

INDEPENDENT AUDITOR'S REPORT

TO

THE MEMBERS OF

VENNAR CERAMICS LIMITED

Report on Financial Statements

We have audited the accompanying financial statements of **VENNAR CERAMICS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with Accounting Standards referred to under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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



Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the Company as at 31st March, 2015, and its profit and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act and rules made thereunder, 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 and the Cash Flow Statement dealt with in the report are in agreement with the books of account.
 - d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) on the basis of the written representations received from the directors as on 31st March, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.



f) in respect of matters referred to in Rule 11 of Companies (Audit and Auditors) Rules, 2014, according to the information and explanations given to us, we state that:

- the company has no pending litigation as on March 31, 2015 requiring disclosure in the financial statements.
- the company is not required to make provision, as required under any law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts.
- there are no amounts to be transferred to Investor Education and Protection Fund.

For M.BHASKARA RAO & CO

Chartered Accountants

(Firm's Registration No. 000459S)

Place: *Hyderabad*

Date: *27.04.2015*



V. Raghunandan

(V Raghunandan)

PARTNER

(Membership No.26255)

**Annexure to the Auditors' Report
(Statement referred to in paragraph 1 of our report of even date)**

- i) (a) The Company's fixed asset register showing full particulars including the quantitative details and situation of fixed assets is under compilation.
- (b) As explained to us, the management has physically verified the major items of the fixed assets during the year. As reported to us, there were no discrepancies found during such verification.
- ii) (a) Physical verification of inventories has been conducted during the year by the management. In our opinion, the frequency of the verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) In our opinion, the Company is maintaining proper records of inventories and based on the information and explanations given to us, discrepancies noticed on physical verification were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account.
- iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act 2013. Hence reporting under Clause (iii) (a) and (b) of paragraph 3 of the Companies (Auditor's Report) Order 2015, does not arise for the year under report.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and nature of its business with regard to purchase of inventory, fixed assets, sale of goods and services. In our opinion and according to the information and explanations given to us, there are no major weaknesses in internal control system of the company.
- v) The Company has not accepted any deposits from the public during the year.
- vi) The Company is maintaining cost records as prescribed by central government under sub section (1) of Section 148 of the Companies Act, 2013.
- vii) (a) According to the information and explanations given to us, the company has been generally regular in depositing the dues in respect of Provident Fund, Employees' State Insurance, Income Tax, Wealth Tax, Service Tax, Customs duty, Excise Duty, Value Added Tax, Cess and other statutory dues with the appropriate authorities, and there were no such amounts outstanding as at 31st March 2015 for a period of more than six months from the date they became payable.



(b) According to the information and explanations given to us, there are no dues of Income Tax, Wealth Tax, Value Added Tax, Customs duty, Service Tax, Excise duty or Cess, which have not been deposited on account of their being disputed by the company, as at 31st March 2015.

(c) There are no amounts that are required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made there under.

- viii) The Company has no accumulated losses as at 31st March, 2015. The Company has not incurred any cash losses in the financial year under report and in the immediately preceding financial year.
- ix) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank.
- x) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xi) According to the information and explanations given to us, term loan taken have been utilized for the purposes for which these are obtained.
- xii) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

For **M. Bhaskara Rao & Co.,**
Chartered Accountants
Firm Registration No. 000459 S



V. Raghunandan
(V.Raghunandan)
Partner
Membership No.26255

Place: Hyderabad

Date: 27-04-2015

VENNAR CERAMICS LIMITED

BALANCE SHEET AS AT 31st Mar, 2015

| | NOTE | AS AT 31.03.2015 Rs.in Lakhs | AS AT 31.03.2014 Rs.in Lakhs |
|---------------------------------------|------|------------------------------------|------------------------------------|
| <u>EQUITY AND LIABILITIES</u> | | | |
| <u>Shareholders' Funds</u> | | | |
| Share Capital | 2 | 1,500.00 | 1,500.00 |
| Reserves and Surplus | 3 | 1,265.98 | 845.81 |
| | | 2,765.98 | 2,345.81 |
| <u>Non-current Liabilities</u> | | | |
| Long-term borrowings | 4 | 3,016.01 | 3,879.35 |
| Deferred tax liabilities | 5 | 349.08 | 124.15 |
| Long-term provisions | 6 | 17.47 | 10.14 |
| | | 3,382.56 | 4,013.63 |
| <u>Current liabilities</u> | | | |
| Short-term Borrowings | 7 | 536.42 | 1,156.17 |
| Trade payables | 8 | 465.99 | 600.05 |
| Other current liabilities | 9 | 1,004.08 | 598.24 |
| Short-term provisions | 10 | 129.07 | 43.43 |
| | | 2,135.56 | 2,397.89 |
| TOTAL | | 8,284.10 | 8,757.33 |
| <u>ASSETS</u> | | | |
| <u>Non-current Assets</u> | | | |
| Fixed assets | | | |
| Tangible assets | 11 | 6,051.93 | 6,145.99 |
| Intangible assets | 12 | 12.49 | 18.28 |
| Capital Work-in-Progress | | 0.00 | 2.74 |
| Long-term loans and advances | 13 | 26.95 | 26.95 |
| | | 6,091.37 | 6,193.96 |
| <u>Current Assets</u> | | | |
| Inventories | 14 | 1,619.18 | 951.45 |
| Trade receivables | 15 | 114.63 | 1,368.48 |
| Cash and bank balances | 16 | 43.04 | 19.49 |
| Short-term loans and advances | 17 | 41.98 | 55.28 |
| Other current assets | 18 | 373.90 | 168.67 |
| | | 2,192.73 | 2,563.37 |
| TOTAL | | 8,284.10 | 8,757.33 |

Significant Accounting Policies 1

The accompanying Notes 1 to 41 form an integral part of these financial statements.

As per our report of even date attached.

For M.Bhaskara Rao & Co.,
Chartered Accountants.

V Raghunandan
Partner.
M.No.26255

PLACE : Hyderabad
DATE : 27.04.2015



For and on behalf of the Board

SVS Shetty
Director

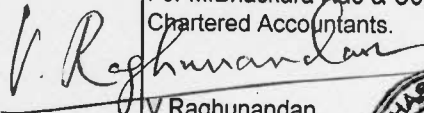

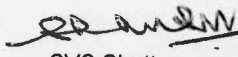
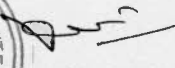
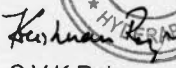


C V K Raju
Chief Executive Officer

Arun Kumar Bagla
Director

VENNAR CERAMICS LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st Mar, 2015

| | NOTE | YEAR ENDED 31.03.2015 Rs.in Lakhs | YEAR ENDED 31.03.2014 Rs.in Lakhs |
|--|---|---|---|
| <u>Revenue:</u> | | | |
| Revenue from operations | 19 | 8,233.63 | 7,546.67 |
| Less: Excise Duty | | 1,262.47 | 1,143.43 |
| | | 6,971.16 | 6,403.24 |
| Other Income | 20 | 58.65 | 23.92 |
| Total Revenue | | 7,029.81 | 6,427.16 |
| <u>Expenses:</u> | | | |
| Cost of Materials Consumed | 21 | 2,510.39 | 2,425.11 |
| Changes in Inventories | 22 | (531.94) | 145.52 |
| Employee benefits Expense | 23 | 497.31 | 433.84 |
| Finance costs | 24 | 675.97 | 612.06 |
| Depreciation and amortization expense | 11 | 361.86 | 273.11 |
| Other Expenses | 25 | 2,871.11 | 2,320.41 |
| Total expenses | | 6,384.70 | 6,210.05 |
| Profit before exceptional and extraordinary items & tax | | 645.10 | 217.11 |
| Exceptional/Extraordinary items | | 0.00 | 0.00 |
| Profit before tax | | 645.10 | 217.11 |
| Tax expense: | | | |
| <u>Current tax</u> | | | |
| Current year | | 129.07 | 43.43 |
| Mat Credit Entitlement | | (129.07) | (43.43) |
| <u>Deferred tax</u> | | 224.93 | 76.95 |
| Profit for the Year | | 420.17 | 140.16 |
| Basic/Diluted Earnings per equity share (Rs) | | 2.80 | 0.93 |
| Significant Accounting Policies 1 | | | |
| The accompanying Notes 1 to 41 form an integral part of these financial statements. | | | |
| As per our report of even date attached. | | | |
| For M.Bhaskara Rao & Co., Chartered Accountants.  V Raghunandan Partner. M.No.26255  PLACE : Hyderabad DATE : 27.04.2015 | For and on behalf of the Board  SVS Shetty Director  Arun Kumar Bagla Director  C V K Raju Chief Executive Officer | | |

VENNAR CERAMICS LIMITED

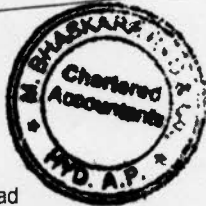
CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2015

| | Year ended 31.03.2015 Rs in Lakhs | Year ended 31.03.2014 Rs in Lakhs |
|---|---|---|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit before tax and extraordinary items | 645.10 | 217.11 |
| Adjusted for : | | |
| Depreciation | 361.86 | 273.11 |
| Finance cost | 675.97 | 612.06 |
| Provision for Gratuity | 7.33 | 4.01 |
| | 1,045.16 | 889.18 |
| Operating Profit before Working Capital Changes | 1,690.27 | 1,106.29 |
| Adjusted for : | | |
| Trade & Other Receivables | 1,061.92 | (321.93) |
| Inventories | (667.73) | 289.84 |
| Trade Payables & Other Current Liabilities | 400.85 | (195.32) |
| | 795.04 | (227.41) |
| Cash Generated from Operations | 2,485.31 | 878.88 |
| Direct Taxes Paid | (43.43) | (29.12) |
| Cash Flow before Extraordinary Items | 0.00 | 0.00 |
| Extraordinary items | 0.00 | 0.00 |
| | (43.43) | (29.12) |
| Net Cash from operating activities | 2,441.88 | 849.76 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets | (259.28) | (812.53) |
| Sale of Fixed Assets | 0.00 | 0.00 |
| Net Cash used in Investing Activities | (259.28) | (812.53) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from Issue of Share Capital | 0.00 | 0.00 |
| Proceeds from Issue of Share Premium | 0.00 | 0.00 |
| Proceeds from Long Term Borrowings | (863.34) | 244.48 |
| Proceeds from Short Term Borrowings | (619.75) | 264.56 |
| Interest Paid | (675.97) | (584.87) |
| | (2,159.06) | (75.83) |
| Net increase/(Decrease) in Cash and Cash Equivalents | 23.54 | (38.60) |
| Cash and Cash Equivalents as on 1.4.2014 | 19.49 | 58.10 |
| Cash and Cash Equivalents as on 31.3.2015 | 43.04 | 19.49 |

As per our report of even date attached.

For M.Bhaskara Rao & Co.,
Chartered Accountants

V. Raghunandan
Partner.
M.No.26255



PLACE : Hyderabad
DATE : 27.04.2015

For and on behalf of the Board

S V S Shetty
Director

Arun Kumar Bagla
Director



CVK Raju
Chief Executive Officer

VENNAR CERAMICS LIMITED

| 2. <u>SHARE CAPITAL</u> | AS AT 31.03.2015 Rs.in Lakhs | AS AT 31.03.2014 Rs.in Lakhs |
|--|------------------------------------|------------------------------------|
| Equity Share Capital Authorised | | |
| 1,50,00,000 Equity Shares of par value of Rs. 10/- each | 1,500.00 | 1,500.00 |
| | 1,500.00 | 1,500.00 |
| Issued, Subscribed & Paid up | | |
| 1,50,00,000 Equity Shares of par value of Rs. 10/- each | 1,500.00 | 1,500.00 |
| | 1,500.00 | 1,500.00 |

- a) The Company has not issued shares during the year.
- b) The holders of the equity shares are entitled to receive dividends as declared from time to time, and are
- c) Following are the details of shares held by holding company:

| Name of Shareholder | 2014-15 | | 2013-14 | |
|---------------------------------------|---------------|----------------------|---------------|----------------------|
| | No. of Shares | % of Shareholding | No. of Shares | % of Shareholding |
| Kajaria Ceramics Ltd, Holding Company | 76,50,000 | 51.00% | 76,50,000 | 51.00% |

- d) Following Shareholders hold equity shares more than 5% of the total equity shares of the company at the

| Name of Shareholder | 2014-15 | | 2013-14 | |
|---------------------------------------|---------------|----------------------|---------------|----------------------|
| | No. of Shares | % of Shareholding | No. of Shares | % of Shareholding |
| Kajaria Ceramics Ltd, Holding Company | 76,50,000 | 51.00% | 76,50,000 | 51.00% |
| Anjani Vishnu Holdings Ltd | 73,49,994 | 49.00% | 73,49,994 | 49.00% |

| 3. <u>RESERVES AND SURPLUS</u> | AS AT 31.03.2015 Rs.in Lakhs | AS AT 31.03.2014 Rs.in Lakhs |
|---|------------------------------------|------------------------------------|
| Securities Premium Account As per last balance sheet | 600.00 | 600.00 |
| Surplus As per last balance sheet | 245.80 | 105.63 |
| Add: Net Profit after Tax transferred from Statement of Profit & Loss | 420.17 | 140.16 |
| | 1,265.98 | 845.81 |

| 4. <u>LONG-TERM BORROWINGS</u> | AS AT 31.03.2015 Rs.in Lakhs | AS AT 31.03.2014 Rs.in Lakhs |
|--------------------------------|------------------------------------|------------------------------------|
| A. TERM LOANS | | |
| - From Banks | | |
| Secured | 1,991.01 | 2,604.35 |
| - From Other Parties | | |
| Un Secured | 1,025.00 | 1,275.00 |
| | 3,016.01 | 3,879.35 |

NOTES :

1. Term loans from financial institutions & Banks are secured by 1st charge on immoveable and moveable assets (present and future) of the company situated at Vishnupuram, Perikigudem Village, Mandavalli Mandal with the charges created in favour of participating Federal bank and further guaranteed by M/s Kajaria Ceramics Ltd & M/s Anjani Vishnu Holdings Ltd on the ratio of 51%:49% and further guaranteed by Shri K V Vishnu Raju.



2 Loan from others parties are unsecured. The details are as follows

| PARTICULARS | Rs in Lakhs | Rate of Interest |
|--|-----------------|------------------|
| M/s Kajaria Ceramics Ltd | 522.00 | 9% |
| M/s Anjani Projects & Construction Ltd | 503.00 | 9% |
| Total | 1,025.00 | |

3 There has been no continuing default on the balance sheet date in repayment of loan and interest.

4 The details repayment of Term Loans are as under:

| Bank / Institution | Total loan availed | Repayment Schedule | | |
|----------------------|-----------------------|---------------------------|-----------|--------------------|
| | | Number of Installments | Frequency | Commencing Year |
| The Federal bank Ltd | 22,00,00,000 | 18 | Quarterly | Oct'14 |
| The Federal bank Ltd | 4,18,00,000 | 22 | Quarterly | Nov'14 |
| Total | 26,18,00,000 | | | |

| 5. <u>DEFERRED TAX LIABILITY</u> | AS AT 31.03.2015 Rs.in Lakhs | AS AT 31.03.2014 Rs.in Lakhs |
|--|------------------------------------|------------------------------------|
| | Opening Balance | 124.15 |
| Add : Additional adjustment for current year | 224.93 | 76.95 |
| | 349.08 | 124.15 |

| 6. <u>LONG TERM PROVISIONS</u> | AS AT 31.03.2015 Rs.in Lakhs | AS AT 31.03.2014 Rs.in Lakhs |
|--------------------------------|------------------------------------|------------------------------------|
| | Gratuity Payable | 17.47 |
| Total | 17.47 | 10.14 |

| 7. <u>SHORT-TERM BORROWINGS</u> | AS AT 31.03.2015 Rs.in Lakhs | AS AT 31.03.2014 Rs.in Lakhs |
|---------------------------------|------------------------------------|------------------------------------|
| | <u>LOANS REPAYABLE ON DEMAND</u> | |
| Working Capital Facilities | | |
| - From Banks | | |
| Secured | 536.42 | 1,106.17 |
| Short Term Loans & Advances | | |
| - From Companies | 0.00 | 50.00 |
| Total | 536.42 | 1,156.17 |

Working Capital Facilities from Banks are secured by 1st charge on inventories and book debts and second charge on immoveable and movable assets of the Company with Federal Bank and further guaranteed by M/s Kajaria Ceramics Ltd & M/s Anjani Vishnu Holdings Ltd in the ratio of 51:49 and further guaranteed by Shri K V Vishnu Raju.

There has been no defaults in repayment of any of the loans or interest thereon as at the end of the year.

| 8. <u>TRADE PAYABLES</u> | AS AT 31.03.2015 Rs.in Lakhs | AS AT 31.03.2014 Rs.in Lakhs |
|--------------------------|--|------------------------------------|
| | Trade Payables - Micro, Small & Medium Enterprises | 0.00 |
| - Others | 465.99 | 600.05 |
| | 465.99 | 600.05 |



Note No: 11 Fixed Assets

Rs in Lakhs

| Sr. No | Particulars | Gross Block | | | | | Accumulated Depreciation / Amortisation | | | Net Block | |
|--------|-------------------------------|----------------------------|-----------|---------------------|---------------------------|----------------------|---|---------------------|-------------------|---------------------------|---------------------------|
| | | Balance as at 1 April 2014 | Additions | Sales / adjustments | Balance as at 31 Mar 2015 | as at 1st April 2014 | for the Period | Sales / adjustments | as at 31 Mar 2015 | Balance as at 31 Mar 2015 | Balance as at 31 Mar 2014 |
| I | Tangible Assets | | | | | | | | | | |
| 1 | Land & Land Development | 466.07 | 58.47 | - | 524.54 | - | - | - | - | 524.54 | 466.07 |
| 2 | Factory Buildings | 1,590.63 | 49.24 | - | 1,639.87 | 104.20 | 49.83 | - | 154.03 | 1,485.84 | 1,486.43 |
| 3 | Non-Factory Buildings | 207.93 | 8.41 | - | 216.34 | 8.29 | 3.31 | - | 11.60 | 204.74 | 199.64 |
| 4 | Plant and Machinery | 4,057.75 | 127.64 | - | 4,185.40 | 332.01 | 219.30 | - | 551.31 | 3,634.09 | 3,725.74 |
| 5 | Furnitures & Fixtures | 15.32 | - | - | 15.32 | 1.40 | 1.59 | - | 2.99 | 12.33 | 13.92 |
| 6 | Electrical & Office Equipment | 260.64 | 5.05 | - | 265.70 | 29.13 | 67.58 | - | 96.71 | 168.99 | 231.51 |
| 7 | Computer Equipment | 20.97 | 1.65 | - | 22.62 | 4.97 | 12.29 | - | 17.26 | 5.36 | 16.00 |
| 8 | Vehicles | 7.07 | 11.56 | - | 18.63 | 0.40 | 2.16 | - | 2.56 | 16.08 | 6.68 |
| | SUB TOTAL | 6,626.39 | 262.02 | - | 6,888.43 | 480.41 | 356.06 | - | 836.47 | 6,051.97 | 6,145.99 |
| | Total (Current Year) | 6,626.39 | 262.02 | - | 6,888.43 | 480.41 | 356.06 | - | 836.47 | 6,051.97 | 6,145.99 |
| | Total (Previous Year) | 5,804.83 | 821.53 | - | 6,626.39 | 211.11 | 269.30 | - | 480.41 | 6,145.99 | 5,593.73 |

Note No: 12 Fixed Assets

Rs in Lakhs

| Sr. No | Particulars | Gross Block | | | Accumulated Depreciation / Amortisation | | | Net Block | | | |
|--------|--------------------------|----------------------------|-----------|---------------------|---|----------------------|----------------|---------------------|---------------------------|---------------------------|-------|
| | | Balance as at 1 April 2014 | Additions | Sales / adjustments | Balance as at 31 Mar 2015 | as at 1st April 2014 | for the Period | Sales / adjustments | Balance as at 31 Mar 2015 | Balance as at 31 Mar 2014 | |
| I | Intangible Assets | | | | | | | | | | |
| 1 | Software | 23.51 | - | - | 23.51 | 5.23 | 5.79 | - | 11.02 | 12.49 | 18.28 |



| 9. <u>OTHER CURRENT LIABILITIES</u> | AS AT | AS AT |
|---------------------------------------|-----------------|---------------|
| | 31.03.2015 | 31.03.2014 |
| | Rs.in Lakhs | Rs.in Lakhs |
| Current Maturities of Long Term Debts | 637.22 | 460.00 |
| Provision for expenses | 139.62 | 62.13 |
| Statutory Dues Payable | 227.24 | 74.96 |
| Advance from Customers | 0.00 | 1.15 |
| TOTAL | 1,004.08 | 598.24 |

| 10. <u>SHORT TERM PROVISIONS</u> | AS AT | AS AT |
|----------------------------------|---------------|--------------|
| | 31.03.2015 | 31.03.2014 |
| | Rs.in Lakhs | Rs.in Lakhs |
| <u>Others</u> | | |
| Provision for Income Taxes | 129.07 | 43.43 |
| TOTAL | 129.07 | 43.43 |

| 13. <u>LONG TERM LOANS AND ADVANCES</u> | AS AT | AS AT |
|--|--------------|--------------|
| | 31.03.2015 | 31.03.2014 |
| | Rs.in Lakhs | Rs.in Lakhs |
| (Unsecured Considered good, unless otherwise stated) | | |
| SECURITY DEPOSITS | 26.95 | 26.95 |
| Total | 26.95 | 26.95 |

| 14. <u>INVENTORIES</u> (As certified by the Management) | AS AT | AS AT |
|--|-----------------|---------------|
| | 31.03.2015 | 31.03.2014 |
| | Rs.in Lakhs | Rs.in Lakhs |
| Raw Materials | 399.92 | 346.34 |
| Work-in-Process | 47.46 | 62.92 |
| Finished Goods | 956.05 | 408.65 |
| Stores and Spares | 215.75 | 133.54 |
| | 1,619.18 | 951.45 |

| 15. <u>TRADE RECEIVABLES</u> | AS AT | AS AT |
|---|---------------|-----------------|
| | 31.03.2015 | 31.03.2014 |
| | Rs.in Lakhs | Rs.in Lakhs |
| (Unsecured Considered good unless otherwise stated) | | |
| a) <u>Not exceeding six months</u> | | |
| - Considered Good | 114.63 | 1,368.48 |
| | 114.63 | 1,368.48 |

| 16. <u>CASH AND BANK BALANCES</u> <u>Cash & Cash Equivalents</u> | AS AT | AS AT |
|---|--------------|--------------|
| | 31.03.2015 | 31.03.2014 |
| | Rs.in Lakhs | Rs.in Lakhs |
| Balance with Banks | | |
| - in current and deposit accounts | 1.83 | 13.86 |
| Cash on hand | 3.25 | 3.16 |
| | 5.08 | 19.49 |
| Other Bank Balances | | |
| Margin money | 37.96 | 2.47 |
| | 43.04 | 19.49 |
| <i>Balances with banks held as margin money deposits against guarantees</i> | 37.96 | 2.47 |

| 17. <u>SHORT TERM LOANS AND ADVANCES</u> (Unsecured Considered good unless otherwise stated) | AS AT | AS AT |
|---|--------------|--------------|
| | 31.03.2015 | 31.03.2014 |
| | Rs.in Lakhs | Rs.in Lakhs |
| Short Term Deposits | 41.50 | 53.26 |
| ADVANCES | | |
| - To Others | 0.48 | 1.80 |
| Advance to Suppliers | 0.00 | 0.22 |
| | 41.98 | 55.28 |



| 18. <u>OTHER CURRENT ASSETS</u> | AS AT 31.03.2015 Rs.in Lakhs | AS AT 31.03.2014 Rs.in Lakhs |
|---|------------------------------------|------------------------------------|
| (Unsecured Considered good unless otherwise stated) | | |
| Balance With Excise Authorities | 12.54 | 33.95 |
| Prepaid Expenses | 11.34 | 12.13 |
| Income Tax Advances | 350.02 | 122.59 |
| | 373.90 | 168.67 |

| 19. <u>REVENUE FROM OPERATIONS</u> | YEAR ENDED 31.03.2015 Rs.in Lakhs | YEAR ENDED 31.03.2014 Rs.in Lakhs |
|------------------------------------|---|---|
| Sale of Products | | |
| Tiles | 7,965.12 | 7,246.88 |
| Other Operating Revenue | 268.51 | 299.79 |
| | 8,233.63 | 7,546.67 |

| 20. <u>OTHER INCOME</u> | YEAR ENDED 31.03.2015 Rs.in Lakhs | YEAR ENDED 31.03.2014 Rs.in Lakhs |
|-------------------------|---|---|
| Miscellaneous Income | 49.83 | 17.77 |
| Rent Received | 6.00 | 6.00 |
| Interest Recovered | 2.82 | 0.15 |
| | 58.65 | 23.92 |

| 21. <u>COST OF MATERIAL CONSUMED</u> | YEAR ENDED 31.03.2015 Rs.in Lakhs | YEAR ENDED 31.03.2014 Rs.in Lakhs |
|---|---|---|
| Raw Material & Packing Material Consumed | | |
| Body Material | 1,985.88 | 2,016.53 |
| Packing Material | 524.51 | 408.58 |
| | 2,510.39 | 2,425.11 |

| 22. <u>CHANGES IN INVENTORIES</u> | YEAR ENDED 31.03.2015 Rs.in Lakhs | YEAR ENDED 31.03.2014 Rs.in Lakhs |
|-----------------------------------|---|---|
| Stock as on 1.4.2014 | | |
| Work-in-process | 62.92 | 29.96 |
| Finished Goods | 408.65 | 587.13 |
| 'A' | 471.57 | 617.09 |
| Stock as on 31.03.2015 | | |
| Work-in-process | 47.46 | 62.92 |
| Finished Goods | 956.05 | 408.65 |
| 'B' | 1,003.51 | 471.57 |
| A-B | (531.94) | 145.52 |



| 23. <u>EMPLOYEE BENEFITS EXPENSE</u> | YEAR ENDED | YEAR ENDED |
|---|---------------|---------------|
| | 31.03.2015 | 31.03.2014 |
| | Rs.in Lakhs | Rs.in Lakhs |
| Salaries and wages | 444.59 | 387.17 |
| Contribution to provident and other funds | 27.12 | 23.75 |
| Staff welfare expenses | 25.61 | 22.92 |
| | 497.31 | 433.84 |

| 24. <u>FINANCE COSTS</u> | YEAR ENDED | YEAR ENDED |
|--------------------------|---------------|---------------|
| | 31.03.2015 | 31.03.2014 |
| | Rs.in Lakhs | Rs.in Lakhs |
| Interest on: | | |
| Term loans | 340.71 | 411.04 |
| Others | 294.70 | 201.02 |
| Other Borrowing cost | 40.56 | |
| | 675.97 | 612.06 |

| 25. <u>OTHER EXPENSES</u> | YEAR ENDED | YEAR ENDED |
|---|-----------------|-----------------|
| | 31.03.2015 | 31.03.2014 |
| | Rs.in Lakhs | Rs.in Lakhs |
| <u>Other Manufacturing Expenses</u> | | |
| Stores and Spares Consumed | 239.67 | 162.52 |
| Power and Fuel | 1,748.91 | 1,694.69 |
| Others | 240.90 | 209.23 |
| Excise duty on stocks | 178.25 | |
| | 2,407.73 | 2,066.44 |
| <u>Repairs & maintenance</u> | | |
| - Building | 2.03 | 1.70 |
| - Machinery | 86.60 | 64.30 |
| - Others | 10.23 | 10.60 |
| | 98.86 | 76.60 |
| <u>Administrative Expenses</u> | | |
| Printing , Stationery & EDP Expenses | 5.98 | 6.12 |
| Rent, Rates & Taxes | 17.61 | 17.10 |
| Vehicle Expenses | 3.30 | 3.22 |
| Communication Expenses | 5.69 | 5.09 |
| Traveling & Conveyance Expenses | 24.50 | 28.06 |
| Insurance Charges | 11.52 | 4.17 |
| Legal & Professional Charges | 5.60 | 6.86 |
| <u>Auditors' Remuneration :</u> | | |
| - As Audit Fees | 1.00 | 1.00 |
| Office Expenses | 7.79 | 5.18 |
| Electricity & Water Charges | 0.00 | 1.99 |
| Foreign Technician Expenses | 0.00 | 0.14 |
| Bank Charges | 2.14 | 3.55 |
| | 85.13 | 82.49 |
| <u>Selling & Distribution Expenses</u> | | |
| Packing Freight & Forwarding Expenses | 2.67 | 1.51 |
| Advertisement, Publicity & Sales Promotion | 0.25 | 0.36 |
| Management Fee | 276.47 | 93.01 |
| | 279.39 | 94.88 |
| | 2,871.11 | 2,320.41 |



VENNAR CERAMICS LIMITED

NOTES ON ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

I. Basis of Presentation:

The Company prepares its financial statements in accordance with applicable accounting standards and generally accepted accounting principles and also in accordance with the requirements of the Companies Act, 2013.

II. Use of Estimates:

The preparation of financial statements in conformity with the GAAP requires that the management make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements, and the reported amounts of incomes and expenses during the reporting year. Such estimates include, estimate of useful life of fixed assets, provision for doubtful debts etc. Actual results could differ from those estimates. Changes in estimates are reflected in financial statements in the year in which changes are made and, if material, their effects are disclosed in the financial statements.

III. Income and Expenditure:

Accounting of Income & Expenditure is done on accrual basis.

IV. Tangible, Intangible Assets & Depreciation:

- a) Fixed assets are stated at their original cost of acquisition inclusive of inward freight, duties and expenditure incurred in the acquisition, construction/installation. CENVAT/ VAT credit availed on capital equipment is accounted for by credit to respective fixed assets.
- b) In case of assets acquired out of foreign currency loans, the increase/decrease in liability on account of fluctuation in exchange rates has been charged to Statement of Profit & Loss.
- c) Pursuant to the enactment of the Companies Act 2013 (the 'Act') the company has, effective 1st April 2014, reviewed and revised the estimated useful life of its fixed assets in accordance with the provisions of the schedule II of the Act.
- d) Intangible Assets are amortized on straight line method

V. Inventories:

Inventories are valued at lower of cost or estimated realizable value:

- a) Stores and Spares - at cost
- b) Raw Materials - at cost
- c) Work-in-Process - at cost



- e) Stock in trade - at cost.
- f) Material in Transit – at cost.

Cost is worked based on weighted average method except Finished Goods. Finished Goods cost is worked based on FIFO method.

VI. **Excise & Custom Duty:**

- a) Custom Duty is accounted for at the time receipt of goods in custom warehouse.
- b) CENVAT Credit, to the extent availed, is adjusted towards cost of materials.

VII. **Revenue:**

- a) Sales are inclusive of excise duty and after deducting VAT and discounts.
- b) Revenue is recognized to the extent it is probable that economic benefits will flow to the company and the revenue can be reliably measured.
- c) Sales are recognized at the point of dispatch of finished goods.

VIII. **Foreign Currency Transactions:**

- a) Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction or that approximates the actual rate at the date of the transaction.
- b) Monetary items denominated in foreign currencies at the year end are restated at year end rates, except in cases covered by forward exchange contracts.
- c) Any income or expense on account of exchange difference either on settlement or on translation is recognized in the profit and loss account.

IX. **Export Benefits**

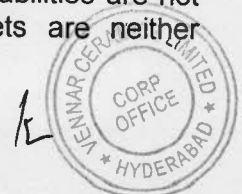
Export Benefits in respect of unutilized Advance Licences under DEPB Scheme are accounted for in the year of Export to the extent of duty leviable on imports to be made in future. The consumption of Raw Material, Stores and other inputs and the valuation of closing stock are stated net of such export benefits.

X. **Employee Benefits:**

Provision for gratuity is made on the basis of an actuarial valuation at the Balance sheet date carried out by Independent actuary as per AS-15

XI. **Provision, Contingent Liabilities and Contingent Assets:**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.



VENNAR CERAMICS LIMITED
OTHER NOTES ON ACCOUNTS

| | | AS AT 31.03.2015 (Rs. Lakhs) | AS AT 31.03.2014 (Rs. Lakhs) |
|-----|-------------------------------|------------------------------------|------------------------------------|
| 26. | CONTINGENT LIABILITIES | Nil | Nil |
| 27. | COMMITMENTS | Nil | Nil |

28. Particulars of Sales & Stocks

| | | Value (Rs. In Lakhs) | |
|-----|---------------------------------------|--|--|
| | | Year Ended 31.3.2015 | Year Ended 31.3.2014 |
| a) | Opening Stock | | |
| | Tiles | 408.65 | 587.13 |
| b) | Production | | |
| | Tiles | 6320.14 | 6216.26 |
| c) | Sales | | |
| | Tiles (Manufactured) | 6971.16 | 6403.24 |
| d) | Closing Stock | | |
| | Tiles | 956.05 | 408.65 |
| 29. | Value of Imports on CIF basis: | Y.E. 31.3.2015 (Rs. In Lakhs) | Y.E. 31.3.2014 (Rs. In Lakhs) |
| | • Capital Goods | 96.95 | 327.04 |
| | • Raw Materials | 25.50 | 17.29 |
| | • Spares and Consumables | 85.44 | 56.44 |

| | | | |
|-----|---|------|------|
| 30. | Expenditure in Foreign Currency (on accrual basis) : | | |
| | a) Interest on FC Loan | | |
| | b) Commission of Export Sales | | |
| | c) Others including travel etc. | 3.21 | 1.81 |

| | | | |
|-----|---------------------------------------|------------------------------------|---------------------------------|
| 31. | Earnings in Foreign Currency : | 2014-15 (Rs in Lakhs) Nil | 2013-14 (Rs in Lakhs) Nil |
|-----|---------------------------------------|------------------------------------|---------------------------------|



| | | | | | |
|-----|---|--------|---|--------|---------------------------------|
| 32. | Value of imported and indigenous raw material consumed and the percentage of each to total consumption: | % | 2014-15 <u>(Rs. in Lakhs)</u> | % | 2013-14 <u>(Rs.in Lakhs)</u> |
| | Imported | 1.02% | 25.50 | 0.72% | 17.29 |
| | Indigenous | 98.98% | 2484.89 | 99.28% | 2407.83 |

| | | | |
|-----|---|--|---------------------------------|
| 33. | Dues to Small, Micro & Medium Enterprises #: | 2014-15 <u>(Rs in Lakhs)</u> | 2013-14 <u>(Rs in Lakhs)</u> |
| | 1. Principal amount outstanding | 0.00 | 0.00 |
| | 2. Interest due on (1) above and the unpaid interest | 0.00 | 0.00 |
| | 3. Interest paid on all delayed payments under MSMED Act | 0.00 | 0.00 |
| | 4. Payment made beyond the appointed date during the year | 0.00 | 0.00 |
| | 5. Interest due and payable for the period of delay other than (3) above | 0.00 | 0.00 |
| | 6. Interest accrued and remaining unpaid | 0.00 | 0.00 |
| | 7. Amount of further interest remaining due and payable in succeeding years | 0.00 | 0.00 |

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

34. Balances of certain debtors, creditors, loans and advances are subject to confirmation.
35. In the opinion of the Management current assets, loans and advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated except where indicated otherwise.
36. The company has made provision for Rs7.33 Lakhs towards Gratuity to employees during the year on the accrual basis as per AS 15.

DISCLOSURE: (31.03.2015)

| | |
|---|------------------|
| Profit & Loss Account | |
| | 2015-2016 |
| Current Service Cost | 3,13,451 |
| Interest Cost on benefit obligation | 81,105 |
| Expected return on plan assets | |
| Net Actuarial (gain). Loss recognized in the year | 3,38,577 |
| past services cost | |
| Net Benefit expense | 7,33,133 |



| | |
|---|------------|
| Actual return on plan assets | |
| Balance Sheet | |
| a | |
| Details of provision for Gratuity | |
| Change in the present value of the defined benefit obligation are as follows: | |
| Opening defined benefit obligation | 10,13,810 |
| Interest cost | 81,105 |
| Current services cost | 3,13,451 |
| Benefits paid | Nil |
| Actuarial (gains)/losses on obligation | 3,38,577 |
| closing defined benefit obligation | 17,46,943 |
| The principal assumptions used in determining gratuity and post employment medical benefit obligations for the company's plans are shown below: | |
| Assumptions | % |
| Salary Rise | 6 |
| Discount rate | 8 |
| Attrition Rate | 5.75 |
| Av Balance Service | 24.56Years |

37. Tax Expense is the aggregate of current year income tax and deferred tax charged to the Profit and Loss Account for the year.

a) Current Year Charge:

Income Tax provision of Rs.129.07 Lakhs has been made as per MAT.

Minimum Alternative Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal Income Tax during the specified period. The Company review the same at each Balance Sheet date and writes down the carrying amount of MAT Credit

b) Deferred Tax

The Company estimates the deferred tax charge using the applicable rate of taxation based on the impact of timing differences between financial statements and estimated taxable income for the current year. The movement of provision for deferred tax is given below:



| Particulars | Opening as at 1.4.2014 (Rs. In Lakhs) | Charge/(credit) during the year (Rs. In Lakhs) | Closing as at 31.3.2015 (Rs. In Lakhs) |
|----------------------------|---|--|--|
| Depreciation | 301.28 | 113.70 | 414.98 |
| Carry forward Losses | (174.00) | 113.77 | (60.23) |
| Disallowance as per 43B | (3.13) | (2.54) | (5.67) |
| Net Deferred Tax Liability | 124.15 | 224.93 | 349.08 |

38. **Related Party Disclosures:**

In accordance with the Accounting Standards (AS-18) on Related Party Disclosures, where control exists and where key management personnel are able to exercise significant influence and, where transactions have taken place during the year, alongwith description of relationship as identified, are given below:-

A. **Relationships**

- I. Holding Company : M/s Kajaria Ceramics Ltd
Associate Company : M/s Anjani Vishnu Holdings Ltd
Mr. C.V.K.Raju : Key Managerial Personnel

- B. The following transactions were carried out with related parties in the ordinary course of business :-

(Rs. in Lakhs)

| Related Party Transactions | Holding Co | Associate Co | Key Managerial Personnel |
|------------------------------|----------------------|----------------------|--------------------------|
| Purchase of Goods & Services | - (1.18) | - (66.94) | - (-) |
| Purchase of Fixed Assets | - (33.99) | - (-) | - (-) |
| Sale of Goods | 6719.57 (6122.39) | - (29.65) | - (-) |
| Rent Received | 6.00 (6.00) | - (-) | - (-) |
| Interest Paid | 102.07 (-) | 45.27 (-) | - (-) |
| Management Fee | - (-) | 276.47 (93.01) | - (-) |
| Remuneration | - (-) | - (-) | 36.53 (30.40) |
| Loan Repaid | 300.00 (-) | - (-) | - (-) |
| Corporate Guarantee Obtained | 2121.60 (2427.60) | 2038.40 (2332.40) | - (-) |

(Figures in brackets are for previous year)



39. **Segmental Reporting:**

The business activity of the company falls within one broad business segment viz "Ceramic Tiles" and substantially sale of the product is within the country. The Gross income and profit from the other segment is below the norms prescribed in AS-17 of The Institute of Chartered Accountants of India. Hence the disclosure requirement of Accounting Standard 17 of "Segment Reporting" issued by the Institute of Chartered Accountants of India is not considered applicable.

40. Earnings per share (EPS) – The numerators and denominators used to calculate Basic and Diluted Earning per share:

| | Year ended 31.03.2015 | Year ended 31.03.2014 |
|--|--------------------------|--------------------------|
| Profit attributable to the Equity Shareholders – (A) (Rs in Lakhs) | 420.17 | 140.16 |
| Basic /Weighted average number of Equity Shares outstanding during the year (B) | 1,50,00,000 | 1,50,00,000 |
| Nominal value of Equity Shares (Rs) | 10.00 | 10.00 |
| Basic/Diluted Earnings per share (Rs) – (A)/(B) | 2.80 | 0.93 |

41. Previous year figures have been regrouped / recast wherever necessary.

AS PER REPORT OF EVEN DATE
ATTACHED

For M. Bhaskara Rao & Co

For AND ON BEHALF OF THE BOARD

V. Raghunandan

V. Raghunandan



Partner

M.No.26255

PLACE : HYDERABAD

DATED : 27.04.2015

S V S Shetty

S V S Shetty

Director

Arun Kumar Bagla

Arun Kumar Bagla

Director



C V K Raju

C V K Raju
Chief Executive Officer