O P BAGLA & CO LLP
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF
KAJARIA SANITARYWARE PRIVATE LIMITED

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **KAJARIA SANITARYWARE PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone 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 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs, Loss, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules 2015 as amended.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone 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 standalone Ind AS financial statements based on our 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 thereunder.

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

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New Delhi
Chartered Accountants

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at 31st March, 2018, and its Profit, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the 'Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), we give in the Annexure 'I' a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143 (3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), 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 standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the

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New Delhi
Chartered Accountants

Act read with the Companies (Indian Accounting Standards) Rules 2015 as amended.

(e) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) We are enclosing herewith a report in Annexure II for our opinion on adequacy of internal financial controls system in place and the operating effectiveness of such controls.

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

a) The Company does not have any pending litigations which would impact its financial position.

b) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

c) There have been no amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For O P BAGLA & CO LLP
(Formerly O. P. Bagla & Co)
CHARTERED ACCOUNTANTS
Firm Regn. No. 000018N/NYA

(ATUL BAGLA)
PARTNER
M. No. 091885

PLACE : NEW DELHI
DATED : 26/4/2018

O P BAGLA & CO LLP
FRN : 000018N
New Delhi
Chartered Accountants

ANNEXURE- I TO THE INDEPENDENT AUDITOR'S REPORT

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

i. a) As informed to us the company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.

b) These fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.

c) As informed to us and as verified by us during the course of our audit the title deeds of immovable properties are held in name of the company.

ii. As informed to us physical verification of inventory has been conducted at reasonable intervals by the management. As informed to us no material discrepancies were noticed on physical verification. The discrepancies noticed have been properly dealt with in the books of account.

iii. a) The company has not granted loans, *secured or unsecured* to companies, firms, LLPs, or other parties covered in the register maintained under section189 of the Companies Act. Hence Clause (iii) (b) & (c) of para 3 are not applicable to the company.

iv. As informed to us, the company has not entered into any transactions in nature of loans/ investment/guarantee/security covered under section 185 and 186 of Companies Act 2013.

v. According to the information and explanations given to us the company has not accepted any deposits, in terms of the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under.

vi. In respect of business activities of the company maintenance of cost records has not been specified by the Central Government under sub-section (l) of section 148 of the Companies Act read with rules framed thereunder.

vii. a) The company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, goods and service tax, value added tax, cess and any other statutory dues with the appropriate authorities. There are no outstanding statutory dues as at the last day of the financial year under audit for a period of more than six months from the date they became payable.

b) There are no dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax or good and service tax or cess which have not been deposited on account of any dispute.

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FRN : 000018N
New Delhi
Chartered Accountants

viii. In accordance with the information and explanations given to us we are of the opinion that the company has not defaulted in repayment of dues to a financial institution or bank or government or debenture holders.

ix. The company has not raised any money during the year by way of initial public offer or further public offer (including debt instrument) and term loan.

x. As informed to us there has been no fraud by the company or on the company by its officers or employees noticed or reported during the year.

xi. In our opinion the managerial remuneration paid/provided during the year is in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of Companies Act 2013.

xii. The company is not a nidhi company and therefore clause 3(xii) of the Order related to such companies is not applicable to the company.

xiii. According to the information and explanation given to us all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.

xiv. The company has not made preferential allotment/private placement of shares or fully or partly convertible debentures during the year under review.

xv. As informed to us, during the year the company has not entered into any non-cash transactions with any of its directors or persons connected with the directors. Therefor clause 3(xv) of the Order is not applicable.

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

For O P BAGLA & CO LLP
(Formerly O. P. Bagla & Co)
CHARTERED ACCOUNTANTS
Firm Regn. No. 000018N/NYA

(ATUL BAGLA)
PARTNER
M. No. 091885

PLACE : NEW DELHI
DATED : 26/4/2018

O P BAGLA & CO LLP
FRN : 000018N
New Delhi
Chartered Accountants

ANNEXURE- II TO THE INDEPENDENT AUDITOR'S REPORT

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

We have audited the internal financial controls over financial reporting of **KAJARIA SANITARYWARE PRIVATE LIMITED** ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

O P BAGLA & CO LLP
FRN : 000018N
New Delhi
Chartered Accountants

Meaning of Internal Financial Controls Over Financial Reporting

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

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 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 O P BAGLA & CO LLP
(Formerly O. P. Bagla & Co)
CHARTERED ACCOUNTANTS
Firm Regn. No. 000018N/NYA

(ATUL BAGLA)
PARTNER
M. No. 091885

PLACE : NEW DELHI
DATED : 26/4/2018

O P BAGLA & CO LLP
FRN : 000018N
New Delhi
Chartered Accountants

KAJARIA SANITARYWARE PRIVATE LIMITED
BALANCE SHEET AS AT 31 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	2,398.32	2,350.99
	Capital work-in-progress	3	474.67	133.93
	Intangible assets	4	2.86	3.79
	Financial assets			
	(i) Loans	5	13.55	17.74
	Other Non Current Assets	6	126.70	0.22
	Sub Total		**3,016.10**	**2,506.67**
(2)	**Current assets**			
	Inventories	7	925.04	1,183.80
	Financial assets			
	(i) Trade receivables	8	1,504.22	1,249.71
	(ii) Cash and cash equivalents	9	94.20	21.84
	(iii) Bank balances other than (ii) above	10	33.84	31.82
	(iv) Loans	5	53.99	25.10
	(iv) Other non-financial assets	6	67.95	68.48
	Sub Total		**2,679.24**	**2,580.75**
	Total Assets		**5,695.34**	**5,087.42**
II	**EQUITY AND LIABILITIES**			
(1)	**Equity**			
	Equity share capital	11	1,260.00	1,260.00
	Other Equity	12	(322.53)	(469.29)
	Sub Total		**937.47**	**790.71**
(2)	**LIABILITIES**			
(a)	**Non-current liabilities**			
	Financial liabilities			
	(i) Borrowings	13	3,031.75	2,835.80
	Sub Total		**3,031.75**	**2,835.80**
(b)	**Current liabilities**			
	Financial liabilities			
	(i) Borrowings	13	317.33	124.65
	(ii) Trade Payables	14	675.14	651.18
	(iii) Other financial liabilities	15	602.51	588.99
	Other current liabilities	16	128.20	92.50
	Provisions	17	2.94	3.59
	Sub Total		**1,726.12**	**1,460.91**
	Total Equity and Liabilities		**5,695.34**	**5,087.42**
	Significant Accounting Policies	1 & 2		

The accompanying Notes form an integral part to the financial statements.

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

Atul Bagla
Partner
M.No. 091885

Date: 26/4/2018
Place:

O P BAGLA & CO LLP
FRN : 000018N
New Delhi
Chartered Accountants

For and on behalf of the board

Director
DIN 228455

Director
DIN 273877

Chief Financial Officer

Company Secretary
(ACS: A-20952)

KAJARIA SANITARYWARE 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	6,288.16	5,754.00
	Other income	19	20.75	3.53
	Total Revenue (I)		**6,308.91**	**5,757.53**
II	**EXPENSES**			
	Cost of material consumed	20	616.03	571.96
	Purchase of stock in trade		1,184.27	1,044.32
	Changes in inventories of finished goods, stock-in-trade and work in progress	21	275.71	315.02
	Excise duty		132.53	532.30
	Employee benefits expense	22	1,791.04	1,531.97
	Finance costs	23	357.38	393.87
	Depreciation and amortization expense	24	168.39	162.68
	Other expenses	25	1,636.80	1,500.59
	Total expenses (II)		**6,162.15**	**6,052.70**
III	**Profit/(loss) for the year from continuing operations (I-II)**		**146.76**	**(295.17)**
IV	Tax expense:			
	Current Tax		0.22	0.00
	Less : MAT entitlement		(0.22)	0.00
	Deferred Tax		0.00	0.00
V	**Profit/ (loss) for the year (VII+VIII)**		**146.76**	**(295.17)**
IV	Other Comprehensive Income			
	A Items that will be reclassified to profit or loss in subsequent period		-	-
	B Items that will not be reclassified to profit or loss in subsequent period		-	-
V	**Total Comprehensive Income for the Year (III+ IV) (Comprising Profit (Loss) and Other Comprehensive Income for the Year)**		**146.76**	**(295.17)**
	Earnings per equity share for continuing operations	26		
	(1) Basic, computed on the basis of profit from continuing operations		1.16	(2.34)
	(2) Diluted, computed on the basis of profit from continuing operations		1.16	(2.34)
	Significant Accounting Policies	1 & 2		

The accompanying Notes form an integral part to the financial statements.

As per our report of even date attached
FOR O P BAGLA & CO.LLP ,
(Formerly O.P. BAGLA & CO.)
CHARTERED ACCOUNTANTS
FRN : 000018N /NYA

Atul Bagla
Partner
M.No. 091885
Date: 26/4/2018
Place:

O P BAGLA & CO LLP Chartered Accountants FRN : 000018N New Delhi

For and on behalf of the board

Director
DIN 228455

Director
DIN 273877

Chief Financial Officer

Company Secretary
(ACS: A-20952)

Kajaria Sanitaryware Private Limited

Cash Flow Statement for the year ended 31 March 2018

(Amount in Rupees Lakhs, unless otherwise stated)

Particulars	Year ended 31 March 2018		Year ended 31 March 2017	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax		146.76		(295.17)
Adjusted for :				
Depreciation	168.39		162.68	
Interest income	(3.49)		(3.53)	
Finance costs	357.38		393.87	
Loss on sale of Fixed Assets	-	**522.27**	1.15	554.17
Operating Profit before Working Capital Changes		**669.03**		259.00
Adjusted for :				
Trade & Other Receivables	(278.68)		(394.70)	
Inventories	258.76		346.20	
Trade Payable	23.97		(70.08)	
Other financial liabilities	20.47		9.96	
Other current liabilities	35.70		48.95	
Provisions	(0.65)	59.56	(0.08)	(59.75)
Cash Generated from Operations		728.59		199.25
Direct Taxes Paid	(10.47)		(0.22)	
	-	(10.47)	-	(0.22)
Net Cash from operating activities		**718.12**		199.03
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of tangible amd intangible assets(including increase in CWIP and capital vendor)	(678.16)		(118.05)	
Proceeds from sale of tangible assets	-		4.61	
Interest Received	3.49		4.08	
Other bank balances	(2.02)		(2.48)	
Net Cash used in Investing Activities		**(676.69)**		(111.85)

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FRN: 000018N
New Delhi
Chartered Accountants

C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds/ (Repayment) of Long Term Borrowings (Net)	388.64		291.80	
Interest Paid	(357.70)		(394.00)	
Net Cash used in Financing Activities		**30.93**		(102.20)
Net increase in Cash and Cash Equivalents		**72.36**		(15.02)
Opening Cash and Cash Equivalents at the beginnning of the year		**21.84**		36.87
Closing Cash and Cash Equivalents at the end of the year		**94.20**		21.84

Note to cash flow statement

Components of cash and cash equivalents		
Balances with banks		
- Current accounts	91.69	18.82
- Deposit accounts (demand deposits and deposits having original maturity of 3 months or less)		
Cash on hand	2.51	3.02
Cash and cash equivalents considered in the cash flow statement	**94.20**	**21.84**

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

The accompanying Notes form an integral part to the financial statements.

As per our report of even date attached
FOR O P BAGLA & CO.LLP ,
(Formerly O.P. BAGLA & CO.)
CHARTERED ACCOUNTANTS
FRN : 000018N /NYA

Atul Bagla
Partner
M.No. 091885
Date: 26/4/2018
Place:

O P BAGLA & CO LLP
FRN : 000018N
New Delhi
Chartered Accountants

For and on behalf of the board

Director
DIN 228455

Director
DIN 273877

Chief Financial Officer

Company Secretary
(ACS: A-20952)

Kajaria Sanitaryware 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 11)		
Opening balance	1260.00	1,260.00
Changes	-	
Closing balance	1,260.00	1,260.00

b Other equity (Refer Note 12)

Particulars	Reserves and Surplus	Total other equity
	Retained earnings	
At 1 April 2016	(174.12)	**(174.12)**
Net profit/(loss) for the year	(295.17)	**(295.17)**
At 31 March 2017	(469.29)	**(469.29)**
Net profit/(loss) for the year	146.76	**146.76**
At 31 March 2018	(322.53)	**(322.53)**

The accompanying Notes form an integral part to the financial statements.

As per our report of even date attached
FOR O P BAGLA & CO.LLP ,
(Formerly O.P. BAGLA & CO.)
CHARTERED ACCOUNTANTS
FRN : 000018N /NYA

Atul Bagla
Partner
M.No. 091885
Date: 26/4/2018
Place:

O P BAGLA & CO LLP
FRN : 000018N
New Delhi
Chartered Accountants

For and on behalf of the board

Director
DIN 228455

Director
DIN 273877

Chief Financial Officer

Company Secretary
(ACS: A-20952)

Accounting Policies under Ind AS
Standalone financial statements of Kajaria Sanitaryware Private Limited for the year ended 31-March-2018

1. Corporate information

KAJARIA SANITARYWARE PRIVATE LIMITD ("KSPL" or "the Company") is a private limited Company domiciled in India and was incorporated on 18th May 2012. The Company is subsidiary Company of Kajaria Bathware Pvt Ltd and step subsidiary of Kajaria Ceramics Limited. The registered office of the Company is located at J-1/B-1 Extension, Mohan Coop Ind Estate, Mathura Road, New Delhi.

The Company has forayed into manufacturing and trading of sanitaryware items. The Company started its operations in the year 2014.. The plant of the Company is located at Morbi (Gujarat). It has manufacturing capacity of 5.40 lacs pieces per annum.

The financial statements of the company for the year ended 31st March 2018 were authorized for issue in accordance with a resolution of the directors on 26th April, 2018.

2. Significant accounting policies

2.1 Basis of preparation

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

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

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

2.2 Significant accounting policies

a. Current versus non-current classification

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

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

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

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

The Company classifies all other liabilities as non-current.

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

O P BAGLA & CO LLP Chartered Accountants FRN : 000018N New Delhi

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 as 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.

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

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

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

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

Particulars	Useful lives
Plant and Machinery	7.5 years

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

ii) Capital work in progress

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

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

c. Intangible Assets

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

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

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

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d. Borrowing Costs

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

e. Impairment of non-financial assets

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

f. Inventories

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

g. Revenue Recognition

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

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

h. Foreign currency transactions

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

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

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

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

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

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i. Taxes on income

Current tax

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

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

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

Deferred tax

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

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

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

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

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

j. Employee benefits

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

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

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

k. Provisions, Contingent liabilities and Contingent assets

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

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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.

l. Earnings per share

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

m. Cash and cash equivalents

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

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

n. Fair value measurement

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

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

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

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

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

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o. **Financial instruments**

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

(a) Financial assets

Classification

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

Initial recognition and measurement

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

Subsequent measurement

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

- **Financial assets carried at amortised cost**

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

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

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

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

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

Derecognition

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

Investment in subsidiaries, joint ventures and associates

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

Impairment of financial assets

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

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(b) Financial liabilities

Classification

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

Initial recognition and measurement

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

Subsequent measurement

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

- **Financial liabilities at amortised cost**

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

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

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

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

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

Derecognition

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

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

2.3 Significant accounting judgements, estimates and assumptions

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

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

Judgements

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

Contingencies

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

Estimates and assumptions

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

(a) Impairment of non-financial assets

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

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

(b) Defined benefit plans

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

(c) Fair value measurement of financial instruments

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

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

(d) Impairment of financial assets

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

2.4 Standards Issued but not yet Effective

Ind - AS 115 "Revenue from Contract with Customers

Ind AS 115 was issued in February, 2015. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to the customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

This standard will come into force from accounting period commencing on or after 1st April, 2018. The company will adopt the new standard on the required effective date. The Company is in the process of making an assessment of the impact of Ind - AS 115 upon initial application, which is subject to changes arising from a more detailed ongoing analysis.

KAJARIA SANITARYWARE PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(Amount in Rupees Lakh, unless otherwise stated)

Note 3 :

a. Property, Plant and Equipment

	Freehold land	Building	Plant and machinery	Furniture & fixtures	Vehicles	Electrification & Cabling	Electrical & Office equipments	Computers	Total
Cost or Valuation									
As 1 April 2016	186.16	1,150.75	1,384.56	13.49	16.98	19.54	2.11	4.41	2,777.95
Additions	-	8.10	19.35	-	-	2.07	0.03	0.21	29.77
Disposal			5.74						5.74
As 31 March 2017	186.16	1,158.85	1,398.17	13.49	16.98	21.61	2.14	4.62	2,802.03
Additions	-	105.05	54.35	21.90	13.81	2.27	17.41	-	214.80
Disposal			-						-
As 31 March 2018	186.16	1,263.90	1,452.53	35.39	30.79	23.88	19.55	4.62	3,016.83
Depreciation and impairment									
As 1 April 2016	-	68.00	207.94	2.56	5.55	2.99	0.38	2.65	290.06
Additions	-	36.55	117.74	1.28	2.71	2.05	0.20	1.22	161.75
Disposal			0.77						0.77
As 31 March 2017	-	104.55	324.91	3.84	8.26	5.03	0.58	3.87	451.04
Additions	-	37.96	119.72	2.84	3.00	2.11	1.44	0.39	167.46
Disposal			-						-
As 31 March 2018	-	142.51	444.63	6.69	11.26	7.14	2.02	4.26	618.51
Net book value									
31 March 2018	186.16	1,121.40	1,007.89	28.71	19.54	16.74	17.53	0.35	2,398.32
31 March 2017	186.16	1,054.30	1,073.26	9.65	8.73	16.58	1.56	0.75	2,350.99

Note :
Property, plant and equipment pledged as security.
Refer to note 13 for information on property plant and equipment pledged as security by the Company.

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(Amount in Rupees Lakh, unless otherwise stated)

Note 4 : Intangible assets

	Softwares	Total
Cost or Valuation		
As 1 April 2016	5.88	**5.88**
Additions	-	-
Disposal		-
As 31 March 2017	5.88	**5.88**
Additions	-	-
Disposal	-	-
As 31 March 2018	5.88	**5.88**
Amortisation and impairment		
As 31 March 2016	1.16	**1.16**
Additions	0.93	**0.93**
Disposal	-	-
As 31 March 2017	2.09	**2.09**
Additions	0.93	**0.93**
Disposal	-	-
As 31 March 2018	3.02	**3.02**
Net book value		
31 March 2018	2.86	2.86
31 March 2017	3.79	3.79

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(Amount in Rupees Lakh, unless otherwise stated)

	Non-Current		Current	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Note 5: Loans #				
Loans at amortised cost				
Security deposits				
Unsecured, Considered good	13.55	17.74	-	-
	13.55	**17.74**	**-**	**-**
Loans to employees				
Unsecured, Considered good	-	-	53.99	25.10
	-	**-**	**53.99**	**25.10**
	13.55	**17.74**	**53.99**	**25.10**

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

Note 6: Other non-financial assets				
Capital advance (unsecured, considered good)	116.00	-		
Others non-financial assets (unsecured, considered good):				
Prepaid expenses	-	-	2.87	2.97
Advance to contractors and suppliers	-	-	5.00	2.44
Advance income tax (net)	10.70	0.22	-	-
Balance with statutory authorities	-	-	60.07	63.07
	126.70	**0.22**	**67.95**	**68.48**

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Note 7 : Inventories	**31 March 2018**	**31 March 2017**
(As taken Valued and Certified by Management)		
Raw Materials	59.07	49.37
Work in progress	632.75	909.52
Finished Goods	59.64	81.08
Stock in Trade	145.94	123.45
Stores Spares & other materials	27.64	20.38
	925.04	1,183.80

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

Note 8 :Trade receivables (unsecured)	**31 March 2018**	**31 March 2017**
Cconsidered Good	1,504.22	1,249.71
	1,504.22	1,249.71

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

Trade receivables are non interest bearing and are generally on credit terms of 30 days.

Note 9 : Cash and cash equivalent

	31 March 2018	**31 March 2017**
a) Balance with banks		
- In current accounts	91.69	18.82
b) Cash on hand	2.51	3.02
	94.20	21.84

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

Balance with banks		
- In current accounts	91.69	18.82
Cash on hand	2.51	3.02
	94.20	21.84

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Note 10 : Other bank balances

	31 March 2018	31 March 2017
Earmarked Accounts		
Deposit with original maturity of more than 3 months (Pledged with bank against credit facilities)	33.84	31.82
	33.84	31.82

Breakup of Financial Assets carried at amortised cost	31 March 2018	31 March 2017
Security deposits	13.55	17.74
Loans to employees	53.99	25.10
Trade receivables	1,504.22	1,249.71
Cash and cash equivalent	94.20	21.84
Deposit with original maturity of more than 3 months	33.84	31.82
	1,699.81	**1,346.20**

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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(Amount in Rupees Lakh, unless otherwise stated)

Note 11 : Equity Share Capital

	31 March 2018	31 March 2017
a) Authorised		
1,50,00,000 shares (31 March 2017: 1,50,00,000 shares of par value of Rs. 10 each)	1,500.00	1,500.00
Total	**1,500.00**	**1,500.00**
b) Issued, subscribed and paid up		
1,26,00,000 shares (31 March 2017: 1,26,00,000 shares of par value of Rs. 10 each)	1,260.00	1,260.00
	1,260.00	**1,260.00**

c) The Company has not issued or bought back any share in current year and in previous year.

Reconciliation of the shares outstanding at the beginning and at the end of the year
Equity share capital

	Number of shares	
	31 March 2018	31 March 2017
Shares outstanding at the beginning of the year	12,600,000	12,600,000
Shares issued during the year	-	-
Shares outstanding at the end of the year	**12,600,000**	**12,600,000**

	Amount of share capital (Rs. in lakh)	
	31 March 2018	31 March 2017
Shares outstanding at the beginning of the year	1,260.00	1,260.00
Shares issued during the year	-	-
Shares outstanding at the end of the year	**1,260.00**	**1,260.00**

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

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

e) Kajaria Ceramics Ltd is a ultimate holding company of the Company and Kajaria Bathware Private Limited is a holding company of the Company. Shares held by such holding company are mentioned in (f) hereunder. There is no subsidiary company.

f) Detail of the Shareholders holding more than 5% shares in the Company

	31 March 2018		31 March 2017	
	Number of shares held	**% of holding**	**Number of shares held**	**% of holding**
Kajaria Bathware Pvt Ltd.	10,332,000	82.00	10,332,000	82.00
Ajay Kumar Maganbhai Marvania	920,000	7.30	920,000	7.30

g) The Company has not issued any bonus shares or shares for a consideration other than cash since its incorporation.

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(Amount in Rupees Lakh, unless otherwise stated)

Other Equity

Particulars	Amount
Note 12 : Other Equity	
Retained earnings	
At 01 April 2016	(174.12)
Profit/(loss) for the year	(295.17)
At 31 March 2017	(469.29)
Profit/(loss) for the year	146.76
Closing balance	**(322.53)**
Total other equity at	
As at 31 March 2018	(322.53)
As at 31 March 2017	(469.29)

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(Amount in Rupees Lakh, unless otherwise stated)

Note 13 : Borrowing

	Non-Current		Current	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Term loans (secured)				
From banks	620.55	1,009.35	-	-
Less: current maturities of long term debts (refer to note 15)	(388.80)	(388.80)	-	-
	231.75	620.55	-	-
Working capital facilities				
From banks (secured)	-	-	317.33	124.65
Unsecured loan from related parties *	2,800.00	2,215.24	-	-
Total borrowings	**3,031.75**	**2,835.80**	**317.33**	**124.65**

Note:
TERMS OF BORROWINGS
TERM LOAN

Secured exclusive first charge by way of Hypothecation of entire machineries, electrical installations, furniture and fixtures, office equipments and other movable fixexd assets, present and future, situated at the factory of the Company. These loans are further secured against Hypothecation of entire raw materials, stock in processs, stores & spares, packing materials, finished goods and book debts of the Company, both present & future. Rate of Interest is 0.65% above MCLR. Present interest rate is 9% p.a. The loan is repayable in 53 monthly installments of Rs 32.40 Lakhs each and 54th installmwnt of Rs. 32.80 Lakhs w.e.f. July 2015 till Feb 2020

Above loan is further secured by Equitable mortgage of Factory Land and building situated at Village Shapar, Morbi.

WORKING CAPITAL FACILITIES

Secured against Hypothecation of entire raw materials, stock in processs, stores & spares, packing materials, finished goods and book debts of the company, both present & future. Rate of Interest is 0.65% above MCLR. Present interest rate is 9% p.a.

Above loan is further secured by Equitable mortgage of Factory Land and building situated at Village Shapar, Morbi.

* Represent amount borrowed from
M/s Kajaria Bathware Private Limited - Holding Company. Bearing interest @ 9% p.a.

Other Note :
(i) Term loan and working capital facility loans are further secured by guarantee of Ultimate Holding Company, Directors and Shareholders of the company.
(ii) There is no continuing default on the balance sheet date in repayment of loan and interest

Note 14 : Trade Payables

	31 March 2018	31 March 2017
Sundry Creditors:		
Dues of Micro and small Enterprises	-	-
Dues to others	675.14	651.18
	675.14	651.18

Terms and conditions:
Trade payables are non-interest bearing and are normally settled within 90 days except for SME's which are settled within 45 days.
For explanations on the Company's credit risk management processes, refer to Note 32)

Note 15 : Others Financial Liabilities

	31 March 2018	31 March 2017
Current maturities of long term debts	388.80	388.80
Interest accrued but not due on Term Loan	-	0.32
Amount payable for capital expenditure	2.47	9.11
Deposit Received	117.50	94.00
Outstanding Liabilities*	93.73	96.76
	602.51	588.99
* Outstanding Liabilities include :		
Compensation payable	85.65	61.49
Payable for expenses	8.08	35.27

Break-up of financial liabilities carried at amortised cost

	31 March 2018	31 March 2017
Trade Payable	675.14	651.18
Other financial liabilities	602.51	588.99
Borrowings (Current)	317.33	124.65
Borrowings (Non-Current)	3,031.75	2,835.80
	4,626.73	**4,200.61**

Note 16 : Other Current liabilities

	31 March 2018	31 March 2017
Advance from Customers	48.71	60.40
Statutory Dues Payable	79.49	32.11
	128.20	92.50

Note 17 : Provisions

	31 March 2018	31 March 2017
Provision for employee benefits		
Compensated absences	2.94	3.59
	2.94	3.59

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	For the year ended 31 March 2018	For the year ended 31 March 2017
Note 18 : Revenue from operations		
Sale of products - Sanitaryware and other allied products	6,287.63	5,754.00
Other operating income - Scrap sale	0.53	-
Total	**6,288.16**	**5,754.00**

Sales of products includes excise duty collected from customers Rs. 132.53 lakh (31 March 2017 : Rs. 532.30 lakh)

Consequent upon implementation of Goods and Service Tax (GST) Act w.e.f. 1st July 2017 sales excludes GST. Accordingly sales for the year ended 31st March 2018 is not comparitive with previous year.

Note 19 : Other Income

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Interest Income on:		
-From banks	3.49	2.30
Gain on foreign currency rate difference (net)	2.13	1.23
Other income:		
Excess provisions/liabilities written back	7.86	-
Insurance claim	7.26	-
	20.75	3.53

Note 20 : Cost of materials consumed

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Raw Material and Packing Material Consumed		
Body Material	149.72	132.18
Glaze, frits & Chemicals	147.72	138.24
Packing Material	318.59	301.54
Cost of material consumed	616.03	571.96

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

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Closing stock		
Finished goods	59.64	81.08
Stock in trade	145.94	123.45
Work in Progress	632.75	909.52
	838.34	1,114.05
Less : Opening Stock		
Finished goods	81.08	136.11
Stock in trade	123.45	147.29
Work in Progress	909.52	1,145.67
	1,114.05	1,429.07
Net (Increase)/decrease in Inventory	275.71	315.02

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Note 22 : Employee benefit expense

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Salary, wages, bonus and allowance (including management charges)	1,782.66	1,523.39
Contribution to provident fund and other funds	2.78	2.93
Staff Welfare expenses	5.58	5.65
	1,791.04	1,531.97

Note 23 : Finance Costs

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Interest on debts and borrowings	351.66	387.41
Other ancillary borrowing costs	5.72	6.46
	357.38	393.87

Note 24 : Depreciation and amortization expense

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Depreciation of property, plant and equipment (refer to note 3)	167.46	161.75
Amortisation of intangible assets (refer to note 4)	0.93	0.93
	168.39	162.68

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Note 25 : Other expenses

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Power & Fuel	561.58	550.93
Stores Consumed	247.28	247.71
Excise duty variance on inventory	(9.01)	(6.12)
Repair & Maintenance		
- Buildings	-	1.05
- Machinery	4.41	5.01
- Others	6.72	3.56
Auditor's Remuneration		
- As Audit Fee	5.00	5.00
- For Other matters	1.48	2.10
Legal & Professional Expenses	15.10	9.23
Communication Expense	1.59	1.92
Rent Paid	1.31	2.22
Advertisement & Sales Promotion Expenses	174.86	40.50
Freight, Handling & Distribution Expenses	601.34	604.07
Rates & Taxes	5.42	11.60
Printing & Stationary	1.86	1.88
Insurance Exp	6.16	6.45
Travelling & Conveyance Expense	2.85	2.70
Vehicle Running & Maintenance Expenses	5.16	4.22
Miscellaneous Expenses	3.70	5.41
Loss on sale of fixed assets	-	1.15
	1,636.80	1,500.59

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(Amount in Rupees Lakh, unless otherwise stated)

Note -26
Earning per share

Basic and Diluted EPS amounts are calculated by dividing the profit / loss 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 / loss 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 2018	31 March 2017
Profit attributable to equity holders of the Company:		
Continuing operations	146.76	(295.17)
Profit attributable to equity holders for basic earnings	**146.76**	**(295.17)**
Dilution effect	-	-
Profit attributable to equity holders adjusted for dilution effect	146.76	(295.17)
Weighted Average number of equity shares used for computing Earning Per Share (Basic & Diluted) *	12600000	12600000

* 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	1.16	(2.34)
Diluted	1.16	(2.34)
Face value per share (Rs)	10	10

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Note -27

Dues to Micro and Small Enterprises

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

	Particulars	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	-	-

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

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Note -28

Segment Reporting

The business activity of the Company falls within one broad business segment viz. "Manufacturing and Trading of sanitaryware items" and substantially sale of the product is within the country. The Gross income and profit / loss 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" as specified in Companies (Indian Accounting Standard) Rules, 2016 (as amended) is not considered applicable.

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KAJARIA SANITARYWARE PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(Amount in Rupees Lakh, unless otherwise stated)

Note -29
Related party disclosures
Names of related parties and description of relationship

Name of the related party	Relationship
Mr. Ashok Kajaria	Director
Mr. Rishi Kajaria	Director
Mr. Bimal Kumar Ruia	Director
Mr. Ajay Maganbhai Marvania	Director
Kajaria Bathware Private Limited	Holding Company
Kajaria Ceramics Limited	Ultimate Holding Company

A Relationship
Relatives of Key Management Personnel where transaction has taken place

Transactions during the period/ year:

	31 March 2018	31 March 2017
Director		
Remuneration Paid (short term employee benefits)	47.00	30.00
Holding Company		
Interest Expense	257.39	207.33
Amount Borrowed (net)	463.68	410.00
Reimburesement of Expenes	1,110.00	611.86

Closing Balances

	31 March 2018	31 March 2017
- Borrowings	2,800.00	2,215.24
- Trade Payables	-	121.08

Terms and conditions of transactions with related parties

The transaction to and from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured. The term loan and working capital loan from Bank of baroda has been guaranted by Kajaria Ceramics Ltd (Ultimate Holding Company). For the year ended 31 March 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2017: INR Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

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

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Note - 30

Financial risk management objectives and policies

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

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

I. Market risk

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

The sensitivity analyses of the above mentioned risk in the following sections relate to the position as at 31 March 2018 and 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 and liabilities of foreign operations. The analysis for contingent liabilities is provided in Note 34.

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.

A. Interest rate risk

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

	Increase/decrease in basis points	Effect on profit before tax
		INR Lacs
31-Mar-18		
INR	+50	17.63
INR	-50	(17.63)
31-Mar-17		
INR	+50	7.54
INR	-50	(7.54)

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

B. Foreign currency sensitivity

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

	Change in USD rate	Effect on profit before tax
		INR in Lacs
31-Mar-18	+5%	-
	-5%	-
31-Mar-17	+5%	(0.50)
	-5%	0.50

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

II. Credit risk

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

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

A. Trade receivables

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

At the year end the Company does not have any significant concentrations of bad debt risk other than that disclosed in note 8.

An impairment analysis is performed at each reporting date on an individual basis for major clients. The calculation is based on historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 39. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate in largely independent markets.

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B. Financial instruments and cash deposits

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

III. Liquidity risk

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

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

(Rs. In Lakh)

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
As at						
31-Mar-18						
Borrowings	317.33			3,031.75	-	3,349.08
Trade payables	-	675.14		-	-	675.14
Other financial liabilities *	117.50	193.41	291.60	-	-	602.51
	434.83	**868.55**	**291.60**	**3,031.75**	**-**	**4,626.73**
As at						
31-Mar-17						
Borrowings	124.65	97.20	291.60	2,446.99	-	2,960.44
Trade payables	-	651.18		-	-	651.18
Other financial liabilities *	94.00	203.39	291.60	-	-	588.99
	218.65	**951.77**	**583.20**	**2,446.99**	**-**	**4,200.61**

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

IV. Excessive risk concentration

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

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

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KAJARIA SANITARYWARE PVT LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(Amount in Rupees Lakh, unless otherwise stated

Note: 31
Capital Management

The objective of the Company's capital management structure is to ensure that there remains sufficient liquidity within the Company to carry out committed work programme requirements. The Company monitors the long term cash flow requirements of the business in order to assess the requirement for changes to the capital structure to meet that objective and to maintain flexibility.

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

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

	31 March 2018	31 March 2017
Borrowings	3,737.88	3,349.25
Total debts A	**3,737.88**	**3,349.25**
Total Equity B	**937.47**	**790.71**
Gearing ratio (A/B)	**3.99**	**4.24**

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KAJARIA SANITARYWARE PRIVATE LIMITED

OTHER NOTES ON ACCOUNTS

32. **CONTINGENT LIABILITIES & COMMITMENTS**

(Rs. in lakh)

	AS AT 31-3-2018	AS AT 31-3-2017
Estimated amount of contracts remaining to be executed on Capital Account (Net of Advances) and not provided for :	**64.00**	NIL
Outstanding Bank Guarantee	**67.22**	**100.00**

33. **Deferred Tax Liability/ Assets**

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

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

34. Disclosure of Movement in Provisions during the year as per Ind AS- 37, 'Provisions, Contingent Liabilities and Contingent Assets' :

Particulars	**Rs. in lacs**
Short Term Provisions	
Un-availed leave	
Balance as on 01.04.2016	3.67
Provided During the year	0.66
Paid/Adjusted During the year	0.74
Balance As on 31.03.2017	3.60
Provided During the year	0.00
Paid/Adjusted During the year	0.66
Balance As on 31.03.2018	2.93

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

(currency in lakh)

Particulars		31-03-2018		31-03-2017	
		Foreign Currency	Indian Rupee	Foreign Currency	Indian Rupee
Advances					
For Goods and Services	USD	-	-	0.03	2.44
Payables					
For Goods and Services	USD	-	-	0.19	12.51

36. In the opinion of the Board and to the best of their knowledge and belief, the value on realization of loans, advances & other current assets in the ordinary course of business will not be less than the amount at which they are stated in the Balance Sheet.

37. Balances of certain debtors, creditors are subject to confirmation.

In terms of our report of even date annexed
For O P Bagla & Co. LLP
(Formerly O.P. Bagla & Co.)
Chartered Accountants
FRN: 000018N/N500091

Atul Bagla
Partner
M. No.:091885
Date : 26/4/2018
Place :

O P BAGLA & CO LLP
FRN: 000018N
New Delhi
Chartered Accountants

For and on behalf of the Board

Director
(DIN 228455)

Director
(DIN 273877)

Chief Financial Officer

Company Secretary
(ACS: A-20952)