M. BHASKARA RAO & CO.
CHARTERED ACCOUNTANTS
PHONES : 23311245, 23393900
FAX : 040-23399248

5-D, FIFTH FLOOR, "KAUTILYA",
6-3-652, SOMAJIGUDA,
HYDERABAD-500 082. INDIA.
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INDEPENDENT AUDITORS' REPORT

To
The Members of
VENNAR CERAMICS LIMITED

Report on the Financial Statements

We have audited the accompanying Financial Statements of **VENNAR CERAMICS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, 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 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 Financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 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 have taken into account the provisions of the Act, the Accounting and Auditing Standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 Financial Statements that give 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 Financial Statements.

BHASKARA RAO Chartered Accountants

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

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, 2017, 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 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 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 March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
   f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, we give separate report in "Annexure A "; and
   g. With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      (i) the Company does not have any pending litigations which would impact its financial position.
      (ii) the Company did not have any material foreseeable losses relating to long-term contracts including derivative contracts.
      (iii) there are no amounts to be transferred to Investor Education and Protection Fund.
      (iv) the company had provided requisite disclosure in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and the same is in accordance with the books of accounts maintained by the company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure B", a statement on the matters specified in paragraphs 3 and 4 of the Order.

for M.BHASKARA RAO & CO
Chartered Accountants
(Firm's Regn No. 000459S)

M. BHASKARA RAO & CO. Chartered Accountants HYD.

D. Bapu Raghavendra

(D. Bapu Raghavendra)
PARTNER
(Membership No. 213274)

Hyderabad May 9, 2017

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VENNAR CERAMICS LIMITED

Annexure A to the Independent Auditors' Report

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

We have audited the internal financial controls over financial reporting of VENNAR CERAMICS LIMITED ("the Company") as of 31 March, 2017 in conjunction with our audit of the 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 ('ICAI'). 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. 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 whether 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

BHASKARA RAO & CO. Chartered Accountants HYD.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of 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 M.BHASKARA RAO & CO
Chartered Accountants
(Firm's Regn No. 000459S)

M. BHASKARA RAO & CO. Chartered Accountants HYD.

(D. Bapu Raghavendra)
PARTNER
(Membership No. 213274)

Hyderabad, May 9, 2017

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Annexure B to the Independent Auditors' Report

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

(i) In respect of Fixed assets

a) The Company has maintained proper records showing full particulars including quantitative details and situation of its 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.

c) According to the information and explanations given to us and on the basis of our examination of the records of the company, the title deeds of immovable properties are held in the name of the company.

(ii) Physical Verification of inventories has been conducted during the year by the management. As reported to us, there were no discrepancies found during such verification.

(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), (b) and (c) of paragraph 3 of the Order does not arise for the year under report.

(iv) The company has not made any loans, investments, guarantees and security under section 185 and 186 of the Companies Act, 2013.

(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) In respect of Statutory Dues

a) According to the information and explanation given to us, the Company has been generally regular in depositing the statutory dues in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other dues with the appropriate authorities and there were no such amounts outstanding as at 31st March, 2017 for period of more than six months from the date they became payable.

b) According to the information and explanations furnished 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, 2017.

(viii) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank.

BHASKARA RAO & CO. Chartered Accountants

(ix) The Company has not raised any money by way of initial public offer, further public offer (including debt instruments) and term loans during the year. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

(x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, Clause (xii) of paragraph 3 of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable, and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with Directors or persons connected with him. Accordingly, reporting under paragraph 3(xv) of the Order is not applicable.

(xvi) According to the information and explanations furnished to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

for M.BHASKARA RAO & CO
Chartered Accountants
(Firm's Regn No. 000459S)

M. BHASKARA RAO & CO. Chartered Accountants HYD.

D. Bapu Raghavendra

(D. Bapu Raghavendra)
PARTNER
(Membership No. 213274)

Hyderabad, May 9, 2017

Vennar Ceramics Limited
Balance Sheet as at 31 March, 2017
(Amount in Rupees lakhs, unless otherwise stated)

Particulars	Notes	As at 31 March, 2017	As at 31st March 2016	As at 1 April 2015
I ASSETS				
(1) Non-current assets				
(a) Property, plant and equipment	3	6,274.33	5,799.23	6,051.93
(b) Capital work-in-progress	3	28.72	-	-
(c) Other Intangible assets	4	7.18	10.88	12.49
(d) Financial assets				
(i) Loans	5	125.77	127.50	68.93
(2) Current assets				
(a) Inventories	6	1,683.74	1,690.94	1,619.16
(b) Financial assets				
(i) Trade receivables	7	66.82	138.70	114.63
(ii) Cash and cash equivalents	8	4.63	12.62	43.04
(iii) Other bank balances	9	28.79	5.84	-
(iv) Loans	5	2.51	-	-
(c) Other current assets	10	814.25	561.31	373.90
Total Assets		**9,036.74**	**8,347.02**	**8,284.10**
II EQUITY AND LIABILITIES				
Equity				
Equity share capital	11	1,500.00	1,500.00	1,500.00
Other Equity	12	1,520.92	1,426.66	1,265.98
LIABILITIES				
(1) Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	13	2,319.08	2,379.27	3,016.01
(b) Provisions	16	-	24.51	17.47
(c) Deferred tax liabilities (Net)	18	488.57	429.62	349.08
(2) Current liabilities				
(a) Financial liabilities				
(i) Borrowings	13	1,192.48	980.32	536.42
(ii) Trade Payables	14	1,056.90	653.12	465.99
(iii) Other financial liabilities	15	637.21	637.22	637.22
(b) Provisions	16	7.44	-	-
(c) Other current liabilities	17	279.92	268.05	366.86
(d) Current Tax Liabilities (Net)	16	34.23	48.26	129.07
Total Equity and Liabilities		**9,036.74**	**8,347.02**	**8,284.10**

See accompanying notes to the financial statements.

for M Bhaskara Rao & Co. ,
Chartered Accountants
FRN.No.000459S

D.Bapu Raghavendra
Partner
M.No.213274

M. BHASKARA RAO & Co. Chartered Accountants HYD.

Place: Hyderabad
Date: 09.05.2017

For and on behalf of the board

PVRLN Raju
Director
DIN: 00480511

Arun Kumar Bagla
Director
DIN: 00369178

Md. Ibrahim Pasha
Company Secretary

K.Balakrishna
Chief Financial Officer

VENNAR CERAMICS LIMITED CORP OFFICE HYDERABAD

Vennar Ceramics Limited
Statement of Profit and Loss for the year ended 31st March, 2017
(Amount in Rupees lakhs, unless otherwise stated)

	Particulars	Notes	For the Year ended 31 March 2017	For the Year ended 31 March 2016
I	**REVENUE**			
	Revenue from operations	19	7,945.89	7,994.85
	Other income	20	105.50	54.26
	Finance income	21	8.53	3.81
	Total Revenue (I)		**8,059.92**	**8,052.92**
II	**EXPENSES**			
	Cost of material consumed	22	2,367.80	2,400.19
	Changes in inventories of finished goods, stock-in-trade and work in progress	23	(118.07)	0.50
	Excise duty on sale of goods		1,396.30	1,342.15
	Employee benefits expenses	24	565.79	529.14
	Finance costs	25	414.26	453.15
	Depreciation and amortization expenses	26	477.55	451.92
	Other expenses	27	2,796.17	2,632.19
	Total expenses (II)		**7,899.79**	**7,809.24**
III	**Profit/(loss) before tax from continuing operations (III-IV)**		**160.13**	**243.68**
IV	Tax expense:			
(1)	Current Tax		-	-
(2)	Deferred Tax		61.23	81.36
V	**Profit (Loss) for the Year (V-VI)**		**98.90**	**162.33**
VI	Other Comprehensive Income (OCI)	28		
	Items that will not be reclassified to profit or loss			
	Re-measurement gains (losses) on defined benefit plans		(6.90)	(2.47)
	Income tax effect		(2.28)	(0.82)
VII	**Other comprehensive income for the year, net of tax**		**94.28**	**160.67**
	Earning per Share (In Rupees)			
	Basic and Diluted		0.66	1.08

See accompanying notes to the financial statements.

for M Bhaskara Rao & Co. ,
Chartered Accountants
FRN.NO.000459S

D.Bapu Raghavendra
Partner
M.No.213274

Place: Hyderabad
Date: 09.05.2017

M. BHASKARA RAO & CO. Chartered Accountants HYD.

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VENNAR CERAMICS LIMITED CORP OFFICE HYDERABAD

Vennar Ceramics Limited

Cash Flow Statement for the year ended 31 March 2017

(Amount in Rupees Lakhs, unless otherwise stated)

		Year ended 31.03.2017			Year ended 31.03.2016
A.	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Net Profit before tax		160.13		243.68
	Adjusted for :				
	Depreciation	477.55		451.92	
	Interest Paid	414.26		453.15	
	Provision for ESOP	-		7.04	
	Dividend Received	-		-	
	Other Comprehensive Income	(6.90)	884.92	(2.47)	909.64
	Operating Profit before Working Capital Changes		1,045.04		1,153.32
	Adjusted for :				
	Trade & Other Receivables	(183.57)		(92.72)	
	Inventories	7.20		(71.76)	
	Trade Payable	414.55	238.18	(126.39)	(290.87)
	Cash Generated from Operations		1,283.23		862.45
	Interest Paid	-		-	
	Direct Taxes Paid	(30.00)		(43.43)	
	Exceptional / Extraordinary items	-	(30.00)	-	(43.43)
	Net Cash from operating activities		1,253.23		819.02
B.	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Purchase of Fixed Assets	(977.68)		(197.59)	
	Sale of Fixed Assets	-		-	
	Repayment of advances	1.73		-	
	Sale of Investments	-		-	
	Interest Received	-		-	
	Dividend Received	-		-	
	Net Cash used in Investing Activities		(975.95)		(197.59)
C.	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Proceeds from Issue of Share Capital / Application money	-		-	
	Proceeds from contribution by minority shareholders	-		-	
	Proceeds/ (Repayment) of Long Term Borrowings (Net)	(60.19)		(636.73)	
	Proceeds / (Repayment) of Short Term Borrowings (Net)	212.16		443.90	
	Interest Paid	(414.26)		(453.15)	
	Net Cash used in Financing Activities		(262.29)		(645.98)
	Net increase in Cash and Cash Equivalents		14.96		(24.58)
	Cash and Cash Equivalents as on 1.4.2016		18.46		43.04
	Cash and Cash Equivalents as on 31.3.2017		33.42		18.46

Note to cash flow statement

1 Components of cash and cash equivalents

Balances with banks		
- Current accounts	**1.87**	5.60
- Deposit accounts	-	-
(demand deposits and deposits having original maturity of 3 months or less)		
Cash on hand	**2.76**	7.02
Other bank balance (earmarked balance with bank)	**28.79**	5.84
Cash and cash equivalents considered in the cash flow statement	**33.42**	**18.46**

2

Note:The above cash flow statement has been prepared in accordance with the 'Indirect method' as set out in Indian Accounting Standard - 7 on 'Statement of Cash Flows' as specified in Companies (Accounting Standards) Rules, 2014.

The note referred to above forms an integral part of the financial statements

See accompanying notes to the financial statements.

for M Bhaskara Rao & Co. ,
Chartered Accountants
FRN.NO.000459S

D.Bapu Raghavendra
Partner
M.No.213274

M. BHASKARA RAO & CO. Chartered Accountants HYD.

Place: Hyderabad
Date: 09.05.2017

For and on behalf of the board

PVRLN Raju
Director
DIN: 00480511

Arun Kumar Bagla
Director
DIN: 00369178

Md. Ibrahim Pasha
Company Secretary

K.Balakrishna
Chief Financial Officer

VENNAR CERAMICS LIMITED CORP OFFICE HYDERABAD

Vennar Ceramics Limited
Statement of Changes in Equity for the year ended 31 March, 2017
(Amount in Rupees lakhs, unless otherwise stated)
Statement of Changes in Equity
Equity share capital

	31 March 2017	31 March 2016
Issued, subscribed and paid up capital (Refer note 11)		
Opening balance	1500.00	1,500.00
Changes	-	-
Closing balance	1,500.00	1,500.00

Other equity

Particulars	Reserves and Surplus: Share premium	Reserves and Surplus: Retained earnings	Items of OCI: Re-measurement gains/ (losses) on defined benefit plans	Total equity
As at 1 April 2015	600.00	665.98	0	1,265.98
Net income / (loss) for the year	-	162.33	-	162.33
Other comprehensive income (Note 28)	-	-	- 1.65	- 1.65
Total comprehensive income	-	162.33	- 1.65	160.68
				-
				-
At 31 March 2016	600.00	828.31	- 1.65	1,426.66
Net income / (loss) for the year	-	98.90	-	98.90
Other comprehensive income (Note 28)	-	-	- 4.62	- 4.62
Total comprehensive income	-	98.90	- 4.62	94.28
At 31 March 2017	600.00	927.20	- 6.27	1,520.92

See accompanying notes to the financial statements.

for M Bhaskara Rao & Co.,
Chartered Accountants
FRN.NO.000459S

D.Bapu Raghavendra
Partner
M.No.213274

Place: Hyderabad
Date: 09.05.2017

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For and on behalf of the board

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Chief Financial Officer

VENNAR CERAMICS LIMITED CORP OFFICE HYDERABAD

Vennar Ceramics Limited
Notes to financial statement for the year ended 31 March 2017
(Amount in Rupees lakhs, unless otherwise stated)

1 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. 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.

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 recognised 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 judgement 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. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the company. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial asset

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Defined benefit plans and other long term benefit plan (gratuity benefits and leave encashment)

The cost and present value of the defined benefit gratuity plan and leave encashment (other long term benfit plan) 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 and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation and other long term benefits are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. For plans operated outside India, the management considers the interest rates of high quality corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

Further details about gratuity obligations and leave encashment are given in Note .

Fair value measurement of financial instruments

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

Vennar Ceramics Limited
Notes to financial statement for the year ended 31 March 2017
(Amount in Rupees lakhs, unless otherwise stated)

3 Property, plant and equipment

	Leasehold land	Building	Plant and machinery	Furniture & fixtures	Vehicles	Office equipments	Computers	Total	Capital work in progress
Cost									
As at April 1, 2015	524.53	1,856.22	4,185.39	15.32	18.63	265.68	22.61	**6,888.39**	-
Additions	8.04	13.59	167.33	-	-	8.41	0.26	**197.63**	-
Disposal	-	-	-	-	-	-	-	-	-
As at March 31, 2016	532.57	1,869.81	4,352.72	15.32	18.63	274.09	22.87	**7,086.02**	-
Additions	125.76	226.07	550.98	0.76	1.38	42.63	1.37	**977.68**	28.72
Disposal	-	-	-	-	-	-	-	-	-
As at March 31, 2017	658.33	2,095.88	4,903.70	16.08	20.01	316.72	24.24	**8,063.69**	28.72
Depreciation and impairment									
As at April 1, 2015	-	165.63	551.31	2.99	2.56	96.71	17.26	836.46	
Additions	-	54.84	318.39	1.60	2.21	69.01	4.28	450.33	-
Disposal	-	-	-	-	-	-	-	-	-
As at March 31, 2016	-	220.47	869.70	4.59	4.77	165.72	21.54	**1,286.79**	-
Additions	-	57.82	339.29	1.64	2.37	72.38	0.36	473.85	-
Disposal	-	-	-	-	-	-	-	-	-
As at March 31, 2017	-	278.29	1,208.99	6.23	7.14	238.10	21.90	**1,760.64**	-
Net book value									
As at March 31, 2017	658.33	1,817.59	3,694.72	9.85	12.87	78.62	2.33	6,303.05	28.72
As at March 31, 2016	532.57	1,649.34	3,483.02	10.73	13.87	108.37	1.33	5,799.23	-
As at April 1, 2015	524.53	1,690.59	3,634.08	12.33	16.08	168.97	5.35	6,051.93	-

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

Vennar Ceramics Limited
Notes to financial statement for the year ended 31 March 2017
(Amount in Rupees lakhs, unless otherwise stated)

4 **Intangible assets**

	Computer Softwares	Total
Cost		
As at April 1, 2015	23.51	**23.51**
Additions	-	-
Disposal	-	-
As at March 31, 2016	23.51	**23.51**
Additions	-	-
Disposal	-	-
As at March 31, 2017	23.51	**23.51**
Amortisation and impairment		
As at April 1, 2015	11.02	**11.02**
Additions	1.61	**1.61**
Disposal	-	-
As at March 31, 2016	12.63	**12.63**
Additions	3.70	**3.70**
Disposal	-	-
As at March 31, 2017	16.33	**16.33**
Net book value		
As at March 31, 2017	7.18	7.18
As at March 31, 2016	10.88	10.88
As at April 1, 2015	12.49	12.49

Vennar Ceramics Limited
Notes to financial statement for the year ended 31 March 2017
(Amount in Rupees lakhs, unless otherwise stated)

	Non-Current			Current		
	31 March 2017	31 March 2016	01 April 2015	31 March 2017	31 March 2016	01 April 2015
5 **Financial Assets**						
Loans at amortised cost						
Security deposits						
Considered good (Unsecured)	125.77	127.50	68.93	-	-	-
Staff loans						
Considered good (Unsecured)	-	-	-	2.51		
Total loans at amortised cost	**125.77**	**127.50**	**68.93**	**2.51**	-	-

Vennar Ceramics Limited
Notes to financial statement for the year ended 31 March 2017
(Amount in Rupees lakhs, unless otherwise stated)

6 **Inventories**

Particulars	31 March 2017	31 March 2016	01 April 2015
a) Raw Materials	265.48	-	-
b) Work-in-Process	34.58	-	-
c) Finished Goods	1,086.50	-	-
d) Stock In Trade	-	-	-
e) Stores and Spares	297.18	-	-
	1,683.74	-	-

Note:
For mode of valuation refer Accounting policy number 2 (g)

7 **Trade receivables**

Particulars	31 March 2017	31 March 2016	01 April 2015
Trade receivables			
Trade receivables - related parties	66.82	138.70	114.63
Trade receivables - others	-	-	-
	66.82	138.70	114.63
Outstanding for a period exceeding six months from the date they are due for payment (i)			
Secured, considered good	-	-	-
Unsecured, Considered Good	66.82	138.70	114.63
Doubtful	-	-	-
	66.82	138.70	114.63
Less: Provision for doubtful debts	-	-	-
	66.82	138.70	114.63
Total trade receivables (i)+(ii)	66.82	138.70	114.63

Note:
No trade or other receivables are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other recievables are due from firms or private companies in which any director is a partner, director or a member.

Trade receivables are non interest bearing and generally on credit term of 03 to 30 days.

8 **Cash and cash equivalents:**

Particulars	31 March 2017	31 March 2016	01 April 2015
a) Balance with banks			
- On current accounts	1.87	-	-
- On deposit accounts	-	-	-
b) Cash on hand	2.76	-	-
	4.63	-	-

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
a) Balance with banks			
- On current accounts	1.87	-	-
- On deposit accounts		-	-
b) Cheques, drafts on hand	-		-
c) Cash on hand	2.76	-	-
d) Other bank balances (earmarked balance with the bank)	28.79	-	-
	33.42	-	-

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

Particulars	SBN	ODN	TOTAL
Closing cash on hand as on 08.11.2016	5,00,000	1,85,758	6,85,758
(+) Permi tted receipts -		8,18,651	8,18,651
(-) Permi tted payments -		5,11,888	5,11,888
(-) Amounts Depos i ted in Banks-	5,00,000	-	5,00,000
Closing cash on hand as on 30.12.2016	-	4,92,521	4,92,521

9 **Other bank balances**

Particulars	31 March 2017	31 March 2016	01 April 2015
a) Embarked balance with the bank			
- Other deposit	28.79	-	-
	28.79	-	-

(Amount in Rupees lakhs, unless otherwise stated)

	Non-Current			Current		
	31 March 2017	**31 March 2016**	**01 April 2015**	**31 March 2017**	**31 March 2016**	**01 April 2015**
10 **Other assets**						
Advances recoverable in cash or kind						
Considered good (Unsecured)	-	-	-	418.92	201.68	-
Prepaid expenses	-	-	-	10.57	11.08	11.34
Balance with statutory authorities	-	-	-	384.76	348.55	362.56
	-	**-**	**-**	**814.25**	**561.31**	**373.90**

Vennar Ceramics Limited
Notes to financial statement for the year ended 31 March 2017
(Amount in Rupees lakhs, unless otherwise stated)

	Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 01 April, 2015
11	**Share capital**			
a)	**Authorised Share Capital**			
	Equity share capital			
	(1,50,00,000 shares at face value of Rs10/- per share)	1,500.00	1,500.00	1,500.00
	Increase / (decrease) during the year	-	-	-
	Total	**1,500.00**	**1,500.00**	**1,500.00**
b)	**Issued, subscribed and paid up capital**			
	Equity share capital			
	(1,50,00,000 shares at face value of Rs10/- per share)	1,500.00	1,500.00	1,500.00
	Changes in Equity share capital during the year	-	-	-
		1,500.00	**1,500.00**	**1,500.00**

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

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

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

e) Shares held by Holding/ Ultimate Holding and/or their Subsidiaries/Associates
Out of the equity shares issued by the company , shares held by its holding company ultimate holding company and their subsidiaries / associates are as below:

Particulars	As at 31 March, 2017		As at 31 March, 2016		As at 01 April, 2015	
	Number of shares held	% of holding	Number of shares held	% of holding	Number of shares held	% of holding
Equity shares of INR 10 each fully paid up						
Kajaria Ceramics Limited (Holding Company)	7,650,000.00	51%	7,650,000.00	51%	7,650,000.00	51%
Anjani Vishnu Holdings Limited (Associate Company)	6,599,994.00	44%	7,349,994.00	49%	7,349,994.00	49%

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

Particulars	As at 31 March, 2017		As at 31 March, 2016		As at 01 April, 2015	
	Number of shares held	% of holding	Number of shares held	% of holding	Number of shares held	% of holding
Equity shares of INR 10 each fully paid up						
Kajaria Ceramics Limited (Holding Company)	7,650,000.00	51%	7,650,000.00	51%	7,650,000.00	51%
Anjani Vishnu Holdings Limited (Associate Company)	6,599,994.00	44%	7,349,994.00	49%	7,349,994.00	49%

Vennar Ceramics Limited
Notes to financial statement for the year ended 31 March 2017
(Amount in Rupees lakhs, unless otherwise stated)

12 Other Equity

Particulars	Amount
1) Reserves and Surplus	
a) Security premium reserve	
At 01 April 2015	600.00
At 31 March 2016	600.00
Changes during the period	-
Closing balance	**600.00**
b) Retained earnings	
At 01 April 2015	665.98
Add: Acquisition during period	-
Profit/(loss) during the period	162.33
At 31 March 2016	828.31
Profit/(loss) during the period	98.90
Closing balance	**927.20**
3) Other Reserves	
a) Foreign currency translation reserves	
As at 31 March 2017	-
As at 31 March 2016	-
As at 01 April 2015	-
a) Other comprehensive reserves	
At 01 April 2015	-
Profit/(loss) during the period	-1.65
At 31 March 2016	-1.65
Profit/(loss) during the period	-4.62
Closing balance	**-6.27**
Total other equity at	
As at 31 March 2017	1,520.92
As at 31 March 2016	1,426.66
As at 01 April 2015	1,265.98

	Non-Current			Current		
Financial Liabilities	31 March 2017	31 March 2016	01 April 2015	31 March 2017	31 March 2016	01 April 2015
13 Borrowings						
Rupee term loans (secured)						
From banks	716.86	1,351.06	1,983.99	-	-	-
From others	0.22	3.21	7.02	-	-	-
Working capital loans (secured)						
From banks	-	-	-	1,192.48	980.32	536.42
Unsecured loan from related parties	1,602.00	1,025.00	1,025.00	-	-	-
Total borrowings	2,319.08	2,379.27	3,016.01	1,192.48	980.32	536.42

Notes:

Type and Nature of Borrowings	Amount outstanding			Effective interest rate	Security Details	Repayment Terms***
	1-Apr-15	31-Mar-16	31-Mar-17			
Term Loans (including current maturities)	2,621.20	1,988.27	1,354.07	9.50%		

a) 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 Mls Kajaria Ceramics Ltd & Mls Anjani Vishnu Holdings Ltd on the ratio of 51%:49% Details of term loans are as under:

Particulars	Rate of interest	Rs in lakhs	No. of installments	Frequency	Commencing year
The Federal Bank Limited	9.50%	2,200.00	18	Quarterly	Oct'14
The Federal Bank Limited	9.50%	418.00	22	Quarterly	Nov'14

b) Unsecured loan from related parties are of following terms:

Particulars	Rs in Lakhs		Rs in Lakhs
M/S Kajaria Ceramics Limited	817.00	9%	522.00
M/S Anjani Vishnu Holdings Limited	785.00	9%	503.00

c) 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 51:44

d) There are no continuing default on the balance sheet date in repayment of loan and interest

14 Trade Payables

				Current		
Trade payables				31 March 2017	31 March 2016	01 April 2015
Sundry Creditors:						
Dues of Micro, Small and Medium Enterprises					-	-
Dues to others	-	-	-	1,056.90	653.12	465.99
	-	-	-	1,056.90	653.12	465.99

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled within 30 to 90 days.

For explanations on the Company's credit risk management as disclosed in the notes to financial statements

15 Others

Current maturities of long term debts	-	-	-	637.21	637.22	637.22
	-	-	-	637.21	637.22	637.22

Vennar Ceramics Limited
Notes to financial statement for the year ended 31 March 2017
(Amount in Rupees lakhs, unless otherwise stated)

	Non-Current			Current		
	31 March 2017	**31 March 2016**	**01 April 2015**	**31 March 2017**	**31 March 2016**	**01 April 2015**
16 **Provisions**						
Provision for employee benefits						
Gratuity/Leave Encashment	-	24.51	17.47	7.44	-	-
Others						
Provision for :						
Income Taxes	-	-	-	34.23	48.26	129.07
	-	24.51	17.47	41.67	48.26	129.07
17 **Other liabilities**						
Provision for expenses	-	-	-	48.33	49.77	139.62
Statutory Dues Payable	-	-	-	231.59	218.28	227.24
Provision for Income Taxes						
	-	-	-	279.92	268.05	366.86

Vennar Ceramics Limited
Notes to financial statement for the year ended 31 March 2017
(Amount in Rupees lakhs, unless otherwise stated)

18 Tax Reco

(a) Income tax expense:

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

0

(i) Profit or loss section

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Current tax expense	31.23	48.26
Less: MAT Credit Entitlement	31.23	48.26
Deferred tax expense	58.95	80.54
Total income tax expense recognised in statement of Profit & Loss	**58.95**	**80.54**

OCI section		
Deferred tax related to items recognised in OCI during in the year:		
Net loss/(gain) on remeasurements of defined benefit plans	- **2.28**	**(0.82)**
Income tax charged to OCI	- **2.28**	**(0.82)**

(ii) OCI Section

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Net (gain) on remeasurement of defined benefit plans		-
Income tax charged to OCI	-	-

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

	31-Mar-17	31-Mar-16
Accounting profit before tax from continuing operations	160.13	243.68
		-
Accounting profit before income tax	**160.13**	**243.68**
At India's statutory income tax rate of **33.063%** (31 March 2016: **33.063%**) and tax expenses recognised as per MAT (20.38% including SC + ED Cess)	31.23	48.26
Less: MAT Credit Entitlement	- 31.23	- 48.26
Income tax expense reported in the statement of profit and loss - Deferred Tax	58.95	48.26
	58.95	48.26

Income Tax provision of Rs.31.23 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.

	As at 1-Apr-15	Provided during the Year	As at 31-Mar-16	Provided during the Year	As at 31-Mar-17
Deferred tax liability:					
Related to Fixed Assets (Depreciation)	414.98	44.92	459.90	58.95	518.85
Others					
Total deferred tax liability (A)	414.98	44.92	459.90	58.95	518.85
Deferred tax asets:					
Disallowances under Income Tax Act	5.67	- 3.40	2.27	-	2.27
Carry forward losses	60.23	- 32.22	28.01	-	28.01
Provision for leave encashment					
Total deferred tax assets (B)	65.90	- 35.62	30.28	-	30.28
Deferred Tax Liability (Net) (A - B)	349.08	80.54	429.62	58.95	488.57

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

Vennar Ceramics Limited
Notes to financial statement for the year ended 31 March 2017
(Amount in Rupees lakhs, unless otherwise stated)

Particulars	31 March 2017	31 March 2016
19 Revenue from operations		
Sale of products (including excise duty)		
Sale of Tiles	7,844.23	7,814.35
Total sale of products	7,844.23	7,814.35
Other operating revenue		
Scrap sales	101.66	180.50
Total	7,945.89	7,994.85

Sale of goods includes excise duty collected from customers INR 1,396.29 lacs (31 March 2016 INR 1,342.149 lacs)
Sale of goods net of excise duty is INR 6,455.92 lacs (31 March 2016 INR 6,472.16 lacs)

20 Other Income

Particulars	31 March 2017	31 March 2016
Other non operating income		
Rental Income	3.70	6.00
Gain / (loss) on foreign currency rate difference		-
Miscellaneous income	101.80	48.26
	105.50	54.26

21 Finance Income

Particulars	31 March 2017	31 March 2016
Interest Income on:		
-From Deposits (Margin Money)	8.53	3.81
	8.53	3.81

22 Cost of materials consumed

Particulars	31 March 2017	31 March 2016
Body Material	499.20	442.28
Glaze, frits and chemicals	1,272.75	1,385.18
Packing Material	595.85	572.73
Cost of material consumed	2,367.80	2,400.19

Particulars	31 March 2017	31 March 2016
Raw Material at the beginning of the year	356.40	321.13
Add: Purchases	2,276.87	2,435.46
Less: Raw Material at the end of the year	265.47	356.40
Cost of material consumed	2,367.80	2,400.19

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

Particulars	31 March 2017	31 March 2016
Closing stock		
Finished Goods	1,086.50	957.58
Stock In Trade	-	-
Work-in-process	34.58	45.43
	1,121.08	1,003.01
Less :		
Opening stock		
Finished Goods	957.58	956.05
Stock In Trade		-
Work-in-process	45.43	47.46
	1,003.01	1,003.51
(Increase) / decrease		
- Finished goods	- 128.92	- 1.53
- Work-in-progress	-	-
- Others	10.85	2.03
Net (Increase)/decrease in Stock	- 118.07	0.50

24 Employee benefit expense

Particulars	31 March 2017	31 March 2016
Salary, wages, bonus and allowance	492.35	470.13
Contribution to provident fund and other funds	24.34	26.13
Staff Welfare expenses	49.10	32.88
	565.79	529.14

25 Finance Cost

Particulars	31 March 2017	31 March 2016
Interest on debts and borrowings calculated using the effective interest method	414.26	451.94
Applicable Net Gain / (Loss) on Foreign Currency Transactions and Translation	0.00	1.21
	414.26	453.15

26 **Depreciation and amortisation expense**

Particulars	31 March 2017	31 March 2016
Depreciation of property, plant and equipment	473.85	450.33
Amortisation of intangible assets	3.70	1.61
	477.55	451.92

27 **Other expenses**

Particulars	31 March 2017	31 March 2016
Consumption of stores, spares and consumables	282.87	501.20
Packing Freight & Forwarding Expenses	287.28	-
Power and fuel	1,909.93	1,790.74
Rent	19.02	30.47
Traveling & Conveyance Expenses	29.45	22.69
Insurance	14.83	10.88
Repairs and maintenance:	-	-
- Building	9.29	12.38
- Machinery	103.11	92.61
- Others	15.35	6.42
Legal and professional charges	17.11	6.15
Payment to Auditors:		
As Auditor:	-	-
Audit fees	1.00	1.00
Tax Audit fee	-	-
Other matters	-	-
Advertisement expenses	-	-
Commission expenses	0.88	103.22
Excise duty on closing stock	2.91	9.41
Miscellaneous expenses	108.96	45.02
	2,796.17	2,632.19

28 **Components of Other Comprehensive Income (OCI)**

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

Re-measurement gains (losses) on defined benefit plans - Net	(4.62)	(1.65)
	(4.62)	(1.65)

(Amount in Rupees lakhs, unless otherwise stated)

29 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
Net Profit attributable to equity holders for basic earnings and diluted EPS	98.90	162.33
Weighted average number of Equity shares for basic and diluted EPS (full figures)	15,000,000	15,000,000
Basic and diluted profit per equity share (Rs.)	0.66	1.08

* Since there are no dilutive potential equity shares, the diluted profit per equity share is the same as the basic profit per equity share.

Vennar Ceramics Limited
Notes to financial statement for the year ended 31 March 201
(Amount in Rupees lakhs, unless otherwise stated)

30 Employee benefits

Defined Contribution Plans - General Description

Provident Fund:During the year, the company has recognised **Rs.9.06 lakhs (2015-16: Rs.28.59 lakhs)** as contribution to Employee Provident Fund in the Statment of Profit and Loss a/c (Refer Note).

Defined Benefit Plans - General Description

Gratuity:
Each employee rendering continuous service of 5 years or more i entitled to receive gratuity amount equal to 15/26 of the monthly emoluments for every completed year of service subject to maximum of 10 Lakhs at the time of separation from the company.

The following tables summarise the components of net benet expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective

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

	Gratuity
	Funded
Defined benefit obligation at 1 April 2015	17.51
Current service cost	3.17
Interest expense	1.36
Benefits paid	-
Actuarial (gain)/ loss on obligations - OCI	2.47
Defined benefit obligation at 31 March 2016	24.51
Current service cost	2.84
Interest expense	1.96
Benefits paid	-
Actuarial (gain)/ loss on obligations - OCI	6.90
Defined benefit obligation at 31 March 2017	36.21

Reconciliation of fair value of plan assets and defined benefitobligation:

	Gratuity
	Funded
Fair value of plan assets at 1 April 2015	-
Defined benefit obligation at 1 April 2015	17.51
Amount recognised in the Balance Sheet at 1 April 2015	17.51
Fair value of plan assets at 31 March 2016	-
Defined benefit obligation at 31 March 2016	24.51
Amount recognised in the Balance Sheet at 31 March 2016	24.51
Fair value of plan assets at 31 March 2017	-
Defined benefit obligation at 31 March 2017	36.21
Amount recognised in the Balance Sheet at 31 March 2017	36.21

Vennar Ceramics Limited
Notes to financial statement for the year ended 31 March 2017
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31 CIF Value of Imports

	March 31, 2017	March 31, 2016
Raw Material	31.00	22.44
Stores and Spares	116.00	111.19
Capital Stores	264.00	71.53
	411.00	205.16

32 Imported and Indigenous Raw Materials, Packing Materials and stores and spares consumed

	March 31, 2017		March 31, 2016		March 31, 2015	
	% of Total consumption	Rs. Lakhs	% of Total consumption	Rs. Lakhs	% of Total consumption	Rs. Lakhs
Raw Materials						
Imported	1.31%	31.00	0.93%	22.44	1.02%	25.50
Indigenous	98.69%	2,337.00	99.07%	2,377.75	98.98%	2,484.89
	100.00%	2,368.00	100.00%	2,400.19	100.00%	2,510.39

33 Expenditure in Foreign currency on account of

	March 31, 2017	March 31, 2016
- Others including travel	NIL	1.96
	-	1.96

34 Entity has Nil (Previous year Nil) unhedged foreign currency exposure as at the reporting date.

(Amount in Rupees lakhs, unless otherwise stated)

35 Related party disclosures

Names of related parties and description of relationship

Name of the related party	Relationship
Kajaria Ceramics Limited	Holding Company
Anjani Vishnu HoldingsLimited	Associate Company
C.V.K. Raju (From 01.04.2016 to 30.09.2016)	Chief Executive Officer
PVRLN Raju (From 01.10.2016)	Chief Executive Officer
K Balakrishna	Chief Financial Officer
MD. Ibrahim Pasha	Company Secretary
PVRLN Raju	Director
Arun Kumar Bagla	Director
Alok Kumar	Director
SVS Shetty	Director
P.Srinivasa raju	Independent Director
P.S.Ranganath	Independent Director
Relationship	
P Satya Naveen	Relative of Key Managerial Person, (Son of Mr PVRLN Raju)

36 Transactions during the year with Related Parties:

A Holding Company

Transactions during the period/ year:	31-Mar-17	31-Mar-16
Sale of goods (Net)	6,456.06	6,484.02
Rent received	3.70	6.00
Interest paid	59.48	46.98
Corporate guarantees obtained	2,121.60	2,121.60

B Associate Company

Transactions during the period/ year:	31-Mar-17	31-Mar-16
Interest Paid	58.74	45.27
Management Fees	49.69	103.22

C Key management personnel

Transactions during the period/ year:	31-Mar-17	31-Mar-16
Remuneration		
Short tem Employee benefits		
C.V.K.Raju	24.20	38.70
P.V.R.L.N.Raju	10.70	0.00
K.Balakrishna	18.73	0.00
MD.Ibrahim Pasha	4.09	0.00
	57.72	38.70

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 and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2017, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2017: INR Nil, 1 April 2016: 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.

(Amount in Rupees lakhs, unless otherwise stated)

37 Fair values

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	Carrying value			Fair value		
	As at 31-Mar-17	As at 31-Mar-16	As at 1-Apr-15	As at 31-Mar-17	As at 31-Mar-16	As at 1-Apr-15
Financial assets						
Security deposits	125.77	127.50	68.93	125.77	127.50	68.93
Staff Loans	2.51	-	-	2.51	-	-
Trade receivables	66.82	138.70	114.63	66.82	138.70	114.63
Cash and cash equivalents	4.63	-	-	4.63	-	-
Other bank balances	28.79	-	-	28.79	-	-
Total	**228.52**	**266.20**	**183.56**	**228.52**	**266.20**	**183.56**
Financial liabilities						
Long term borrowings	2,319.08	2,382.48	3,023.03	2,319.08	2,382.48	3,023.03
Short term borrowings	1,192.48	980.32	536.42	1,192.48	980.32	536.42
Trade Payables	1,056.90	653.12	465.99	1,056.90	653.12	465.99
Current maturities of long term debts	637.21	637.22	637.22	637.21	637.22	637.22
Total	**5,205.67**	**4,653.14**	**4,662.66**	**5,205.67**	**4,653.14**	**4,662.66**

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. The fair value of investments in mutual funds is determined using quoted net assets value of the funds. Further, the subsequent measurements of all assets and liabilities (other then investments in mutual funds) is at amortised cost, using effective interest rate method.

The following methods and assumptions were used to estimate 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

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(Amount in Rupees lakhs, unless otherwise stated)

38 Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's'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	125.77	-	-	125.77
Staff Loans	31-Mar-17	2.51	-	-	2.51
Trade receivables	31-Mar-17	66.82	-	-	66.82
Cash and cash equivalents	31-Mar-17	4.63	-	-	4.63
Other bank balances	31-Mar-17	28.79	-	-	28.79

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

Quantitative disclosures fair value measurement hierarchy for assets 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	127.50	-	-	127.50
Staff Loans	31-Mar-16	-	-	-	-
Trade receivables	31-Mar-16	138.70	-	-	138.70
Cash and cash equivalents	31-Mar-16	-	-	-	-
Other bank balances	31-Mar-16	-	-	-	-

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

Quantitative disclosures fair value measurement hierarchy for assets as at 1st 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	1-Apr-15	68.93	-	-	68.93
Staff Loans	1-Apr-15	-	-	-	-
Trade receivables	1-Apr-15	114.63	-	-	114.63
Cash and cash equivalents	1-Apr-15	-	-	-	-
Other bank balances	1-Apr-15	-	-	-	-

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:					
Long term borrowings	31-Mar-17	2,319.08	-	-	2,319.08
Short term borrowings	31-Mar-17	1,192.48	-	-	1,192.48
Trade Payables	31-Mar-17	1,056.90	-	-	1,056.90
Current maturities of long term debts	31-Mar-17	637.21	-	-	637.21

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)
Liabilities measured at fair value:					
Long term borrowings	31-Mar-16	2,382.48	-	-	2,382.48
Short term borrowings	31-Mar-16	980.32	-	-	980.32
Trade Payables	31-Mar-16	653.12	-	-	653.12
Current maturities of long term debts	31-Mar-16	637.22	-	-	637.22

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 liabilties as at 1st 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:					
Long term borrowings	1-Apr-15	3,023.03	-	-	3,023.03
Short term borrowings	1-Apr-15	536.42	-	-	536.42
Trade Payables	1-Apr-15	465.99	-	-	465.99
Current maturities of long term debts	1-Apr-15	637.22	-	-	637.22

(Amount in Rupees lakhs, unless otherwise stated)

39 Financial risk management objectives and policies

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

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

A. Credit Risk
Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analyzing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit. Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, investments, derivative financial instruments, cash and cash equivalents, bank deposits and other financial assets. None of the financial instruments of the Company result in material concentration of credit risk.

Exposure to credit risk:
The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk is as follows:

	As at 31 March 2017	As at 31 March 2016
Security deposits	125.77	127.50
Staff Loans	2.51	-
Trade receivables	66.82	138.70
Cash and cash equivalents	4.63	-
Other bank balances	28.79	-

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

Financial instruments and cash deposits
Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the authorised person. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

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

Liquidity Trends

	31 March 2017	31 March 2016	1 April 2015
Cash flow from operating activities	(437.71)	819.02	2441.88
Cash and cash equivalent	33.42	-	43.04
Short-term and long-term borrowings	3511.56	3362.80	3559.45

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

Year ended 31st March 2017

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	**Total**
Borrowings	1192.48	-	-	-	-	1192.481
Trade and other payables	-	1,056.90	-	-	-	1056.904
Other financial liabilities	637.21	-	-	-	-	637.2096

Year ended 31st March 2016

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	**Total**
Borrowings	980.32	-	-	-	-	980.32
Trade and other payables	-	653.12	-	-	-	653.12
Other financial liabilities	637.22	-	-	-	-	637.22

As at 1st April 2015

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	**Total**
Borrowings	536.42	-	-	-	-	536.42
Trade and other payables	-	465.99	-	-	-	465.99
Other financial liabilities	637.22	-	-	-	-	637.22

Excessive risk concentration

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

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

Collateral

Nil

C. Market Risk

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

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

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

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

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term borrowings. However since the rate are fixed, there is no impact due to volatility in interest rate

As the Company has no significant interest- bearing assets, the income and operating cash flows are substantially independent of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates, which are included in interest bearing loans and borrowings in these financial statements.

The Company manages its interest rate risk by having portfolio of fixed borrowing rate. As the entity has only fixed rate borrowings, there is no impact on entity due to any interest rate fluctuation

	Increase/decrease in basis points	Effect on profit before tax INR Lacs
31-Mar-17		
INR	+50	20.43
INR	-50	-20.43
31-Mar-16		
INR	+50	21.31
INR	-50	-21.31

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

Foreign currency risk

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

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and GBP exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The impact on the Company's pre-tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges and net investment hedges. The Company's exposure to foreign currency changes for all other currencies is not material.

	Change in USD rate	Effect on profit before tax INR Lacs	Effect on pre-tax equity INR Lacs
31-Mar-17	+5%	NA	NA
	-5%	NA	NA
31-Mar-16	+5%	NA	NA
	-5%	NA	NA

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40 Capital Management

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

Capital includes equity attributable to the equity holders of the Parent. The primary objective of the Group's capital management is to ensure that it maintains an efficient capital structure and healthy capital ratios in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions or its business requirements. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders,return capital to shareholders or issue new shares

			Amount in Lakhs
	At 31 March 2017	At 31 March 2016	At 1 April 2015
Borrowings	3,511.56	3,362.80	3,559.45
Other Liabilities	637.21	637.22	637.22
Trade and other payables	1,056.90	653.12	465.99
Less Cash and short term deposits	33.42	-	-
Net debts	**5,172.25**	**4,653.14**	**4,662.66**
Equity	1,500.00	1,500.00	1,500.00
Other Equity	1,520.92	1,426.66	1,265.98
Total Capital	**3,020.92**	**2,926.66**	**2,765.98**
Capital and net debt	**8,193.17**	**7,579.80**	**7,428.64**
Gearing ratio (%)	**63.13%**	**61.39%**	**62.77%**

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

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

41 Dues to Micro, Small and Medium Enterprises

The dues to Micro, Small and Medium Enterprises as required under the Micro, Small and Medium Enterprises Development Act, 2006 to

Rs in Lakhs

Particulars	31-Mar-17	31-Mar-16	1-Apr-15
(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	-	-	-

42 Segment Reporting

The business activity of the company falls within one broad business segment viz. "Tiles and ceramics" 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.

43 First time adoption of Ind AS

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

These financial statements, for the year ended 31 March 2017, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian 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 Indian GAAP financial statements, including the balance sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016.

Exemptions applied:

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

EQUITY RECONCILIATION -NIL Adjustment

1. Mandatory execptions;

a) Estimates

The estimates at 1 April 2016 and at 31 March 2017 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Indian GAAP did not require estimation:

- FVTOCI – Quoted and unquoted equity shares.
- Impairment of financial assets based on expected credit loss model.

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

b) Derecognition of financial assets:

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

c) Classification and measurement of financial assets:

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

ii. Financial Instruments: (Equity shares (other than investment in subsidiary, associates and JVs):
The Company has designated unquoted and quoted equity instruments held at 1 April 2015 as fair value through OCI investments.

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

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

2. Optional exemptions;

a) Deemed cost-Previous GAAP carrying amount: (PPE and Intangible)

Since there is no change in the functional currency, the Company has elected to continue with the carrying value for all of Property, Plant and Equipment and Intangible Assets, as recognised in its Indian GAAP financial as deemed cost at the transition date.

Vennar Ceramics Limited
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Commitments and Contingencies

A. Contingent Liabilities

	March 31, 2017	March 31, 2016	April 01, 2015
Contingent Liabilities	-	-	-

The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the Company's financial position and results of operations.

B. Commitments

	March 31, 2017	March 31, 2016	April 01, 2015
i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	-	-	-
ii) Other commitments :			
- Outstanding guarantees issued by the banks, counter guarantee by the company including letter of credit issues	-	-	-
	-	-	-

Previous Year figures have been regrouped/recast wherever necessary.

for M Bhaskara Rao & Co. ,
Chartered Accountants
FRN.No.000459S

D.Bapu Raghavendra
Partner
M.No.213274

Place: Hyderabad
Date: 09.05.2017

M. BHASKARA RAO & Co., Chartered Accountants HYD.

For and on behalf of the board

PVRLN Raju
Director
DIN: 00480511

Arun Kumar Bagla
Director
DIN: 00369178

Md. Ibrahim Pasha
Company Secretary

K.Balakrishna
Chief Financial Officer

VENNAR CERAMICS LIMITED CORP OFFICE HYDERABAD