

SORISO CERAMIC PVT. LID.

AT: LAKHDHIRPUR ROAD, TAL : MORBI

**AUDIT REPORT
2017-18**

AUDITORS:

**V. N. SITAPARA & ASSOCIATES
CHARTERED ACCOUNTANTS**

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

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, 2018, 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 there under. 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 policies making judgments and estimates that are reasonable and prudent and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind 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 these Ind 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.



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 the Ind 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 the Ind 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 the Ind 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 2018;
- (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 equity for 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 by section 143(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 purpose of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and statement of changes in equity, dealt with by this Report are in agreement with the books of account.



- (d) In our opinion, the aforesaid Ind AS financial 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, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note 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, 2018 taken on record by the Board of Directors of the company, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director of the company in terms of section 164 (2) of the Act.
- (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 36 to the financial statements.
 - ii. The Company did not have 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 its reporting is not applicable.

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 : 24/04/2018



**ANNEXURE REFERRED TO IN PARAGRAPH 1 OF THE AUDITORS' REPORT ON
ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2018**

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 not granted any loan during the year, to Company, firms, limited liability partnership or other parties covered in 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.



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, GST, Custom Duty, Excise Duty, Cess, Octroi, entry tax and other statutory dues with the appropriate Authorities. There are no undisputed statutory dues at the yearend 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 69.34 lacs in respect of Excise Duty are pending in litigation with the honorable court and disputed demands of Rs. 1088.74 lacs in respect of VAT/CST is 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. However, during the year no new term loan has been 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 Ind AS 24 have been given in Note No 31 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.



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.
CHARTERED ACCOUNTANTS

Sitapara V.N.

(VIJAY. N. SITAPARA)
PROPRIETOR

M No.113966

FIRM REG. NO. 123575 W

PLACE : MORBI
DATED :24.04.2018



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

In conjunction with our audit of the Ind AS financial statements of the company as of and for the year ended 31st March 2018, 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.



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 the Ind 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, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note 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 :24.04.2018



SORISO CERAMIC PRIVATE LIMITED
BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH 2018

(Amount in Rupees Lakhs, unless otherwise stated)

Particulars	Notes	As at 31 March 2018	As at 31st March 2017
I ASSETS			
(1) Non-current assets			
Property, plant and equipment	3	1,699.56	1,577.30
Capital work-in-progress	3	-	64.38
Other Intangible assets	4	0.25	0.68
Financial assets			
(i) Loans	5	0.75	0.75
(ii) Others financial assets	6	56.02	59.65
Other non-current assets	7	240.14	209.01
(2) Current assets			
Inventories	8	1,259.17	987.90
Financial assets			
(i) Trade receivables	9	774.37	584.43
(ii) Cash and cash equivalents	10	6.79	16.82
(iii) Loans	5	-	-
(iv) Others financial assets	6	6.54	6.84
Other current assets	7	64.68	178.66
Total Assets		4,108.26	3,686.43
II EQUITY AND LIABILITIES			
(1) Equity			
Equity share capital	11	300.00	300.00
Other Equity	12	1,757.61	1,588.28
(2) LIABILITIES			
(a) Non-current liabilities			
Financial liabilities			
(i) Borrowings	13	-	700.00
(ii) Other financial liabilities	14	-	-
Provisions	16	-	-
Deferred tax liabilities (Net)		73.20	93.21
Other non current liabilities	17	-	-
(b) Current liabilities			
Financial liabilities			
(i) Borrowings	13	939.75	109.20
(ii) Trade Payables	15	845.28	624.51
(iii) Other financial liabilities	14	85.44	106.09
Provisions	16	32.22	50.63
Other current liabilities	17	74.75	114.51
Total Equity and Liabilities		4,108.26	3,686.43
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

For and on behalf of the Board

Sitapara V.N.

(Vijay N. Sitapara)
Proprietor
M. No. - 113966
FRN : 123575W



Meakay

Director

[Signature]

Director

PLACE :- MORBI
DATED:- 24/04/2018

SORISO CERAMIC PRIVATE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2018

(Amount in Rupees Lakhs, unless otherwise stated)

Particulars	Notes	For the Year ended 31 March 2018	For the Year ended 31 March 2017
I REVENUE			
Revenue from operations	18	5,863.12	7,568.94
Other income	19	7.16	13.49
Total Revenue (I)		5,870.28	7,582.42
II EXPENSES			
Cost of material consumed	20	2,345.38	2,661.93
Purchases of stock in trade		-	-
Changes in inventories of finished goods, stock-in-trade and work in progress	21	(249.98)	273.46
Excise duty on sale of goods		277.81	1,163.10
Employee benefits expenses	22	485.51	540.83
Finance costs	23	100.65	90.92
Depreciation and amortization expenses	24	234.95	230.38
Other expenses	25	2,440.78	2,139.59
Total expenses (II)		5,635.10	7,100.22
III Profit before exceptional items and tax from continuing operations (I-II)		235.18	482.20
IV Exceptional Items		-	-
V Profit/(loss) before tax from continuing operations (III-IV)		235.18	482.20
VI Tax expense:			
(1) Current Tax	26	85.87	171.86
(2) Deferred Tax	26	(20.02)	(10.61)
VII Profit/ (loss) for the year (VII+VIII)		169.33	320.95
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		0.00	-
IX Total Comprehensive Income for the Year (IX + X) (Comprising Profit (Loss) and Other Comprehensive Income for the Year)		169.33	320.95
Earnings per equity share for continuing operations			
(1) Basic, computed on the basis of profit from continuing operations		5.64	10.70
(2) Diluted, computed on the basis of profit from continuing operations		5.64	10.70
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

For and on behalf of the Board

Sitapara v. n.
 (Vijay N. Sitapara)
 Proprietor
 M. No. - 113966
 FRN : 123575W



M. Sakay

Director

A. Anand

Director

PLACE :- MORBI

SORISO CERAMIC PRIVATE LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

(Amount in Rupees Lakhs, unless otherwise stated)

PARTICULARS	Year ended	
	31 March 2018	31 March 2017
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	235.18	482.20
Adjusted for :		
Depreciation	234.95	230.38
Mobile tower rent income	(1.89)	(1.89)
Interest Income	(4.61)	(6.51)
Interest cost	100.65	90.92
Loss on sale of Fixed Assets	6.33	3.69
	335.43	316.60
Operating Profit before Working Capital Changes	570.62	798.80
Adjusted for :		
Trade receivables	(189.94)	(83.32)
Inventories	(271.27)	330.61
Other assets	181.46	(5.44)
Other financial assets	(27.20)	(4.81)
Trade payables	220.78	(244.44)
Other financial liabilities	(20.65)	0.00
Other liabilities	(39.76)	(51.04)
	(146.57)	(58.45)
Cash Generated from Operations	424.05	740.35
Direct Taxes Paid	(173.38)	(167.20)
Exceptional / Extraordinary items		0.00
	(173.38)	(167.20)
Net Cash from operating activities	250.67	573.14
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(356.78)	(73.85)
Sale of fixed assets	(8.33)	2.86
Purchase of Intangible Assets	0.00	0.00
Capital work in progress	64.38	(64.38)
Purchase/(sale) of Investments (Bank deposit)	3.63	17.98
Interest Received	4.61	6.51
Net Cash used in Investing Activities	(292.49)	(110.87)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds/ (Repayment) of Long Term Borrowings (Net)	(700.00)	650.74
Proceeds / (Repayment) of Short Term Borrowings (Net)	830.55	(711.21)
Current maturities of long term debts	0.00	(94.21)
Dividend and Dividend Tax Paid	0.00	(216.66)
Interest Paid	(100.65)	(90.92)
Mobile Tower rent income	1.89	1.89



Net Cash flow from in Financing Activities	31.79	(460.36)
Net increase in Cash and Cash Equivalents (A+B+C)	(10.03)	1.91
Opening Cash and Cash Equivalents	16.82	14.91
Closing Cash and Cash Equivalents	<u>6.79</u>	<u>16.82</u>
Components of cash and cash equivalents		
Cash on hand	2.75	9.52
Balance with banks	<u>4.03</u>	<u>7.31</u>
	<u>6.79</u>	<u>16.82</u>

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

For and on behalf of the Board

Sitapara v. n.

(Vijay N. Sitapara)
Proprietor
M. No. - 113966
FRN : 123575W



PLACE :- MORBI
DATED:- 24/04/2018

Meakay
Director

Manu
Director

SORISO CERAMIC PRIVATE LIMITED
Statement of Changes in Equity for the year ended 31 March 2018
 (Amount in Rupees Lakhs, unless otherwise stated)

A) Equity share capital	31 March 2018	31 March 2017
Issued, subscribed and paid up capital (Refer note 3)	300.00	300.00
Opening balance	0.00	0.00
Changes		
Closing balance	300.00	300.00
B) Other equity		
Particulars	Reserves and Surplus	Total equity
	Retained earnings	
At 31 March 2017	1,588.28	1,588.28
Net income / (loss) for the year	169.33	169.33
Balancing Charge of Change in Dep./Diff		0.00
Total comprehensive income	169.33	169.33
At 31 March 2018	1,757.61	1,757.61

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

For and on behalf of the Board

Sitapara V.N.

Makay

Director

(Vijay N. Sitapara)
 Proprietor
 M. No. - 113966
 FRN: 123575 W



Hand

Director

PLACE :- MORBI
 DATED:- 24/04/2018

SORISO CERAMIC PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(Amount in Rupees Lakhs, unless otherwise stated)

3. Property, Plant & Equipment

	Freehold land	Building	Plant and machinery	Furniture & fixtures	Vehicles	Office equipments	Computers	Capital work in progress	Total
Cost									
As at 31 March 2017	47.89	506.21	2,881.12	32.25	43.94	15.82	9.54	64.38	3,536.77
Additions	58.25	208.30	82.97	7.56	5.09	2.66	0.30	-	365.11
Disposal	-	-	27.50	-	-	-	-	64.38	27.50
As at 31 March 2018	106.14	714.51	2,936.59	39.81	49.02	18.48	9.83	-	3,874.38
Depreciation and impairment									
As at 31 March 2017	-	243.58	1,668.06	24.79	8.13	7.46	7.45	-	1,959.47
Additions	-	39.52	176.79	2.80	12.46	1.53	1.42	-	234.52
Disposal	-	-	19.17	-	-	-	-	-	19.17
As at 31 March 2018	-	283.10	1,825.68	27.59	20.59	8.99	8.87	-	2,174.83
Net book value									
31 March 2018	106.14	431.41	1,110.91	12.22	28.44	9.49	0.96	-	1,699.56
31 March 2017	47.89	262.63	1,213.06	7.46	35.81	8.36	2.09	64.38	1,577.30

Note : Property, plant & equipment refer significant accounting policies note no 2.2b



SORISO CERAMIC PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
 (Amount in Rupees Lakhs, unless otherwise stated)

4. Intangible Assets

Particulars	Software	Total
Cost		
As at 31 March 2017	5.04	5.04
Additions	-	-
Disposal	-	-
As at 31 March 2018	5.04	5.04
Amortisation and impairment		
As at 31 March 2017	4.36	4.36
Additions	0.43	0.43
Disposal	-	-
As at 31 March 2018	4.79	4.79
Net book value		
31 March 2018	0.25	0.25
31 March 2017	0.68	0.68



SORISO CERAMIC PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(Amount in Rupees Lakhs, unless otherwise stated)

5. Financial Assets

Non-Current		Current	
31 March 2018	31 March 2017	31 March 2018	31 March 2017
Loans at amortised cost			
Security deposits			
Unsecured			
0.75	0.75	-	-
-	-	-	-
-	-	-	-
-	-	-	-
0.75	0.75	-	-

Loans at amortised cost
 Security deposits
 Unsecured
 Considered good
 Considered doubtful
 Less: provision for doubtful deposits
Total loans at amortised cost

6. Other Financial Assets

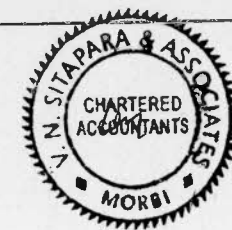
Non-Current		Current	
31 March 2018	31 March 2017	31 March 2018	31 March 2017
-	-	6.54	6.84
56.02	59.65	-	-
56.02	59.65	6.54	6.84

Interest Accrued on Term Deposit
 Bank deposits with more than 12 months maturity

7. Other Non-Financial Assets

Non-Current		Current	
31 March 2018	31 March 2017	31 March 2018	31 March 2017
Advances recoverable in cash or kind			
Unsecured			
-	-	6.92	84.16
-	-	-	-
-	-	-	-
-	-	6.92	84.16
Other loans and advances (unsecured, considered good)			
-	-	10.77	16.15
240.14	209.01	46.99	78.35
240.14	209.01	64.68	178.66

Advances recoverable in cash or kind
 Unsecured
 Considered good
 Considered doubtful
 Less: provision for doubtful advances
Other loans and advances (unsecured, considered good)
 Prepaid expenses
 Balance with statutory authorities



SORISO CERAMIC PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
 (Amount in Rupees Lakhs, unless otherwise stated)

	31 March 2018	31 March 2017
8. Inventories		
(As taken, valued & certified by the management)		
Raw Materials	134.77	109.63
Work-in-Process	124.86	51.47
Finished Goods	916.49	739.90
Stores and Spares	83.05	86.90
	1,259.17	987.90
9. Trade receivables		
(unsecured, considered good, unless otherwise stated)		
(Average credit period is 30 days)		
Trade receivables - others	774.37	584.43
	774.37	584.43
10. Cash and cash equivalent		
a) Balance with banks		
- In current accounts	4.03	7.31
c) Cash on hand	2.75	9.52
	6.79	16.82



SORISO CERAMIC PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
(Amount in Rupees Lakhs, unless otherwise stated)

11. Equity Share capital

a) Authorised Share Capital

Equity share capital
(March 31, 2018: 30000000 March 31, 2017: 30000000)
equity shares of Rs. 10 each.

Total

	31 March 2018	31 March 2017
	300.00	300.00
	300.00	300.00
	300.00	300.00
	300.00	300.00

b) Issued, subscribed and paid up capital

Equity share capital
(March 31, 2018: 30000000 March 31, 2017: 30000000)
equity shares of Rs. 10 each.

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

Shares outstanding at the beginning of the year
Shares issued during the year
Shares outstanding at the end of the year

Number of shares	
31 March 2018	31 March 2017
3,000,000.00	3,000,000.00
-	-
3,000,000.00	3,000,000.00
Amount of share capital	
31 March 2018	31 March 2017
30,000,000.00	30,000,000.00
-	-
30,000,000.00	30,000,000.00

Shares outstanding at the beginning of the year
Shares issued during the year
Shares outstanding at the end of the year

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 at 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

	31/03/2018	
	Number of shares held	% of holding
Equity shares of INR 10 each fully paid up Kajaria Ceramics Limited	1,530,000.00	51%
	31/03/2017	
	Number of shares held	% of holding
Equity shares of INR 10 each fully paid up Kajaria Ceramics Limited	1,530,000.00	51%



SORISO CERAMIC PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
 (Amount in Rupees Lakhs, unless otherwise stated)

12. Other Equity

Particulars	Amount
Retained earnings	
As at 1 April 2017	1,588.28
Profit/(loss) during the period	169.33
Less: Dividend	-
Less: Dividend distribution tax	-
As At 31 March 2018	1,757.61
Total other equity at	
As at 31 March 2018	1,757.61
As at 31 March 2017	1,588.28



SORISO CERAMIC PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
(Amount in Rupees Lakhs, unless otherwise stated)

	Non-Current		Current	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
13. Borrowings				
Rupee term loans (secured)				
From banks	-	-	-	-
From others	-	-	-	-
Working capital loans (secured)				
From banks	-	-	939.75	109.20
Unsecured loan from related parties	-	700.00	-	-
Total borrowings	-	700.00	939.75	109.20

Notes:

Type and Nature of Borrowings	Amount Outstanding		Effective interest rate	Security Details	Repayment Terms***
	31-Mar-17	31-Mar-18			
	Bank Loans	-			
Working capital loans	109.20	939.75	9%	*	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

Current maturities of long term debts
 Provision for expenses
 Comensation payable

Non-Current		Current	
31 March 2018	31 March 2017	31 March 2018	31 March 2017
-	-	-	-
-	-	44.37	55.30
-	-	41.07	50.79
-	-	85.44	106.09

15. Trade payables

Sundry Creditors: (Average credit period is 90 days)
 Dues of Micro, Small and Medium Enterprises
 Dues to others

Non-Current		Current	
31 March 2018	31 March 2017	31 March 2018	31 March 2017
-	-	-	-
-	-	845.28	624.51
-	-	845.28	624.51

16. Provisions

Others
 Provision for :
 Income Taxes

Non-Current		Current	
31 March 2018	31 March 2017	31 March 2018	31 March 2017
-	-	-	-
-	-	32.22	50.63
-	-	32.22	50.63

17. Other current Liabilities

Advance from Customers
 Statutory Dues Payable

Non-Current		Current	
31 March 2018	31 March 2017	31 March 2018	31 March 2017
-	-	-	3.96
-	-	74.75	110.55
-	-	74.75	114.51

Financial liabilities at amortised cost
 Borrowings
 Trade payables
 Others Liabilities

31 March 2018	31 March 2017
939.75	809.20
845.28	624.51
85.44	106.09



SORISO CERAMIC PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
(Amount in Rupees Lakhs, unless otherwise stated)

18. Revenue from operations

Particulars	31 March 2018	31 March 2017
Sale of products		
Sale of Tiles	5862.08	7567.00
Total sale of products	5862.08	7567.00
Other operating revenue		
Scrap sales	1.04	1.38
Export incentives	0.00	0.00
Sundry balances written off	0.00	0.56
Total	5863.12	7568.94

(Sale of Tiles include excise duty collected of Rs. 277.81 lakhs up to implementation of GST (Previous year Rs. 1163.10 lakhs)

19. Other Income

Particulars	31 March 2018	31 March 2017
Other non operating income		
Rental Income	1.89	1.89
Gain / (loss) on foreign currency rate difference	0.40	0.00
Interest Income	4.61	6.51
Miscellaneous income	0.25	5.09
	7.16	13.49

20. Cost of materials consumed

Particulars	31 March 2018	31 March 2017
Raw Material & Glaze, Frits And Chemicals Consumed	1971.91	2333.54
Packing Material Consumed	373.47	328.39
Cost of material consumed	2345.38	2661.93

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

Particulars	31 March 2018	31 March 2017
Closing stock		
Finished Goods	916.49	739.90
Work-in-process	124.86	51.47
	1041.35	791.36
Less :		
Opening stock		
Finished Goods	739.90	1016.66
Work-in-process	51.47	48.16
	791.36	1064.83
(Increase) / decrease		
- Finished goods	(176.59)	276.77
- Work-in-progress	(73.39)	(3.31)
Net (Increase)/decrease in Stock	(249.98)	273.46



22. Employee benefit expense

Particulars	31 March 2018	31 March 2017
Salary, wages, bonus and allowance	468.86	523.75
Contribution to provident fund and other funds	3.64	3.53
Staff Welfare expenses	13.01	13.54
	485.51	540.83

23. Finance Cost

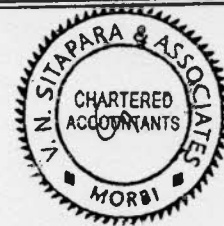
Particulars	31 March 2018	31 March 2017
Interest on debts and borrowings	92.88	84.41
Other Borrowing Cost	7.77	6.51
	100.65	90.92

24. Depreciation and amortization expense

Particulars	31 March 2018	31 March 2017
Depreciation of property, plant and equipment (refer note 4)	234.52	229.21
Amortisation of intangible assets (refer note 3)	0.43	1.17
	234.95	230.38

25. Other expenses

Particulars	31 March 2018	31 March 2017
Consumption of stores, spares and consumables	245.78	198.17
Packing Freight & Forwarding Expenses	115.75	8.52
Power and fuel	2046.83	1841.62
Traveling & Conveyance Expenses	2.72	0.70
Insurance	4.95	4.33
Rates and taxes	0.58	0.00
Repairs and maintenance:		
- Building	5.23	4.62
- Machinery	68.03	73.40
- Others	8.52	6.42
Legal and professional charges	10.70	13.32
Payment to Auditors: As Auditor:	2.60	2.01
Loss on Sale / Scrapping of Fixed Assets	6.33	3.69
Excise duty on closing stock	(106.66)	(55.70)
Security Charges	4.09	5.04
Vehicle Running & Maintenance Expenses	5.28	6.63
Printing & Stationary	2.18	2.41
Bank charges & Interest on Late IT/TDS payment	5.61	12.17
Communication Expense	2.65	3.58
Miscellaneous expenses	9.62	8.66
	2,440.78	2,139.59



SURISO CERAMIC PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

26. Tax Reconciliation

(a) Income tax expense:

The major components of income tax expenses for the year ended March 31, 2018 and March 31, 2017 are as follows:

(i) Profit or loss section

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Current tax expense	85.87	171.86
Deferred tax expense	(20.02)	(10.61)
Total income tax expense recognised in statement of Profit & Loss	65.85	161.26

b) Deferred Tax

	As at 01-Apr-17	Provided during the Year	As at 31-Mar-18
Deferred tax liability:			
Related to Fixed Assets (Depreciation)	93.21	(20.02)	73.20
Others			
Total deferred tax liability (A)	93.21	(20.02)	73.20

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.



SORISO CERAMIC PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
(Amount in Rupees lakhs, unless otherwise stated)

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	169.33	320.95
Discontinued operations	-	-
Profit attributable to equity holders for basic earnings	169.33	320.95
Dilution effect	-	-
Profit attributable to equity holders adjusted for dilution effect	169.33	320.95
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	5.64	10.70
Diluted	5.64	10.70
Face value per share (Rs)	10.00	10.00



SORISO CERAMIC PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

28. Employee benefits

Defined Contribution Plans - General Description

Provident Fund: During the year, the company has recognised Rs. 2.68 lakhs (2016-17: Rs. 2.61 lakhs) as contribution to Employee Provident Fund in the Statement of Profit and Loss a/c .

As per information & explanation given to us by the management of the company Gratuity liability has not been provided as none of the employees of the company are covered under gratuity Act. However, provision for the same has not been made by the company.



SORISO CERAMIC PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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 2018	31 March 2017
(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	-	-



SORISO CERAMIC PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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.



SORISO CERAMIC PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(Amount in Rupees lakhs, unless otherwise stated)

31. Related party disclosures

A. List of related parties

(a) Holding Company

Kajaria Ceramics Ltd

(b) Associate Company

Face Impex Private Limited

Fea Ceramics

Soriso Trading

(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
Sh. Chetan Kajaria	Key management personnel of holding
Sh. Rishi Kajaria	Key management personnel of holding
Sh. D.D. Rishi	Key management personnel of holding
Sh. B.K. Sinha	Key management personnel of holding
Sh. R.K. Bhargava	Key management personnel of holding
Sh. R. R. Bagri	Key management personnel of holding
Sh. D. P. Bagchi	Key management personnel of holding
Sh. H.R. Hegde	Key management personnel of holding
Smt. Susmita Shekhar	Key management personnel of holding
Sh. Sanjeev Agarwal	Key management personnel of holding
Sh. Ram Chandra Rawat	Key management personnel of holding

A Holding Company

Transactions during the period/ year:

	31-Mar-18	31-Mar-17
Sale of Goods (net)	5067.06	6228.01
Interest on unsecured loan	1.73	1.92

B Key Management Personnel and its related persons

Transactions during the period/ year:

	31-Mar-18	31-Mar-17
Remuneration to director (Manojbhai V Kakasaniya)	4.05	5.40

C Associate Enterprise

Transactions during the period/ year:

	31-Mar-18	31-Mar-17
Sales of Goods	775.76	470.32
Purchase of goods	38.31	26.08



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	4.05
Post Employment employee benefit	-
Other long term employee benefit	-
	<u>4.05</u>

Outstanding balance details for all three periods:

PARTICULARS	Outstanding As on	
	31/03/2018	31/03/2017
Remuneration - Manojbhai Kakasaniya	0	0.42
Purchase of Goods		
Face Impex	19.79	1.14
Sale of Goods		
Kajaria Ceramics Ltd.	217.58	172.83
Soriso Trading	173.42	0
Fea Ceramics	320.06	179.16



SORISO CERAMIC PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
(Amount in Rupees lakhs, unless otherwise stated)

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-18 INR Lakhs	As at 31-Mar-17 INR Lakhs	As at 31-Mar-18 INR Lakhs	As at 31-Mar-17 INR Lakhs
Financial assets				
(i) Trade receivables	774.37	584.43	774.37	584.43
(ii) Cash and cash equivalents	6.79	16.82	6.79	16.82
(iii) Loans	0.75	0.75	0.75	0.75
(iv) Others financial assets	62.56	66.49	62.56	66.49
Total	844.47	668.50	844.47	668.50
Financial liabilities				
(i) Borrowings	939.75	809.20	939.75	809.20
(ii) Trade Payables	845.28	624.51	845.28	624.51
(iii) Other financial liabilities	85.44	106.09	85.44	106.09
Total	1,870.48	1,539.80	1,870.48	1,539.80

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.



SORISO CERAMIC PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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 has 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.



SORISO CERAMIC PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
(Amount in Rupees lakhs, unless otherwise stated)

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. 788.45 lakhs, Rs. 608.85 lakhs as of March 31, 2018, March 31, 2017 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.



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 2018						
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Total
Borrowings *	939.75	-	-	-	-	939.75
Trade and other	-	845.28	-	-	-	845.28
Other financial I	-	-	-	-	-	-

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	-	624.51	-	-	-	624.51
Other financial I	-	-	-	-	-	-

* 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 2018 and 31 March 2017 including the effect of hedge accounting



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 INR Lacs	Effect on profit before tax		Total Effect
		LOAN	WORKING CAPITAL	
31-Mar-18				
INR	+50	0.00	(4.81)	(4.81)
INR	-50	0.00	4.81	4.81
31-Mar-17				
INR	+50	(0.47)	(3.43)	(3.90)
INR	-50	0.47	3.43	3.90

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 Company's operating activities (when revenue or expense is denominated in a foreign currency). The exposure of entity to foreign currency risk is very limited on account of limited transactions in foreign currency.

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%	0.18
	-5%	(0.18)
31-Mar-17	+5%	(0.22)
	-5%	0.22
	Change in Euro rate	Effect on profit before tax INR Lacs
31-Mar-18	+5%	0.00
	-5%	0.00
31-Mar-17	+5%	(0.13)
	-5%	0.13



SORISO CERAMIC PRIVATE LIMITED
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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 2018	At 31 March 2017
Borrowings	939.75	809.20
Other Liabilities	85.44	106.09
Trade and other payables	845.28	624.51
Less: Cash and short term deposits	6.79	16.82
Net debts	1,863.69	1,522.98
Equity	300.00	300.00
Other Equity	1,757.61	1,588.28
Total Capital	2,057.61	1,888.28
Capital and net debt	3,921.30	3,411.25
Gearing ratio (%)	47.5%	44.6%

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 2018 and 31 March 2017.



SORISO CERAMIC PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(Amount in Rupees lakhs, unless otherwise stated)

36. Commitments and Contingencies

A Contingent Liabilities

	March 31, 2018	March 31, 2017
Sales Tax	1,088.74	1,076.40
Excise Duty/Custom duty/ Service Tax	69.34	40.00
	<u>1,158.08</u>	<u>1,116.40</u>

B. Commitments

i) Estimated amount of contracts remaining to be executed on capital account and not

	March 31, 2018	March 31, 2017
	-	-
	<u>-</u>	<u>-</u>

Sales Tax : Matter is pending before appellate authorities and as per information & explanation given to us by the management they have opted for 'Kar samadhan yojna' under which there would be waiver of Interest & penalty. Moreover out of above demand ,company has already padi Rs. 170.29 lacs as amount pay to stay demand.

Excise duty : Matter is pending before honorable court and company has already paid Rs. 40.00 lacs as under protest



SORISO CERAMIC PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
(Amount in Rupees lakhs, unless otherwise stated)

37. Value of imports & consumption

CIF Value of Imports	March 31, 2018	March 31, 2017
Capital goods	17.80	-
(For the year 2017-18 \$ 26700)	17.80	-

Imported and Indigenous Raw Materials

	March 31, 2018		March 31, 2017	
	% of Total consumption	Rs. Lacs	% of Total consumption	Rs. Lacs
Raw Materials				
Imported	0.00%	-	0.00%	-
Indigenous	100.00%	1,971.91	100.00%	2,333.54
	100.00%	1,971.91	100.00%	2,333.54

Earnings In Foreign Exchange

Export of goods calculated on FOB basis
(2016-17 \$ 6916)

	March 31, 2018	March 31, 2017
	-	4.46
	-	4.46



SORISO CERAMIC PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
(Amount in Rupees lakhs, unless otherwise stated)

38. Balance Confirmation

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

39. Regrouping/Recasting

Previous years figures have been regrouped or recasted wherever necessary.



SORISO CERAMIC PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(Amount in Rupees Lakhs, unless otherwise stated)

40. Derivative instruments and unhedged foreign currency exposure

The Company has no outstanding derivative instrument at the year end. The amount of foreign currency exposure that are not hedged by derivative instruments or

	As at 31 March 2018		As at 31 March 2017	
	Foreign Currency	Amount	Foreign Currency	Amount
Foreign trade payables(Including for captial exp.)				
USD in Lakhs	-	-	-	-
EURO in Lakhs	-	-	-	-
Foreign trade receivables				
USD in Lakhs	0.05	3.53	0.07	4.46
EURO in Lakhs	-	-	-	-
Short term borrowings				
USD in Lakhs	-	-	-	-
EURO in Lakhs	-	-	-	-

