O. P. BAGLA & CO.
CHARTERED ACCOUNTANTS

Phone : 26436190
26412939
26239913
Fax : 011-26239912
E-mail : admin@opbco.in
Website : www.opbco.in

8/12, KALKAJI EXTENSION
NEW DELHI - 110019

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF
KAJARIA BATHWARE PRIVATE LIMITED

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **KAJARIA BATHWARE PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, 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.

O.P. BAGLA & CO. New Delhi Chartered Accountants

Phone : 26436190
26412939
26239913
Fax : 011-26239912
E-mail : admin@opbco.in
Website : www.opbco.in
8/12, KALKAJI EXTENSION
NEW DELHI - 110019

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, 2017, and its Loss, 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.

O. P. BAGLA & CO. New Delhi Chartered Accountants

O. P. BAGLA & CO.
CHARTERED ACCOUNTANTS

Phone : 2 6 4 3 6 1 9 0
2 6 4 1 2 9 3 9
2 6 2 3 9 9 1 3
Fax : 011-26239912
E-mail : admin@opbco.in
Website : www.opbco.in

8/12, KALKAJI EXTENSION
NEW DELHI - 1 1 0 0 1 9

(d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules 2015 as amended.

(e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on31st March, 2017 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:

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

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

iii. There has been no amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

iv. The Company had provided requisite disclosures in its Note No..... the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account and records maintained by the Company and as produced to us by the Management.

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

(NITIN JAIN)
PARTNER
M. No. 510841

PLACE : NEW DELHI
DATED : 15.5.17

O.P. BAGLA & CO. ★ Chartered Accountants ★ New Delhi

O. P. BAGLA & CO.
CHARTERED ACCOUNTANTS

Phone : 26436190
26412939
26239913
Fax : 011-26239912
E-mail : admin@opbco.in
Website : www.opbco.in

8/12, KALKAJI EXTENSION
NEW DELHI - 110019

ANNEXURE- I TO THE INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

iii. As informed to us the company has granted unsecured loans to a company covered in the register maintained under section189 of the Companies Act 2013. In respect of such loans we have been informed that:

   a. the terms and conditions of the grant of such loans are not prejudicial to the company's interest.

   b. the schedule of repayment of principal and payment of interest is not stipulated. Therefore no comments are offered on whether the repayments or receipts are regular.

   c. no amount is overdue as at the end of the year.

iv. The company has not entered into any transactions in nature of loans/ investment/guarantee/security covered under section 185 and 186 of Companies Act 2013.

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

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

O. P. BAGLA & CO.
New Delhi
Chartered Accountants

O. P. BAGLA & CO.
CHARTERED ACCOUNTANTS

Phone : 26436190
26412939
26239913
Fax : 011-26239912
E-mail : admin@opbco.in
Website : www.opbco.in

8/12, KALKAJI EXTENSION
NEW DELHI - 110019

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, 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 cess which have not been deposited on account of any dispute.

viii. In accordance with the information and explanations given to us we are of the opinion that the company has not defaulted in repayment of dues 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. No managerial remuneration has been paid/provided during the year by the company.

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

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

xiv. The company has 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. Therefore, clause 3(xv) of the Order is not applicable.

O.P. BAGLA & CO. New Delhi Chartered Accountants

O. P. BAGLA & CO.
CHARTERED ACCOUNTANTS

Phone : 26436190
26412939
26239913
Fax : 011-26239912
E-mail : admin@opbco.in
Website : www.opbco.in
8/12, KALKAJI EXTENSION
NEW DELHI - 110019

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.
CHARTERED ACCOUNTANTS
Firm Regn. No. 000018N

(NITIN JAIN)
PARTNER
M. No. 510841

PLACE : NEW DELHI
DATED : 15.5.17

O.P. BAGLA & CO. ★ Chartered Accountants ★ New Delhi

O. P. BAGLA & CO.
CHARTERED ACCOUNTANTS

Phone : 26436190
26412939
26239913
Fax : 011-26239912
E-mail : admin@opbco.in
Website : www.opbco.in

8/12, KALKAJI EXTENSION
NEW DELHI - 110019

ANNEXURE- II TO THE INDEPENDENT AUDITOR'S REPORT

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

We have audited the internal financial controls over financial reporting of **KAJARIA BATHWARE PRIVATE LIMITED** ("the Company") as of March 31, 2017 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. New Delhi Chartered Accountants

O. P. BAGLA & CO.
CHARTERED ACCOUNTANTS

Phone : 26436190
26412939
26239913
Fax : 011-26239912
E-mail : admin@opbco.in
Website : www.opbco.in

8/12, KALKAJI EXTENSION
NEW DELHI - 110019

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, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

PLACE : NEW DELHI
DATED : 15.5.17

O.P. BAGLA & CO. New Delhi Chartered Accountants

(NITIN JAIN)
PARTNER
M No. 510841

Kajaria Bathware Private Limited
Balance Sheet as at 31 March, 2017

(Amount in Rupees lacs, unless otherwise stated)

Particulars	Notes	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
I ASSETS				
(1) Non-current assets				
(a) Property, Plant and Equipment	3	4,552.62	4,391.76	267.44
(b) Capital work-in-progress	3	41.83	63.46	2,820.37
(c) Intangible assets	4	18.27	23.41	-
(d) Intangible assets under development	4	-	-	13.55
(e) Financial assets:				
(i) Investments	5	1,123.92	1,123.92	806.40
(ii) Loans	6	2,227.30	1,629.56	-
(f) Other non current assets	7	100.88	53.19	94.07
Sub-total		**8,064.82**	**7,285.30**	**4,001.83**
(2) Current assets				
(a) Inventories	8	1,827.63	2,992.72	134.70
(b) Financial assets				
(i) Trade receivables	9	1,355.22	989.74	-
(ii) Cash and cash equivalents	10	71.50	46.56	37.04
(iii) Loans	6	3.92	0.71	1.51
(iv) Other financial assets	11	121.08	-	-
(c) Other current assets	7	272.05	507.36	218.36
Sub-total		**3,651.40**	**4,537.09**	**391.61**
Total Assets		**11,716.22**	**11,822.39**	**4,393.44**
II EQUITY AND LIABILITIES				
Equity				
Equity share capital	12	2,500.00	2,500.00	1,500.00
Other Equity	13	(749.27)	869.02	(2.99)
Sub-total		**1,750.73**	**3,369.02**	**1,497.01**
LIABILITIES				
(1) Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	15	7,818.36	6,223.76	2,437.49
(b) Provisions	14	36.14	-	-
Sub-total		**7,854.50**	**6,223.76**	**2,437.49**
(2) Current liabilities				
(a) Financial liabilities				
(i) Borrowings	15	525.31	1,122.33	-
(ii) Trade Payables	16	458.84	297.02	22.48
(iii) Other financial liabilities	17	906.05	615.37	400.38
(b) Other current liabilities	18	208.33	180.12	35.01
(c) Provisions	14	12.45	14.77	0.90
(d) Current Tax Liabilities (Net)	19	-	-	0.17
Sub-total		**2,110.98**	**2,229.61**	**458.94**
Total Equity and Liabilities		**11,716.22**	**11,822.39**	**4,393.44**

Significant Accounting Policies 1 & 2

The accompanying Notes 1 to 44 form an integral part of these financial statements

For O.P. Bagla & Co.
Chartered Accountants
FRN 000018N

Partner

Place: New Delhi
Dated: 15.5.17

For and on behalf of the board

Director

Director

Company Secretary

O.P. BAGLA & CO. New Delhi Chartered Accountants

Kajaria Bathware Private Limited
Statement of Profit and Loss for the year ended 31 March 2017

(Amount in Rupees lacs, unless otherwise stated)

	Particulars	Notes	For the Year ended 31 March 2017	For the Year ended 31 March 2016
I	**REVENUE**			
	Revenue from operations	20	6257.02	3,623.16
	Other income	21	229.42	100.06
	Total Revenue (I)		**6486.44**	**3,723.22**
II	**EXPENSES**			
	Cost of material consumed	22	1174.12	1,234.24
	Purchases of stock in trade		1813.50	2,788.35
	Changes in inventories of finished goods, stock-in-trade and work in progress	23	1062.82	(2,252.13)
	Excise duty on sale of goods		372.68	183.00
	Employee benefits expenses	24	1042.47	640.18
	Finance costs	25	667.52	415.93
	Depreciation and amortization expenses	26	272.44	163.42
	Other expenses	27	1699.18	1,178.34
	Total expenses (II)		**8104.73**	**4,351.33**
III	**Profit / (loss) for the year from continuing operations (I-II)**		**(1,618.29)**	**(628.11)**
IV	Tax expense:			
	Current Tax		-	(0.13)
V	**Profit / (Loss) for the Year (III-IV)**		**(1,618.29)**	**(627.99)**
VI	Other Comprehensive Income (OCI)		-	-
	Items that will not be reclassified to profit or loss in subsequent period			
VII	**Other comprehensive income for the year, net of tax**		**(1,618.29)**	**(627.99)**
VIII	**Earnings per Share (In Rupees)**	28		
	Basic and Diluted computed on the basis of profit from computing operations		(6.47)	(3.14)

Significant Accounting Policies **1 & 2**

The accompanying Notes 1 to 44 form an integral part of these financial statements

For O.P. Bagla & Co.
Chartered Accountants
FRN 000018N

Partner

Place: New Delhi
Dated: 15.5.17

For and on behalf of the board

Director

Director

Company Secretary

O.P. BAGLA & CO. New Delhi Chartered Accountants

Kajaria Bathware Private Limited

Cash Flow Statement for the year ended 31 March 2017

(Amount in Rupees lacs, unless otherwise stated)

Particulars		Year ended 31 March 2017		Year ended 31 March 2016
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax		(1,618.29)		(628.11)
Adjusted for :				
Depreciation & Amortisation	272.44		163.42	
Interest income	(209.71)		(81.99)	
Interest cost	667.52		415.93	
		730.25		497.36
Operating Profit before Working Capital Changes		(888.04)		(130.75)
Adjusted for :				
Trade & Other Receivables	(852.20)		(2,813.50)	
Inventories	1,165.08		(2,858.01)	
Trade Payable	161.82		274.53	
Other financial liabilities	24.61		261.78	
Other current liabilities	28.21		145.11	
Provisions	33.82		13.87	
		561.34		(4,976.22)
Cash Generated from Operations		(326.69)		(5,106.97)
Direct Taxes Paid (net)	(47.69)		(53.19)	
Exceptional items	-	(47.69)	-	(53.19)
Net Cash from operating activities		(374.39)		(5,160.16)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(428.15)		(4,284.20)	
Purchase of Intangible Assets	-		(26.95)	
Capital work in progress	21.63		2,756.91	
Intangibles under development	-		13.55	
Investment	-		(317.52)	
Interest Received	209.71		81.99	
Capital creditors	(35.46)		(346.77)	
Net Cash used in Investing Activities		(232.27)		(2,122.99)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Issue of Share Capital / Application money	-		1,000.00	
Proceeds from Issue of Share Capital - Securities Premium	-		1,500.00	
Proceeds/ (Repayment) of Long Term Borrowings (Net)	1,297.58		5,208.60	
Interest Paid	(665.99)		(415.93)	
Net Cash used in Financing Activities		631.58		7,292.67
Net increase in Cash and Cash Equivalents		24.93		9.521
Cash and Cash Equivalents as on 1.4.2016		46.56		37.04
Cash and Cash Equivalents as on 31.3.2017		71.50		46.56

Note to cash flow statement

1 Components of cash and cash equivalents

Balances with banks		
- Current accounts	69.26	40.45
- Deposit accounts (demand deposits and deposits having original maturity of 3 months or less)		
Cash on hand	2.24	6.11
Cash and cash equivalents considered in the cash flow statement	71.50	46.56

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 (Indian Accounting Standard) Amendment Rules, 2016

The accompanying Notes 1 to 44 form an integral part of these financial statements

For O.P. Bagla & Co.
Chartered Accountants
FRN 000018N

Partner

Place: New Delhi
Dated: 15.5.17

O.P. BAGLA & CO. New Delhi Chartered Accountants

For and on behalf of the board

Director Director

Company Secretary

Kajaria Bathware Private Limited
Statement of Changes in Equity for the year ended 31 March 2017
(Amount in Rupees lacs, unless otherwise stated)

a **Equity share capital**

	31 March 2017	31 March 2016
Issued, subscribed and paid up capital (Refer note 11)		
Opening balance	2,500.00	1,500.00
Changes during the year	-	1,000.00
Closing balance	2,500.00	2,500.00

b **Other equity**

Particulars	Reserves and Surplus		Items of OCI	Total equity
	Share premium	Retained earnings		
	(Refer Note 13)			
As at 1 April 2015	-	(2.99)	-	(2.99)
Additions	1,500.00			1,500.00
Net income / (loss) for the year	- -	(627.99)	-	(627.99)
Other comprehensive income	-	-	-	-
Total	**1,500.00**	**(627.99)**	**-**	**872.01**
				-
				-
At 31 March 2016	1,500.00	(630.98)	-	869.02
Additions	-	-	-	-
Net income / (loss) for the year	-	(1,618.29)	-	(1,618.29)
Other comprehensive income	-	-	-	-
Total	-	(1,618.29)	-	(1,618.29)
At 31 March 2017	1,500.00	(2,249.27)	-	(749.27)

The accompanying Notes 1 to 44 form an integral part of these financial statements

For O.P. Bagla & Co.
Chartered Accountants
FRN 000018N

Partner

Place: New Delhi
Dated: 15.5.17

For and on behalf of the board

Director

Director

Company Secretary

O.P. BAGLA & CO.
New Delhi
Chartered Accountants

Accounting Policies under Ind AS
Standalone financial statements of Kajaria Bathware Private Limited for the year ended 31-March-2017

1. Corporate information

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

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

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

The financial statements of the Company for the year ended 31st March 2017 were authorized for issue in accordance with a resolution of the directors on 15th May, 2017.

2. Significant accounting policies

2.1 Basis of preparation

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

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

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 Rupees lacs, 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.

O.P. BAGLA & CO. CA New Delhi Chartered Accountants

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

b. Property, plant and equipment

i) Tangible assets

Under the previous GAAP (Indian GAAP), property, plant and equipment were carried in the balance sheet at cost net of accumulated depreciation 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.

O.P. BAGLA & CO. New Delhi Chartered Accountants

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.

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.

O.P. BAGLA & CO. New Delhi Chartered Accountants

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.

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:

O.P. BAGLA & CO.
New Delhi
Chartered Accountants

- 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 at fair value and investments at cost at each balance sheet date.

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

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

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

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

o. Financial instruments

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

O.P. BAGLA & CO. New Delhi Chartered Accountants

(a) Financial assets

Classification

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

Initial recognition and measurement

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

Subsequent measurement

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

- **Financial assets carried at amortised cost**

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

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

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

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

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

Derecognition

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

Investment in subsidiaries, joint ventures and associates

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

Impairment of financial assets

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

(b) Financial liabilities

Classification

The Company classifies all financial liabilities as subsequently measured at amortized cost, except for financial liabilities at fair value through profit or loss.

O.P. BAGLA & CO. New Delhi Chartered Accountants

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.

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.

- **Offsetting of financial instruments**

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

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.

O.P. BAGLA & CO. New Delhi Chartered Accountants

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

O.P. BAGLA & CO. ★ New Delhi ★ Chartered Accountants

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 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.

Amendments to Ind AS 7 "Statement of cash flows"

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

This amendment is effective for accounting period commencing on or after 1st April, 2017. The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

O.P. BAGLA & CO.
New Delhi
Chartered Accountants

Kajaria Bathware Private Limited
Notes to financial statement for the year ended 31 March 2017

Note 3 : Property, plant and equipment

(Amount in Rupees lacs, unless otherwise stated)

Particulars	Freehold land	Building - Others	Building - Factory	Elec & Cabling	Plant and machinery	Plant and machinery - imported	Tools	Furniture & fixtures	Vehicles	Computers	Electric & Office equipments	Water distribution system	Lab equipments	Fire fighting equipment	Sales outlet	Total
Cost																
At 1 April 2015	175.25	82.85	-	-	-	-	-	2.39	-	8.19	-	-	-	-	-	268.67
Additions	-	33.50	1,376.07	62.93	1,525.00	963.09	49.96	27.95	34.64	9.14	33.41	75.45	2.31	31.27	59.47	4,284.20
Disposal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exchange differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As 31 March 2016	175.25	116.35	1,376.07	62.93	1,525.00	963.09	49.96	30.34	34.64	17.33	33.41	75.45	2.31	31.27	59.47	4,552.87
Additions	177.18	7.92	-	-	107.06	-	-	2.33	18.66	1.43	0.61	-	0.12	-	112.86	428.16
Disposal																-
As 31 March 2017	352.43	124.27	1,376.07	62.93	1,632.07	963.09	49.96	32.67	53.30	18.75	34.02	75.45	2.43	31.27	172.32	4,981.03
Depreciation and impairment																
At 1 April 2015	-	0.44	-	-	-	-	-	0.04	-	0.75	-	-	-	-	-	1.23
Additions	-	1.94	31.55	2.96	63.52	38.07	2.24	1.88	1.46	4.41	2.41	5.07	0.06	1.40	2.91	159.88
Disposal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As 31 March 2016	-	2.38	31.55	2.96	63.52	38.07	2.24	1.93	1.46	5.16	2.41	5.07	0.06	1.40	2.91	161.11
Additions	-	2.89	45.88	7.46	101.34	61.02	3.16	6.23	4.90	5.80	4.34	7.17	0.25	1.98	14.88	267.30
Disposal																-
As 31 March 2017	-	5.27	77.44	10.42	164.86	99.09	5.40	8.15	6.36	10.96	6.75	12.24	0.31	3.38	17.78	428.41
Net book value																
31 March 2017	352.43	119.00	1,298.63	52.51	1,467.21	864.00	44.56	24.52	46.94	7.79	27.27	63.21	2.13	27.89	154.54	4,552.62
31 March 2016	175.25	113.97	1,344.52	59.98	1,461.48	925.03	47.73	28.41	33.17	12.17	31.00	70.38	2.25	29.87	56.56	4,391.76
01 April 2015	175.25	82.41	-	-	-	-	-	2.34	-	7.44	-	-	-	-	-	267.44

Capital work in progress

	As at 01-04-2015	Additions/ Adjustments	Capitalized	As at 31-Mar-2016	Additions/ Adjustments	Capitalized	As at 31-Mar-2017
Land	-	-	-	-	177.18	177.18	-
Site Development	38.27	-	38.27	-	-	-	-
Buildings	995.62	181.97	1,172.57	5.02	1.64	6.66	-
Boundary Wall	64.33	-	64.33	-	-	-	-
Plant ,Equipments & Other Assets	1,545.77	853.79	2,341.12	58.44	92.02	108.63	41.83
Sales Outlet	-	59.46	59.46	-	112.86	112.86	-
	2,643.99	1,095.22	3,675.75	63.46	383.70	405.33	41.83
Expenditure pending allocation (Expenditure during construction period (net))	176.38	432.07	608.45	-	-	-	-
	2,820.37	1,527.29	4,284.20	63.46	383.70	405.33	41.83

O.P. BAGLA & CO. New Delhi Chartered Accountants

Kajaria Bathware Private Limited
Notes to financial statement for the year ended 31 March 2017

(Amount in Rupees lacs, unless otherwise stated)

Note 4 : Intangible assets

Particulars	Computer Software	Total
Cost		
At 1 April 2015	-	-
Additions	26.95	**26.95**
Disposal	-	-
As 31 March 2016	26.95	**26.95**
Additions	-	-
Disposal	-	-
As 31 March 2017	26.95	**26.95**
Amortisation and impairment		
At 1 April 2015	-	-
Additions	3.54	**3.54**
Disposal	-	-
As 31 March 2016	3.54	**3.54**
Additions	5.14	**5.14**
Disposal	-	-
As 31 March 2017	8.68	**8.68**
Net book value		
31 March 2017	18.27	18.27
31 March 2016	23.41	23.41
01 April 2015	-	-

Intangible assets under development

	As at 01-Apr-2015	Additions/ Adjustments	Capitalized	As at 31-Mar-2016	Additions/ Adjustments	Capitalized	As at 31-Mar-2017
Software under development	13.55	13.41	26.95	-	-	-	-
	13.55	13.41	26.95	-	-	-	-

O.P. BAGLA & CO.
New Delhi
Chartered Accountants

Kajaria Bathware Private Limited

Notes to financial statement for the year ended 31 March 2017

(Amount in Rupees lacs, unless otherwise stated)

Note 5 : Financial Assets	Non-Current 31 March 2017	31 March 2016	01 April 2015	Current 31 March 2017	31 March 2016	01 April 2015
Investments						
Investments in subsidiary - Non trade (Unquoted)						
Kajaria Sanitaryware Private Limited 10,332,000 (March 31, 2016 10,332,000, April 01, 2015 8,064,000 equity shares of Rs.10 each fully paid up)	1,123.92	1,123.92	806.40		-	-
	1,123.92	1,123.92	806.40	-	-	-
Aggregate value of unquoted investments	1,123.92	1,123.92	806.40			
Aggregate amount of impairment in value of investments			-			

Note 6 : Loans at amortised cost	31 March 2017	31 March 2016	01 April 2015	31 March 2017	31 March 2016	01 April 2015
Security deposits						
Unsecured Considered good	12.06	10.92	-	-	-	-
Loan to related party*						
Unsecured Considered good	2,215.24	1,618.64	-	-	-	-
Loan to employees						
Unsecured Considered good	-	-	-	3.92	0.71	1.51
Total loans at amortised cost	2,227.30	1,629.56	-	3.92	0.71	1.51

*Represent loan given to subsidiary company M/s Kajaria Sanitaryware Private Limited

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.

O.P. BAGLA & CO. New Delhi Chartered Accountants

Kajaria Bathware Private Limited
Notes to financial statement for the year ended 31 March 2017

(Amount in Rupees lacs, unless otherwise stated)

Note 7 : Other assets	Non-Current			Current		
	31 March 2017	31 March 2016	01 April 2015	31 March 2017	31 March 2016	01 April 2015
Capital advances (Unsecured)	-	-	94.07	-	-	-
Advance - Considered good						
Contractors & Suppliers	-	-	-	90.12	84.72	-
Prepaid expenses	-	-	-	16.58	16.92	-
TDS Receivable / balance with revenue authorities	100.88	53.19	-	165.35	405.72	218.36
	100.88	**53.19**	**94.07**	**272.05**	**507.36**	**218.36**

P.P. BAGLA & CO.
New Delhi
Chartered Accountants

Kajaria Bathware Private Limited
Notes to financial statement for the year ended 31 March 2017

(Amount in Rupees lacs, unless otherwise stated)

Note 8 : Inventories (As taken, valued and certified by the Management)

	31 March 2017	31 March 2016	01 April 2015
Raw Materials	297.91	390.61	123.41
Work-in-Process	59.76	207.12	-
Finished Goods	901.23	1,204.95	-
Stock In Trade	520.89	1,132.64	-
Stores and Spares	47.84	57.40	11.29
	1,827.63	2,992.72	134.70

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

Note 9 : Trade receivables
(Unsecured Considered Good, Unless otherwise stated)

	31 March 2017	31 March 2016	01 April 2015
Trade receivables - Others	1,355.22	989.74	-
	1,355.22	989.74	-

No trade receivables are due from directors of the company or any firm or private company in which any director is a partner or director.

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

Note 10 : Cash and cash equivalent

Particulars	31 March 2017	31 March 2016	01 April 2015
Balance with banks	69.26	40.45	36.68
Cash on hand	2.24	6.11	0.36
	71.50	46.56	37.04

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

Particulars	31 March 2017	31 March 2016	01 April 2015
Balance with banks			
- In current accounts	69.26	40.45	36.68
Cash on hand	2.24	6.11	0.36
	71.50	46.56	37.04

Specified Bank Notes (SBN) disclosure

Disclosure related to details of Specified Bank Notes (SBN) held and transacted during the period 08 November 2016 to 30 December 2016:

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	4.71	0.79	5.50
(+) Withdrawal from Bank accounts			-
(+) Permitted receipts		2.01	2.01
(-) Permitted payments		(0.32)	(0.32)
(-) Amount deposited in Banks	(4.71)		(4.71)
Closing cash in hand as on 30.12.2016	-	**2.48**	**2.48**

Note 11 : Other financial assets

	31 March 2017	31 March 2016	01 April 2015
Other dues from related party (Management consultancy charges)	121.08	-	-
	121.08	-	-

Break up of financial assets carried at amortised cost:

	31 March 2017	31 March 2016	01 April 2015
Investments	1,123.92	1,123.92	806.40
Security Deposits	12.06	10.92	-
Loans to Related Parties	2,336.32	1,618.64	-
Cash and Cash Equivalents	71.50	46.56	37.04
Trade Receivables	1,355.22	989.74	-
Other Loans	3.92	0.71	1.51
Total	**4,902.94**	**3,790.49**	**844.95**

O.P. BAGLA & CO. New Delhi Chartered Accountants

Kajaria Bathware Private Limited
Notes to financial statement for the year ended 31 March 2017

(Amount in Rupees lacs, unless otherwise stated)

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 01 April, 2015
Note 12 : Equity Share capital			
a) Authorised Share Capital			
Equity share capital			
2,50,00,000 shares (31 March 2016: 2,50,00,000 shares; 01 April 2015: 1,50,00,000 shares) of par value of Rs. 10 each	2,500.00	1,500.00	1,500.00
Increase / (decrease) during the year	-	1,000.00	-
Total	**2,500.00**	**2,500.00**	**1,500.00**
b) Issued, subscribed and paid up capital			
Equity share capital			
2,50,00,000 shares (31 March 2016: 2,50,00,000 shares; 01 April 2015: 1,50,00,000 shares) of par value of Rs. 10 each	2,500.00	1,500.00	1,500.00
Changes in Equity share capital during the year	-	1,000.00	-
	2,500.00	**2,500.00**	**1,500.00**

c) During the year, the company has not issued or bought back any share.

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

Particulars	Number of shares 31 March, 2017	31 March, 2016	01 April, 2015
Shares outstanding at the beginning of the year	25,000,000	15,000,000	15,000,000
Shares issued during the year	-	10,000,000	-
Shares outstanding at the end of the year	**25,000,000**	**25,000,000**	**15,000,000**

Particulars	Amount of share capital 31 March, 2017	31 March, 2016	01 April, 2015
Shares Capital at the beginning of the year	250,000,000	150,000,000	150,000,000
Shares issued during the year	-	100,000,000	-
Shares Capital at the end of the year	**250,000,000**	**250,000,000**	**150,000,000**

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

The Company has only one class of Issued, subscribed and paid up equity shares having a par value of Rs. 10/- each per share. Each holder of equity shares is entitled to one vote per share. 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.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive assets of the Company remaining after settlement of all liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

e) Kajaria Ceramics Ltd is the holding company of the company and. Shares held by such holding company are mentioned in hereunder. The company has a subsidiary Kajaria Sanitaryware Private Limited.

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

Particulars	31 March, 2017 Number of shares held	% of holding	31 March, 2016 Number of shares held	% of holding	1 April, 2015 Number of shares held	% of holding
Kajaria Ceramics Limited*	25,000,000	100%	25,000,000	100%	15,000,000	100%

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

O.P. BAGLA & CO. ★ New Delhi ★ Chartered Accountants

Kajaria Bathware Private Limited

Notes to financial statement for the year ended 31 March 2017

(Amount in Rupees lacs, unless otherwise stated)

Note 13 : Other Equity

Particulars	Amount
Reserves and Surplus	
Security premium reserve	
At 01 April 2015	-
Add: Acquisition during the period	1500.00
At 31 March 2016	1500.00
Changes during the period	-
Closing balance as at 31 Mar 2017	**1500.00**
Retained earnings	
At 01 April 2015	(2.99)
Add: Acquisition during period	-
Profit/(loss) during the period	(627.99)
At 31 March 2016	(630.98)
Profit/(loss) during the period	(1618.29)
Closing balance as at 31 Mar 2017	**(2249.27)**
Total other equity at	
As at 31 March 2017	(749.27)
As at 31 March 2016	869.02
As at 01 April 2015	(2.99)

O.P. BAGLA & CO. New Delhi Chartered Accountants

(Amount in Rupees lacs, unless otherwise stated)

Note 14 : Provisions	Non-Current			Current		
Provision for employee benefits	31 March 2017	31 March 2016	01 April 2015	31 March 2017	31 March 2016	01 April 2015
Gratuity	10.51	-	-	0.07	-	-
Accumulated leaves	25.63	-	-	12.38	14.77	0.90
	36.14	-	-	12.45	14.77	0.90

(Refer notes 29 & 41 for Ind AS 19 disclosures)

Note 15 : Financial Liabilities	Non-Current			Current		
	31 March 2017	31 March 2016	01 April 2015	31 March 2017	31 March 2016	01 April 2015
Borrowings						
Term Loans (secured) *						
From banks	1,600.00	2,200.00	-	-	-	-
Buyers Credit Facility (secured) *						
From banks	-	-	-	302.05	-	-
Working Capital Loans - (Secured) *						
From banks	-	-	-	223.25	1,122.33	-
Unsecured loan **						
From Related Party	6,218.36	4,023.76	2,437.49	-	-	-
Total borrowings	7,818.36	6,223.76	2,437.49	525.31	1,122.33	-

*** TERM LOAN**

Secured against exclusive charge on immovable and movable assets of the company, both present & future. Rate of Interest is 1.75% above the base rate. Present rate is 9.65% p.a. The loan is repayable in 14 quarterly installments of Rs 150 lacs each and 2 quarterly installments of Rs. 200 lacs each w.e.f. December 2016 till August 2020.

Above loan is further secured by gaurantee of Holding Company M/s, Kajaria Ceramics Limited

*** BUYERS CREDIT**

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 1.75% above the base rate. Present rate is 11.40% p.a.

Above loan is further secured by gaurantee of Holding Company M/s, Kajaria Ceramics Limited

*** WORKING CAPITAL LOAN**

Secured against 1st charge on Inventories and Book debts of the company, both present & future. Rate of Interest is 1.75% above the base rate. Present rate is 9.30% p.a. The loan is repayable on demand.

Above loan is further secured by gaurantee of Holding Company M/s, Kajaria Ceramics Limited

Represent amount borrowed, repayable on demand, from
** M/s Kajaria Ceramics Ltd - Holding Company. Bearing interest @ 9% p.a.

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

O.P. BAGLA & CO. New Delhi Chartered Accountants

Kajaria Bathware Private Limited
Notes to financial statement for the year ended 31 March 2017

(Amount in Rupees lacs, unless otherwise stated)

Note 16 : Trade Payables

	Non-Current			Current		
Trade Payables:	31 March 2017	31 March 2016	01 April 2015	31 March 2017	31 March 2016	01 April 2015
Dues of Micro and Small Enterprises	-	-	-	-	-	-
Dues to others	-	-	-	458.84	297.02	22.48
	-	-	-	458.84	297.02	22.48

Terms and conditions of the above trade payables:
Trade payables are non-interest bearing and are normally settled within 45 days.
For explanations on the Company's credit risk management processes, refer to Note 35.

Note 17 : Other Financial Liabilities

	Non-Current			Current		
	31 March 2017	31 March 2016	01 April 2015	31 March 2017	31 March 2016	01 April 2015
(At amortised cost)						
Current maturities of long term debts	-	-	-	600.00	300.00	-
Amount payable to capital creditors	-	-	-	-	35.46	382.23
Deposit Received	-	-	-	128.81	84.11	-
Retention money	-	-	-	-	18.14	18.15
Interest Accrued But Not Due	-	-	-	1.53	-	-
Outstanding Liabilities	-	-	-	175.72	-	-
Others	-	-	-	-	177.66	-
	-	-	-	906.05	615.37	400.38

Break-up of financial liabilities carried at amortised cost

	31 March 2017	31 March 2016	01 April 2015
Trade Payables	458.84	297.02	22.48
Other financial liabilities	906.05	615.37	400.38
Borrowings (current)	525.31	1,122.33	-
Borrowings (non current)	7,818.36	6,223.76	2,437.49
	9,708.55	**8,258.47**	**2,860.36**

O.P. BAGLA & CO. New Delhi Chartered Accountants

Kajaria Bathware Private Limited
Notes to financial statement for the year ended 31 March 2017

(Amount in Rupees lacs, unless otherwise stated)

	Non-Current			Current		
Note 18 : Other Current liabilities	31 March 2017	31 March 2016	01 April 2015	31 March 2017	31 March 2016	01 April 2015
Advance from Customers	-	-	-	52.21	19.42	-
Statutory Dues Payable	-	-	-	156.12	160.70	35.01
	-	-	-	208.33	180.12	35.01

Note 19 : Current Tax Liability (Net)						
Provision for :						
Income Taxes	-	-	-	-	-	0.17
	-	-	-	-	-	0.17

O.P. BAGLA & CO. ★ New Delhi ★ Chartered Accountants

Kajaria Bathware Private Limited
Notes to financial statement for the year ended 31 March 2017

(Amount in Rupees lacs, unless otherwise stated)

Note 20 : Revenue from operations

Particulars	31 March 2017	31 March 2016
Sales		
Manufacturing- Faucet Items	2,651.73	1,081.26
Trading- Faucet Items	1,343.83	884.63
Trading- Sanitaryware Items	2,177.13	1,570.57
Total sale of products	**6,172.69**	**3,536.46**
Other operating revenue		
Scrap sales	80.76	86.70
Sundry Balances Written Back	3.57	-
	84.33	**86.70**
Total	**6,257.02**	**3,623.16**

Sale of goods includes excise duty collected from customers of Rs. 372.68 lacs (31 March 2016: Rs. 183.00 lacs).

Note 21 : Other Income

Particulars	31 March 2017	31 March 2016
Rent Income	-	3.00
Interest income	209.71	81.99
Net foreign exchange gain	19.71	15.07
	229.42	100.06

Note 22 : Cost of materials consumed

Particulars	31 March 2017	31 March 2016
Raw Material & Packing Material Consumed	1,174.12	1,234.24
Cost of material consumed	1,174.12	1,234.24

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

Particulars	31 March 2017	31 March 2016
Closing stock		
Faucet Items - FG	901.23	1,204.95
Faucet Items - Trading	177.13	330.56
Sanitaryware Items - Trading	343.76	802.08
Faucet Items - WIP	59.76	207.12
	1,481.88	2,544.71
Faucet Items - Received from Trial Run Production	-	292.58
Opening stock		
Faucet Items - FG	1,204.95	-
Faucet Items - Trading	330.56	-
Sanitaryware Items - Trading	802.08	-
Faucet Items - WIP	207.12	-
	2,544.71	
(Increase) / decrease		
- Finished goods	1,062.82	(2252.13)
Net (Increase)/decrease in inventory	1,062.82	(2252.13)

Note 24 : Employee benefit expense

Particulars	31 March 2017	31 March 2016
Salary, wages, bonus and allowance including management charges	1,728.16	1,004.16
Contribution to provident fund and other funds	72.44	31.51
Staff Welfare expenses	41.87	45.12
Less: Recovery of expenses *	(800.00)	(440.61)
	1,042.47	640.18

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

O.P. BAGLA & CO. New Delhi Chartered Accountants

Kajaria Bathware Private Limited
Notes to financial statement for the year ended 31 March 2017

(Amount in Rupees lacs, unless otherwise stated)

Note 25 : Finance Cost

Particulars	31 March 2017	31 March 2016
Interest on debts and borrowings	301.68	188.18
Others	365.84	227.75
	667.52	415.93

Note 26 : Depreciation and amortization expense

Particulars	31 March 2017	31 March 2016
Depreciation of property, plant and equipment (Refer to note 3)	267.30	159.88
Amortisation of intangible assets (Refer to note 4)	5.14	3.54
	272.44	163.42

Note 27 : Other expenses

Particulars	31 March 2017	31 March 2016
Power & Fuel	140.45	97.90
Stores Consumed	83.37	78.12
Excise Duty Variance on Inventory	(33.75)	133.88
Repair & Maintenance		
-Buildings	7.81	8.59
-Machinery	4.44	1.81
-Other	2.62	7.93
Auditor's Remuneration		
-As Audit Fee	6.19	3.00
-For Other matters	0.43	1.26
Legal & Professional Expenses	6.03	0.97
Communication Expense	62.23	23.65
Rent Expenses	23.79	20.13
Advertisement & Sales Promotion Expenses	593.62	333.25
Freight, Handling & Distribution Expenses	263.33	149.52
Rates & Taxes	3.54	2.32
Filing Expenses	-	10.12
Printing & Stationary	12.09	7.40
Insurance Exp	23.49	3.25
Travelling & Conveyance Expense	431.80	257.08
Security Charges	32.38	20.16
Vehicle Running & Maintenance Expenses	10.44	5.34
Miscellaneous Expenses	24.88	12.66
	1,699.18	1,178.34

O.P. BAGLA & CO. ★ New Delhi ★ Chartered Accountants

Kajaria Bathware Private Limited
Notes to financial statement for the year ended 31 March 2017

(Amount in Rupees lacs, unless otherwise stated)

Note -28
Earning per share

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

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

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

Particulars	31 March 2017	31 March 2016
Profit attributable to equity holders of the Company:		
Continuing operations	(1,618.29)	(627.99)
Discontinued operations	-	-
Profit attributable to equity holders for basic earnings	**(1618.29)**	**(627.99)**
Dilution effect	-	-
Profit attributable to equity holders adjusted for dilution effect	(1618.29)	(627.99)
Weighted Average number of equity shares used for computing Earning Per Share (Basic & Diluted) *	25,000,000	20,000,000

* 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	(6.47)	(3.14)
Diluted	(6.47)	(3.14)
Face Value per equity share	10.00	10.00

O.P. BAGLA & CO.
New Delhi
Chartered Accountants

(Amount in Rupees Lacs, unless otherwise stated)

Note - 29

Defined Contribution Plans - General Description

Retirement benefits in the form of provident fund, superannuation fund and national pension scheme are defined contribution schemes. The Company has no obligation, other than the contribution payable to the provident fund. The Company's contribution to the provident fund is Rs. 63.94 lakhs (31 March 2016 Rs. 39.27 lakhs)

Defined Benefit Plans - General Description

Gratuity:

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

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

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

	31 March 2017	31 March 2016	1 April 2015
Defined benefit obligation at the beginning of the year	-	-	-
Current service cost	10.58	-	-
Interest cost	-	-	-
Benefits paid	-	-	-
Actuarial (gain)/ loss on obligations - OCI	-	-	-
Defined benefit obligation at the end of the year	**10.58**	**-**	**-**

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

	31 March 2017	31 March 2016	1 April 2015
Fair value of plan assets at the beginning of the year	-	-	-
Contribution by employer	-	-	-
Return on plan assets	-	-	-
Benefits paid	-	-	-
Expected Interest Income on plan assets	-	-	-
Acturial gain/(loss) on plan asset	-	-	-
Fair value of plan assets at the end of the year	-	-	-

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

	31 March 2017	31 March 2016	1 April 2015
Fair value of plan assets	-	-	-
Defined benefit obligation	10.58	-	-
Amount recognised in the Balance Sheet	**10.58**	**-**	**-**

Amount recognised in Statement of Profit and Loss:

	31 March 2017	31 March 2016
Current service cost	10.58	-
Net interest expense	-	-
Amount recognised in Statement of Profit and Loss	**10.58**	**-**

Amount recognised in Other Comprehensive Income:

	31 March 2017	31 March 2016
Actuarial changes arising from changes in demographic assumptions	-	-
Actuarial changes arising from changes in financial assumptions	-	-
Return on plan assets (excluding amounts included in net interest expense)	-	-
Experience adjustments	-	-
Amount recognised in Other Comprehensive Income	-	-

O.P. BAGLA & CO. New Delhi Chartered Accountants

Kajaria Bathware Private Limited
Notes to financial statement for the year ended 31 March 2017

(Amount in Rupees Lacs, unless otherwise stated)

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

	31 March 2017	31 March 2016	1 April 2015
Discount rate	7.50%	-	-
Future salary increases	5.00%	-	-
Attrition Rate	30.00%	-	-
Retirerment age	60 years	-	-

A quantitative sensitivity analysis for significant assumption as at 31 March 2017 is as shown below:

Gratuity Plan	Sensitivity level		Impact on DBO	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Assumptions				
Discount rate	+1%	-	(0.30)	-
	-1%	-	0.32	-
Future salary increases	+1%	-	0.32	-
	-1%	-	(0.31)	-
Withdrawal rate	+1%	-	(0.45)	-
	-1%	-	0.46	-

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.
Sensitivities due to mortality and withdrawals are insiginificant and hence ignored.
Sensitivities as to rate of inflation, rate of increase of pensions in payments, rate of increase of pensions before retirement & life expectancy are not applicable being a lump sum benefit on retirement.

The following payments are expected contributions to the defined benefit plan in future years (In absolute terms i.e. undiscounted):

	31 March 2017	31 March 2016
01 Apr 2017 to 31 Mar 2018	-	-
01 Apr 2018 to 31 Mar 2019	-	-
01 Apr 2019 to 31 Mar 2020	2.93	-
01 Apr 2020 to 31 Mar 2021	9.96	-
01 Apr 2021 to 31 Mar 2022	10.75	-
01 Apr 2022 Onwards	12.28	-
Total expected payments	**35.92**	-

The average duration of the defined benefit plan obligation at the end of the reporting period is 24 years (31 March 2016: NA).

O.P. BAGLA & CO. New Delhi Chartered Accountants

Kajaria Bathware Private Limited

Notes to financial statement for the year ended 31 March 2017

(Amount in Rupees lacs, unless otherwise stated)

Note -30

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:

Rs in Lakhs

	Particulars	March 31, 2017	March 31, 2016	April 1, 2015
(a)	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year			
	Principal amount due to micro and small enterprises	-	-	-
	Interest due on above	-	-	-
(b)	The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-	-
(c)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	-	-	-
(d)	The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-	-
(e)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	-	-	-

O.P. BAGLA & CO. ★ New Delhi ★ Chartered Accountants

(Amount in Rupees lacs, unless otherwise stated)

Note -31

Segment Reporting

The business activity of the company falls within one broad business segment viz. "Sanitaryware and Bathware fittings" and substantially sale of the product is within the country. The Gross income and profit from the other segment is below the norms prescribed in Ind AS 108 Hence the disclosure requirement of Indian Accounting Standard 108 of "Segment Reporting" issued by the Institute of Chartered Accountants of India is not considered applicable.

O.P. BAGLA & CO. New Delhi Chartered Accountants

(Amount in Rupees lacs, unless otherwise stated)

Note -32
Related party disclosures
Names of related parties and description of relationship

Name of the related party	Relationship
Kajaria Ceramics Limited	Holding Company
Kajaria Sanitaryware Private Limited	Subsidiary Company
Mr. Ashok Kajaria	Key Managerial Person (Director)
Mr. Chetan Kajaria	Key Managerial Person (Director)
Mr. Rishi Kajaria	Key Managerial Person (Director)
Mr. Rajveer Chaudhary	Key Managerial Person (Additional Director)

Holding Company

Transactions during the period/ year:

	31-Mar-17	31-Mar-16
Equity contribution received (including Securities premium)	-	2,500.00
Amount borrowed (Net)	1882.00	1,311.00
Sale of goods (Net)	0.09	2.78
Rent received	-	3.00
Rent Paid	12.00	14.00
Interest paid	347.33	305.85
Reimbursement of Expenses	41.64	204.03

Subsidiary Company

Transactions during the period/ year:

	31-Mar-17	31-Mar-16
Investment in Equity Shares	-	317.52
Loan Given (Net)	410.00	1,215.00
Sale of goods (Net)		
Rent received	-	
Recovery of Expenses (Net)	611.86	574.80
Interest Income	207.33	86.77

Closing Balances -

	31-Mar-17	31-Mar-16	01-Apr-15
Subsidiary Company - Debit	2,336.32	1,618.64	-
Holding Company - Credit	6,218.36	4,023.76	2,437.49

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2017, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2016: INR Nil, 1 April 2015: 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.

Remuneration paid to any Key Managerial Person is Rs. Nil (31 March 2016 Rs. Nil).

O.P. BAGLA & CO. New Delhi Chartered Accountants

(Amount in Rupees lacs, unless otherwise stated)

33. Fair values

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

	Carrying value			Fair value		
	As at 31-Mar-17	As at 31-Mar-16	As at 01-Apr-15	As at 31-Mar-17	As at 31-Mar-16	As at 01-Apr-15
Financial assets						
Investments	1,123.92	1,123.92	806.40	1,123.92	1,123.92	806.40
Loans	2,231.22	1,630.27	1.51	2,231.22	1,630.27	1.51
Trade receivables	1,355.22	989.74	-	1,355.22	989.74	-
Cash and cash equivalents	71.50	46.56	37.04	71.50	46.56	37.04
Other bank balances	-	-	-	-	-	-
Other financial assets	121.08	-	-	121.08	-	-
Total	**4,902.94**	**3,790.49**	**844.95**	**4,902.94**	**3,790.49**	**844.95**
Financial liabilities						
Financial liabilities measured at amortised cost						
Long term borrowings	7,818.36	6,223.76	2,437.49	7,818.36	6,223.76	2,437.49
Short term borrowings	525.31	1,122.33	-	525.31	1,122.33	-
Current maturities of long term debt	600.00	300.00	-	600.00	300.00	-
Trade payables	458.84	297.02	22.48	458.84	297.02	22.48
Security deposits received	-	-	-	-	-	-
Interest bearing deposits from customers	128.81	84.11	-	128.81	84.11	-
Creditors for capital expenditures	-	35.46	382.23	-	35.46	382.23
Creditors for expenses	-	-	-	-	-	-
Oustanding liabilities	175.72	177.66	-	175.72	177.66	-
Other payables	1.53	18.14	18.15	1.53	18.14	18.15
Total	**9,708.55**	**8,258.46**	**2,860.35**	**9,708.55**	**8,258.46**	**2,860.35**

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.

The Company determines fair values of fianncial assets or liabilities by discounting the contractual cash inflows / outflows using prevailing interest rates of financial instruments with similar terms. The initial measurement of financial assets and financial liabilities is at fair value. Further, the subsequent measurements of all assets and liabilities is at amortised cost, using effective interest rate method.

The following methods and assumptions were used to estimate the fair values:

- The fair value of the Company's interest bearings borrowings are determined using discount rate that reflects the entity's discount rate at the end of the reporting period. The own non-performance risk as at the reporting period is assessed to be insignificant.

- The fair value of unquoted instruments and other financial assets and liabilities is estimated by discounting future cash flows using rates using rates currently applicable for debt on similar terms, credit risk and remaining maturities.

New Delhi
Chartered Accountants

Note: 34

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 in active markets for identical assets or liabilities.

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.

O.P. BAGLA & CO.
New Delhi
Chartered Accountants

(Amount in Rupees lakhs, unless otherwise stated)

34. Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2017:

	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
Security deposits	31-Mar-17	12.06	-	-	12.06

There have been no transfers between Level 1 and Level 2 during the period.

Quantitative disclosures fair value measurement hierarchy for liabilities as at 31 March 2017:

	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities measured at fair value:					
Borrowings	31-Mar-17	8,343.67	-	-	8,343.67

There have been no transfers between Level 1 and Level 2 during the period.

Quantitative disclosures fair value measurement hierarchy for liabilities as at 31 March 2016:

	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
Security deposits	31-Mar-16	10.92	-	-	10.92

There have been no transfers between Level 1 and Level 2 during the year ended 31 March 2016.

Quantitative disclosures fair value measurement hierarchy for liabilities as at 31 March 2016:

	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities measured at fair value:					
Borrowings	31-Mar-16	7,346.09	-	-	7,346.09

There have been no transfers between Level 1 and Level 2 during year ended 31 March 2016.

Quantitative disclosures fair value measurement hierarchy for assets as at 1 April 2015:

	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
Security deposits	01-Apr-15	-	-	-	-

Quantitative disclosures fair value measurement hierarchy for liabilities as at 1 April 2015:

	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities measured at fair value:					
Borrowings	01-Apr-15	2,437.49	-	-	2,437.49

Valuation technique used to determine fair value:

Security Deposit and loan: Discounted Cash flow method using risk adjusted discount rate

O.P. Bagla & Co. New Delhi Chartered Accountants

35. Financial risk management objectives and policies

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

The Company is exposed to market risk, credit risk and liquidity risk. The Company's management oversees the management of these risks. The Company's senior management is supported by a Risk Management Compliance Board that advises on financial risks and the appropriate financial risk governance framework for the Company. The financial risk committee provides assurance to the Company's management 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 2017 and 31 March 2016.

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

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

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

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 In lacs
31-Mar-17		
INR	+50	16.00
INR	-50	(16.00)
31-Mar-16		
INR	+50	10.00
INR	-50	(10.00)

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
		INR in Lacs
31-Mar-17	+5%	(6.69)
	-5%	6.69
31-Mar-16	+5%	1.92
	-5%	(1.92)

	Change in EURO rate	Effect on profit before
		INR in Lacs
31-Mar-17	+5%	(4.53)
	-5%	4.53
31-Mar-16	+5%	0.04
	-5%	(0.04)

O.P. BAGLA & CO. New Delhi Chartered Accountants

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

II. Credit risk

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

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

A. Trade receivables

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

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

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

B. Financial instruments and cash deposits

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

III. Liquidity risk

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

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

(Rs. In Lacs)

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Year ended 31-Mar-17						
Borrowings*	223.25	256.34	45.72	7,818.36	-	8,343.67
Trade payables	-	458.84	-	-	-	458.84
Other financial liabilities	304.53	151.39	450.13	-	-	906.05
	527.78	**866.56**	**495.85**	**7,818.36**	**-**	**9,708.55**
Year ended 31-Mar-16						
Borrowings*	1,122.33	-	-	6,223.76	-	7,346.09
Trade payables	-	297.02	-	-	-	297.02
Other financial liabilities	84.11	213.06	318.20	-	-	615.37
	1,206.43	**510.08**	**318.20**	**6,223.76**	**-**	**8,258.47**
As at 1 April 2015						
Borrowings*	-	-	-	2,437.49	-	2,437.49
Trade payables	-	22.48	-		-	22.48
Other financial liabilities	-	382.23	-	18.16	-	400.39
	-	**404.71**	-	**2,455.65**	-	**2,860.36**

* 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.

O.P. BAGLA & CO. New Delhi Chartered Accountants

Kajaria Bathware Private Limited
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017
(Amount in Rupees Lakh, unless otherwise stated

Note: 36
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 2017.

	At 31 March 2017	At 31 March 2016	At 1 April 2015
Borrowings	8,943.67	7,646.09	2,437.49
Net debts	**8,943.67**	**7,646.09**	**2,437.49**
Total Equity	**1,750.73**	**3,369.02**	**1,497.01**
Gearing ratio (%)	510.9%	227.0%	162.8%

O.P. BAGLA & CO. New Delhi Chartered Accountants

(Amount in Rupees lacs, unless otherwise stated)

37. CONTINGENT LAIBILITY & CAPITAL COMMITMENT

	AS AT 31-3-2017	AS AT 31-3-2016	AS AT 1/4/2015
Estimated amount of contracts remaining to be executed on Capital Account (Net of Advances) and not provided for :	69.32	NIL	321.73
Outstanding Letter of Credit opened in favour of overseas suppliers (Guaranteed by Holding Company	NIL	NIL	176.11

38. Deferred Tax Asset/Liability

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

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

39. Balances appearing in the current assets and current liabilities as receivable/payable to different parties are subject to confirmation from the respective party.

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

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

O.P. BAGLA & CO. New Delhi Chartered Accountants

KAJARIA BATHWARE PRIVATE LIMITED
Notes to financial statement for the year ended 31 March 2017
(Amount in Rupees lacs, unless otherwise stated)

Particulars	**Un-availed leave**	**Income Tax**	Gratuity
Balance As on 1.4.2015	0.90	0.17	0
Provided During the year 15-16	14.48	0	0
Paid/Adjusted During the year 15-16	0.61	0.17	0
Balance As on 31.3.2016	14.77	0	0
Provided During the year 16-17	27.66	0	10.58
Paid/Adjusted During the year 16-17	4.42	0	0
Balance As on 31.03.2017	38.01	0	10.58

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

Particulars		**31-03-2017 (in Rs Lakhs)**		**31-03-2016 (in Rs Lakhs)**		**1-04-2015 (in Rs Lakhs)**	
		Foreign Currency	**Indian Rupee**	**Foreign Currency**	**Indian Rupee**	**Foreign Currency**	**Indian Rupee**
Advances							
For Goods and Services	EURO	0.05	3.71	0.01	1.02		
	USD	1.15	73.89	0.68	44.74	0.06	3.73
For Capital Items	EURO					0.04	2.94
	USD					0.18	11.38
Payables							
For Goods and Services	EURO	1.34	94.28	0.003	0.22		
	USD	3.17	207.77	0.10	6.27		
Payables for Capital Expenditure	EURO					0.04	2.46
	JPY					125.00	65.14

43. Disclosure of significant investments in subsidiaries:
1) Disclosure of investment in the following subsidiaries :

S.No.	**Name**	**Country of Incorporation**	**Ownership Interest of Kajaria Bathware Private Limited (%)**		
			As on 31.03.17	**As on 31.03.16**	**As on 1.04.15**
1	Kajaria Sanitaryware Pvt Ltd	India	82%	82%	64%

O.P. BAGLA & CO. New Delhi Chartered Accountants

44 First time adoption of Ind AS

These financial statements, for the year ended 31 March 2017, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP).
Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2015, the Company's date of transition to Ind AS. This note explains exemptions availed by the Company in restating its Previous GAAP financial statements, including the balance sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016.

Exemptions applied:
1. Mandatory exceptions;
a) Estimates
The estimates at 1 April 2015 and at 31 March 2016 are consistent with those made for the same dates in accordance with Previous GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Previous GAAP did not require estimation:
► Impairment of financial assets based on expected credit loss model

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at 1 April 2015, the date of transition to Ind AS and as of 31 March 2016.

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

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

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

O.P. BAGLA & CO.
CA
New Delhi
Chartered Accountants

Optional exemptions;

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

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

B. Lease:-
Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date
of transition to Ind AS, except where the effect is expected to be not material.

The company has elected to apply this exemption for such contracts/arrangements.

C. Business combinations:
Ind AS 101 allows a first-time adopter not to apply Ind AS 21 Effects of changes in Foreign Exchange Rates retrospectively for business combinations that occurred before the date of transition to Ind AS. In such cases, where the entity does not apply Ind AS 21 retrospectively to fair value adjustments and goodwill, the entity treats them as assets and liabilities of the acquirer entity and not as the acquiree.

The company has elected to apply this exemption.

D. Investment in subsidiaries, jointly controlled entities and associates in SFS :
At transition date, entity may choose to account for its investment at:
- Cost as per Ind AS 27 determined at transition date.
- Fair value as per Ind AS 113 (only on transition date).
- Previous GAAP carrying amount.
- Fair value as per Ind AS 109 (recurring fair valuation without recycling).

The company has elected to apply previous GAAP carrying amount exemption.

P. BAGLA & CO. New Delhi Chartered Accountants

KAJARIA BATHWARE PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017
(Amount in Rupees Lacs, unless otherwise stated)

Reconciliation of equity as at 1 April 2015

Particulars	Indian GAAP As at 1 April 2015	Ind AS adjustments	Ind AS As at 1 April 2015
I. ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipment	267.44	-	267.44
(b) Capital work-in-progress	2,820.37	-	2,820.37
(c) Intangible Assets	-	-	-
(d) Intangible assets under development	13.55	-	13.55
(e) Financial Assets			
(i) Investments	806.40	-	806.40
(ii) Loans	94.07	94.07	-
(f) Other non-current assets	-	(94.07)	94.07
(2) Current assets			
(a) Inventories	134.70	-	134.70
(b) Financial Assets			
(i) Trade and other receivables	-	-	-
(ii) Cash and cash equivalents	37.04	-	37.04
(iii) Loans	219.86	218.36	1.51
(iv) Other financial assets	-	-	-
(c) Other current assets	-	(218.36)	218.36
TOTAL	4,393.44	-	4,393.44
II. EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity Share capital	1,500.00	-	1,500.00
(b) Other Equity	(2.99)	-	(2.99)
(2) Non-current liabilities			
(a) Financial Liabilities			
(i) Long-term borrowings	2,437.49	-	2,437.49
(ii) Provisions			-
(iii) Other financial liabilities	-		-
(4) Current liabilities			
(a) Financial Liabilities			
(i) Short Term Borrowings			
(ii) Trade and other payables	404.71	382.23	22.48
(iii) Other financial liabilities	-	(400.38)	400.38
(b) Other current liabilities	53.15	18.14	35.01
(c) Provisions			-
(d) Short-term provisions	1.07	0.17	0.90
(e) Current Tax Liabilities (Net)	-	(0.17)	0.17
TOTAL	4,393.44	(0.00)	4,393.44

O.P. BAGLA & CO. New Delhi Chartered Accountants

(Amount in Rupees Lacs, unless otherwise stated)

Reconciliation of equity as at 31 March 2016

Particulars	Indian GAAP As at 31 March 2016	Ind AS adjustments	Ind AS As at 31 March 2016
I. ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipment	4,391.76	-	4,391.76
(b) Capital work-in-progress	63.46	-	63.46
(c) Intangible Assets	23.41	-	23.41
(d) Intangible assets under development	-	-	-
(e) Financial Assets			
(i) Investments	1,123.92	-	1,123.92
(ii) Loans	1,629.56	-	1,629.56
(f) Other non-current assets	-	(53.19)	53.19
(2) Current assets			
(a) Inventories	2,992.72	-	2,992.72
(b) Financial Assets			
(i) Trade and other receivables	989.74	-	989.74
(ii) Cash and cash equivalents	46.56	-	46.56
(iii) Bank balances other than (ii) above	-	-	
(iv) Loans	561.26	560.54	0.71
(v) Other financial assets	-	-	-
(c) Other current assets	-	(507.36)	507.36
TOTAL	11,822.39	-	11,822.39
II. EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity Share capital	2,500.00	-	2,500.00
(b) Other Equity	869.02	-	869.02
(2) Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	6,223.76	-	6,223.76
(b) Long-term provisions	-	-	-
(c) Deferred tax liabilities (Net)	-	-	
(4) Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	1,122.33	-	1,122.33
(ii) Trade and other payables	297.02	-	297.02
(iii) Other financial liabilities	-	(615.37)	615.37
(b) Other current liabilities	795.49	615.37	180.12
(c) Provisions	14.77	-	14.77
(d) Liabilities for current tax (net)		-	-
TOTAL	11,822.39	-	11,822.39

O.P. BAGLA & CO. New Delhi Chartered Accountants

(Amount in Rupees Lacs, unless otherwise stated)

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

Particulars		Indian GAAP Year ended 31 March 2016	GAAP adjustments Year ended 31-Mar-16	Ind AS Year ended 31 March 2016
Continuining Operations				
I	Revenue from operations	3,353.46	(269.70)	3,623.16
II	Other Income	186.76	86.70	100.06
III	**Total Revenue (I + II)**	**3,540.22**	**(183.00)**	**3,723.22**
IV	**EXPENSES**			
	(a) Cost of material consumed	1,234.24	-	1,234.24
	(b) Purchase of traded goods	2,788.35	-	2,788.35
	(c) Changes in inventories of finished goods, stock-in-trade and work in progress	(2,118.25)	133.88	(2,252.13)
	(d) Excise duty	-	(183.00)	183.00
	(e) Employee benefits expense	640.18	-	640.18
	(f) Finance costs	408.16	(7.77)	415.93
	(g) Depreciation and amortization expense	163.42	-	163.42
	(h) Other expenses	1,052.23	(126.11)	1,178.34
	Total Expenses (IV)	**4,168.33**	**(183.00)**	**4,351.33**
				-
V	**Profit/(loss) after tax from continuing operations (III - IV)**	**(628.11)**	**0.00**	**(628.11)**
VI	Tax expense:			
	Current Tax	(0.13)	-	(0.13)
VII	**Profit / (Loss) for the Year (V-VI)**	**(627.99)**	**-**	**(627.99)**
				-
VIII	**Other comprehensive income**			
	(i) Items that will not be reclassified to profit or loss	-	-	-
	(ii) Items that will be reclassified to profit or loss	-	-	-
IX	**Total comprehensive income for the period (VII + VIII)**	**(627.99)**	**-**	**(627.99)**

O.P. BAGLA & CO. New Delhi Chartered Accountants

Footnotes to the reconciliation of profit or loss for the year ended 31 March 2016

1 Sale of goods

Under Previous GAAP, sale of goods was presented as net of excise duty. However, under Ind AS, sale of goods includes excise duty. Excise duty on sale of goods is separately presented on the face of statement of profit and loss. Thus sale of goods under Ind AS has increased with a corresponding increase in other expense. There is, however, no impact on profit for the year on account of the same.

2 Re-classification

The company has reclassified previous year figures to conform to Ind AS classification.

In terms of our report of even date annexed
For O.P. Bagla & Co.
Chartered Accountants
FRN No. 000018N

Partner

Place: New Delhi
Dated: 15.5.17

O.P. BAGLA & CO.
New Delhi
Chartered Accountants

For and on behalf of the board

Director

Director

Company Secretary