and March 31, 2016 are as follows:

(i) Profit or loss section

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Current tax expense	171.86	187.60
Deferred tax expense	(10.61)	(8.58)
Total income tax expense recognised in statement of Profit & Loss	**161.26**	**179.02**

(b) **Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2017 and 31 March 2016:**

	31 March 2017	31 March 2016
Accounting profit before tax from continuing operations	482.20	558.10
Profit/(loss) before tax from a discontinued operation	0.00	0.00
Accounting profit before income tax	**482.20**	**558.10**
At India's statutory income tax rate of 33.063% (31 March 2016: 33.063%)		
Adjustments in respect of current income tax of previous years		
Expenses not allowed as deduction	37.27	7.30
Deductions not leading to timing differences	0.00	0.00
Exempt income	0.00	0.00
Impact of change in effective tax rate in B/F tax liability	0.00	0.00
At the effective income tax rate of 33.063% (31 March 2016: 33.063%)	**37.27**	**7.30**
Income tax expense reported in the statement of profit and loss	171.86	187.60
Income tax attributable to a discontinued operation	0.00	0.00
	171.86	**187.60**

Deferred Tax

	As at 01-Apr-15	Provided during the Year	As at 31-Mar-16	Provided during the Year	As at 31-Mar-17
Deferred tax liability:					
Related to Fixed Assets (Depreciation)	112.40	(8.58)	103.82	(10.61)	93.21
Others					
Total deferred tax liability (A)	112.40	(8.58)	103.82	(10.61)	93.21

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

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27. Earning per share (EPS)

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:

Particulars	**31 March 2017**	**31 March 2016**
Profit attributable to equity holders of the Company:		
Continuing operations	320.95	379.08
Discontinued operations	-	-
Profit attributable to equity holders for basic earnings	**320.95**	**379.08**
Dilution effect		-
Profit attributable to equity holders adjusted for dilution effect	320.95	379.08
Weighted Average number of equity shares used for computing Earning Per Share (Basic & Diluted) *	30.00	30.00

* There have been no other transactions involving Equity shares or potential Equity shares between the reporting date and the date of authorisation of these financial statements.

Earning Per Share - Continuing operations		
Basic	10.70	12.64
Diluted	10.70	12.64
Face value per share (Rs)	10.00	10.00

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28. Employee benefits

Defined Contribution Plans - General Description

Provident Fund: During the year, the company has recognised Rs. 2.61 lakhs (2015-16: Rs. 2.52 lakhs) as contribution to Employee Provident Fund in the Statement of Profit and Loss a/c .

Gratuity liability has not been provided by the Company as none of the employees of the company are covered under gratuity Act.

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29. Dues to Micro, Small and Medium Enterprises

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

Particulars	31 March 2017	31 March 2016	01 April 2015
(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	-	-	-
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	-	-	-

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30. Segment Reporting

The business activity of the company falls within one broad business segment viz. "Ceramic Tiles" 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" issued by the Institute of Chartered Accountants of India is not considered applicable.

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31. Related party disclosures

A. List of related parties

(a) Holding Company

Kajaria Ceramics Ltd

(b) Associate Company

Face Impex Private Limited

Fea Ceramics

(c) Key Management Personnel

Sh. Rajendrakumar G. Dhamasana	Director
Sh. Manoj Bhai V. kakasaniya	Director
Sh. Alok Kumar	Director
Sh. R.N. Pareek	Director
Sh. Ashok Kajaria	Key management personnel of holding company
Sh. Chetan Kajaria	Key management personnel of holding company
Sh. Rishi Kajaria	Key management personnel of holding company
Sh. D.D. Rishi	Key management personnel of holding company
Sh. B.K. Sinha	Key management personnel of holding company
Sh. R.K.Bhargava	Key management personnel of holding company
Sh. R. R. Bagri	Key management personnel of holding company
Sh. D. P. Bagchi	Key management personnel of holding company
Sh. H.R. Hegde	Key management personnel of holding company
Smt. Susmita Shekhar	Key management personnel of holding company
Sh. Sanjeev Agarwal	Key management personnel of holding company
Sh. Ram Chandra Rawat	Key management personnel of holding company

A Holding Company

Transactions during the period/ year:

	31-Mar-17	31-Mar-16
Sale of Goods (net)	6228.01	7,619.69
Interest on unsecured loan	1.92	-

B Key Management Personnel and its related persons

Transactions during the period/ year:

	31-Mar-17	31-Mar-16
Remuneration to director (Manojbhai V Kakasaniya)	5.40	5.40

C Associate Enterprise

Transactions during the period/ year:

	31-Mar-17	31-Mar-16
Sales of Goods	470.32355	-
Purchase of goods	26.08	40.24

Terms and conditions of transactions with related parties

Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2017, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. 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.

Disclosure of key management personnel compensation in total and for:

Particulars	**Amount**
Short term employee benefit	5.40
Post Employment employee benefit	-
Other long term employee benefit	-
	5.40

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Outstanding balance details for all theree periods:

PARTICULARS	Outstanding As on		
	31/03/2017	31/03/2016	31/03/2015
Remuneration - Manojbhai Kakasaniya	0.42	**0.42**	0.42
Purchase of Goods			
Face Impex	1.14	**6.54**	13.29
Sale of Goods			
Kajaria Ceramics Ltd.	172.83	**255.64**	392.45
Fea Ceramics	179.16	-	0

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32. Fair values

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments.

	Carrying value			Fair value		
	As at 31-Mar-17 INR Lakhs	As at 31-Mar-16 INR Lakhs	As at 01-Apr-15 INR Lakhs	As at 31-Mar-17 INR Lakhs	As at 31-Mar-16 INR Lakhs	As at 01-Apr-15 INR Lakhs
Financial assets						
(i) Trade receivables	584.43	501.11	858.13	584.43	501.11	858.13
(ii) Cash and cash equivalents	16.82	14.91	49.41	16.82	14.91	49.41
(iii) Loans	0.75	0.75	0.75	0.75	0.75	0.75
(iv) Others financial assets	66.49	97.84	135.48	66.49	97.84	135.48
Total	**668.50**	**614.61**	**1,043.77**	**668.50**	**614.61**	**1,043.77**
Financial liabilities						
(i) Borrowings	809.20	869.67	1,101.41	809.20	869.67	1,101.41
(ii) Trade Payables	675.29	919.73	1,019.63	675.29	919.73	1,019.63
(iii) Other financial liabilities	-	94.21	200.46	-	94.21	200.46
Total	**1,484.50**	**1,883.61**	**2,321.50**	**1,484.50**	**1,883.61**	**2,321.50**

The management assessed that fair value of short term financial assets and liabilities significantly approximate their carrying amounts largely due to the short term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

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33. Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is insignificant to the fair value measurements as a whole.

Level 1 : quoted (unadjusted) prices

Level 2 : valuation techniques for which the lowest level inputs that has a significant effect on the fair value measurement are observable, either directly or indirectly.

Level 3 : valuation techniques for which the lowest level input which hass a significant effect on fair value measurement is not based on observable market data.

All the assets and liabilities of the company are carried at amortised cost, which is approximately equal to the fair values. Hence, disclosures of fair value hierarchy is not applicable.

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34. Risk management

Financial risk management objectives and policies

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

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

A. 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. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analyzing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit. Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, investments, derivative financial instruments, cash and cash equivalents, bank deposits and other financial assets. None of the financial instruments of the Company result in material concentration of credit risk.

Exposure to credit risk:
The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was Rs. 608.85 lakhs, Rs. 536.97 lakhs and Rs. 932.67 lakhs as of March 31, 2017, March 31, 2016 and April 1, 2015 respectively, being the total of the carrying amount of financial assets.

Trade receivables:
Ind AS requires expected credit losses to be measured through a loss allowance. The Company assesses at each date of statements of financial position whether a financial asset or a Company of financial assets is impaired. Expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information.

Before accepting any new customer, the Company uses an external/internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed on periodic basis. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix.

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

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 and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the authorised person. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

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B. Liquidity Risk
Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

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

Year ended 31st March 2017	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	**Total**
Borrowings *	109.20	-	-		-	109.20
Trade and other payabl	-	675.29	-	-	-	675.29
Other financial liabilitie:	-	-	-	-	-	-

Year ended 31st March 2016	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	**Total**
Borrowings *	820.41	23.98	70.23	49.26	-	963.88
Trade and other payabl	-	919.73	-	-	-	919.73
Other financial liabilitie:	-	-	-	-	-	-

As at 1st April 2015	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	**Total**
Borrowings *	871.20	48.81	151.65	230.22	-	1,301.88
Trade and other payabl	-	1,019.63	-	-	-	1,019.63
Other financial liabilitie:	-	-	-	-	-	-

* Borrowings include current maturity

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.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used within the Company to manage risk concentrations at both the relationship and industry levels.

C. Market Risk
Market risk is the risk that the fair value or 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, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, FVTOCI investments and derivative financial instruments.

The sensitivity analyses in the following sections relate to the position as at 31 March 2018 and 31 March 2017.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant and on the basis of hedge designations in place at 31 March 2017.

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

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

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

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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 long-term debt obligations with floating interest rates.

The following tables demonstrate the sensitivity with respect to borrowings from bank with all other variables held constant .Analysis reflects effect on profit before tax if average rate of borrowing goes up or down by 0.5 %

	Increase/decrease in basis points	Effect on profit before tax		Total Effect
	INR Lacs	LOAN	WORKING CAPITAL	
31-Mar-17				
INR	+50	-0.47	-3.43	-3.90
INR	-50	0.47	3.43	3.90
31-Mar-16				
INR	+50	-1.31	-2.42	-3.73
INR	-50	1.31	2.42	3.73

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.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Compny's operating activities (when revenue or expense is denominated in a foreign currency). The exposure of entity to foreign currency risk is very limited on account of limited transactions in foreign currency.

Foreign currency sensitivity

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

	Change in USD rate	Effect on profit before tax INR Lacs
31-Mar-18	+5%	-0.22
	-5%	0.22
31-Mar-17	+5%	0
	-5%	0

	Change in Euro rate	Effect on profit before tax INR Lacs
31-Mar-18	+5%	-0.13
	-5%	0.13
31-Mar-17	+5%	0
	-5%	0

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35. Capital Management

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

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to maintain the adequate gearing ratio .

	At 31 March 2017	At 31 March 2016	At 1 April 2015
Borrowings	809.20	869.67	1,101.41
Other Liabilities	-	94.21	200.46
Trade and other payables	675.29	919.73	1,019.63
Less: Cash and short term deposits	16.82	14.91	49.41
Net debts	**1,467.67**	**1,868.70**	**2,272.09**
Equity	300.00	300.00	300.00
Other Equity	1,588.28	1,483.99	1,104.91
Total Capital	**1,888.28**	**1,783.99**	**1,404.91**
Capital and net debt	**3,355.95**	**3,652.69**	**3,677.01**
Gearing ratio (%)	**43.7%**	**51.2%**	**61.8%**

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2017 and 31 March 2016.

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36. Commitments and Contingencies

A Contingent Liabilities

	March 31, 2017	March 31, 2016	April 01, 2015
Sales Tax	1,076.40	1,076.40	394.38
Excise Duty/Custom duty/ Service Tax	40.00	40.00	69.34
	1,116.40	1,116.40	463.72

B. Commitments

	March 31, 2017	March 31, 2016	April 01, 2015
i) Estimated amount of contracts remaining to be executed on capital account and not	-	-	-
	-	-	-

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37. Value of imports & consumption

CIF Value of Imports	March 31, 2017	March 31, 2016
Captial goods	-	118.83
(For the year 2016-17 NIL & 2016-17 Euro 162000)	-	118.83

Imported and Indigenous Raw Materials

	March 31, 2017		March 31, 2016	
	% of Total consumption	Rs. Lacs	% of Total consumption	Rs. Lacs
Raw Materials				
Imported	0.00%	-	0.00%	-
Indigenous	100.00%	2,333.54	100.00%	3,772.97
	100.00%	2,333.54	100.00%	3,772.97

Earnings In Foreign Exchange	March 31, 2017	March 31, 2016
Export of goods calculated on FOB basis	4.46	144.97
(For the year 2016-17 $ 6916 & 2015-16 $ 230660.79)		
	4.46	144.97

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38. Disclosure on Specified Bank Notes

During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December, 30 2016, the denomination wise SBNs and other notes as per the notification is given below:

	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	28,00,000	44,843	2,844,843
(+) Permitted receipts - Bank Withdrawals	-	4,00,000	400,000
(-) Permitted payments	-	(261,853)	(261,853)
(-) Amount deposited in Banks	(28,00,000)	-	(28,00,000)
Closing cash in hand as on 30.12.2016	-	182,990	182,990

Explanation : For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.".

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39. Balance Confirmation

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

40. Regrouping/Recasting

To comply with Ind AS implementation requirements previous years figures have been regrouped and recasted wherever necessary.

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41. First time adoption of Ind AS

With effect from April 1, 2015, the Company is required to prepare its financial statements under the Indian Accounting Standards ('Ind AS') prescribed under section 133 of the Companies Act, 2013 read together with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015.

These financial statements, for the year ended 31 March 2017, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2015, the Company's date of transition to Ind AS. This note explains exemptions availed by the Company in restating its Previous GAAP financial statements, including the balance sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016.

Exemptions applied:

Ind AS 101 allows first-time adopters certain mandatory and voluntary exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

1. Mandatory exceptions;

a) Estimates

The estimates at 1 April 2015 and at 31 March 2016 are consistent with those made for the same dates in accordance with Previous GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Previous GAAP did not require estimation:

- Impairment of financial assets based on expected credit loss model.

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at 1 April 2016, the date of transition to Ind AS and as of 31 March 2017.

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b) DE recognition of financial assets:
The company has applied the de-recognition requirements in Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS.

c) Classification and measurement of financial assets:

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

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

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

2. Optional exemptions;
a) Deemed cost-Previous GAAP carrying amount: (PPE and Intangible)

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets and investment property covered by Ind AS 40 Investment Properties.

Accordingly, the company has elected to measure all of its property, plant and equipment, intangible assets and investment property at their previous GAAP carrying value.

b) Arrangements containing a lease:-

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. However, the Company has used Ind AS 101 exemption and assessed all arrangements based for embedded leases based on conditions in place as at the date of transition.

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Soriso Ceramics Private Limited
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017
(Amount in Rupees Lakhs, unless otherwise stated)

Reconciliation of equity as at 01 April 2015

Particulars	Indian GAAP As at 1 April 2015	Ind AS adjustments	Ind AS As at 1 April 2015
I ASSETS			
(1) Non-current assets			
Property, plant and equipment	1,836.50	-	1,836.50
Capital work-in-progress	5.04	-	5.04
Other Intangible assets	-	-	-
Financial assets			
(i) Loans	0.75	-	0.75
(ii) Others financial assets	111.11	-	111.11
Other non-current assets	143.23	-	143.23
		-	
(2) Current assets		-	
Inventories	983.76	-	983.76
Financial assets		-	-
(i) Trade receivables	858.13	-	858.13
(ii) Cash and cash equivalent	49.41	-	49.41
(iii) Loans	-	-	-
(iv) Others financial assets	24.37	-	24.37
Other current assets	66.48	-	66.48
Total Assets	4,078.79	-	4,078.79
II EQUITY AND LIABILITIES			
(1) Equity			
Equity share capital	300.00	-	300.00
Other Equity	1,104.91	-	1,104.91
(2) LIABILITIES			
(a) Non-current liabilities			
Financial liabilities			
(i) Borrowings	230.22	-	230.22
(ii) Other financial liabilities	-	-	-
Provisions	-	-	-
Deferred tax liabilities (Net)	112.40	-	112.40
Other non current liabilities	-	-	-
(b) Current liabilities			
Financial liabilities			
(i) Borrowings	871.20	-	871.20
(ii) Trade Payables	1,019.63	-	1,019.63
(iii) Other financial liabilities	200.46	-	200.46
Provisions	103.44	-	103.44
Other current liabilities	136.54	-	136.54
Total Equity and Liabilities	4,078.79	-	4,078.79

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(Amount in Rupees Lakhs, unless otherwise stated)

Reconciliation of equity as at 31 March 2016

Particulars			Indian GAAP As at 31st March 2016	Ind AS adjustments	Ind AS As at 31st March 2016
I	ASSETS				
	(1)	**Non-current assets**			
		Property, plant and equipment	1,739.21	-	1,739.21
		Capital work-in-progress	-	-	-
		Other Intangible assets	1.86	-	1.86
		Financial assets			
		(i) Loans	0.75	-	0.75
		(ii) Others financial assets	77.63	-	77.63
		Other non-current assets	209.01	-	209.01
	(2)	**Current assets**			
		Inventories	1,318.51		1,318.51
		Financial assets			-
		(i) Trade receivables	501.11	-	501.11
		(ii) Cash and cash equivalent	14.91	-	14.91
		(iii) Loans	-	-	-
		(iv) Others financial assets	20.20	-	20.20
		Other current assets	155.05	-	155.05
		Total Assets	**4,038.25**	-	**4,038.25**
II	EQUITY AND LIABILITIES				
	(1)	**Equity**			
		Equity share capital	300.00	-	300.00
		Other Equity	1,483.99	-	1,483.99
	(2)	**LIABILITIES**			
	(a)	**Non-current liabilities**			
		Financial liabilities			
		(i) Borrowings	49.26	-	49.26
		(ii) Other financial liabilities	-	-	-
		Provisions	-	-	-
		Deferred tax liabilities (Net)	103.82	-	103.82
		Other non current liabilities	-	-	-
	(b)	**Current liabilities**			
		Financial liabilities			
		(i) Borrowings	820.41	-	820.41
		(ii) Trade Payables	919.73	-	919.73
		(iii) Other financial liabilities	94.21	-	94.21
		Provisions	45.97	-	45.97
		Other current liabilities	220.86	-	220.86
		Total Equity and Liabilities	**4,038.25**	-	**4,038.25**

V. N. SITAPARA & ASSOCIATES
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Soriso Ceramics Private Limited
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017
(Amount in Rupees Lakhs, unless otherwise stated)

Reconciliation of profit or loss for the year ended 31 March 2016

	Particulars	Indian GAAP Year ended 31-Mar-16	GAAP adjustments Year ended 31-Mar-16	Ind AS Year ended 31-Mar-16
I	**REVENUE**			
	Revenue from operations	10,473.98	-	10,473.98
	Other income	16.47	-	16.47
	Total Revenue (I)	**10,490.45**	-	**10,490.45**
II	**EXPENSES**		-	4,433.72
	Cost of material consumed	4,433.72	-	-
	Purchases of stock in trade	-	-	(307.71)
	Changes in inventories of finished good	(307.71)	-	1,573.50
	Excise duty on sale of goods	1,573.50	-	611.56
	Employee benefits expenses	611.56	-	104.49
	Finance costs	104.49	-	260.14
	Depreciation and amortization expense	260.14	-	3,256.65
	Other expenses	3,256.65	-	-
			-	
	Total expenses (II)	**9,932.35**	-	**9,932.35**
III	**Profit before exceptional items and tax from continuing operations (I-II)**	**558.10**	-	558.10
IV	**Exceptional Items**	-	-	-
V	**Profit** Share of profit / (loss) of joint ventu	-	-	-
VI	**Tax expense:**			-
(1)	**Current Tax**	187.60	-	187.60
(2)	Deferred Tax	(8.58)	-	(8.58)
VII	Profit/ (loss) for the year (VII+VIII)	379.08	-	379.08
VIII	**Other Comprehensive Income**			-
	A Items that will be reclassified to profit or loss	-	-	-
	B Items that will not be reclassified to profit or loss	-	-	-
IX	**Total Comprehensive Income for the Ye**	-	-	-
				-
	Earnings per equity share for continuin	**12.64**	-	**12.64**
	(1) Basic, computed on the basis of profit from continuing operations			-
	(2) Diluted, computed on the basis of profit from continuing operations	12.64	-	12.64
				-

In terms of our report of even date annexed
FOR, V.N.SITAPARA & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN: 123575 W

Sitapara V.N.
(Vijay N. Sitapara)
Proprietor
M. No. - 113966

V. N. SITAPARA & ASSOCIATES
CHARTERED ACCOUNTANTS
MORBI

PLACE :- MORBI
DATED:- 21/04/2017

For and on behalf of the Board

Director

Director