M. ANANDAM & CO.,
CHARTERED ACCOUNTANTS

Independent Auditor's Report

To the Members of Vennar Ceramics Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Vennar Ceramics Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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 March 31, 2019, and its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than Financial Statements (Other Information)

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

7 'A', SURYA TOWERS, SARDAR PATEL ROAD, SECUNDERABAD - 500 003.
PHONE : 2781 2377, 2781 2034, FAX : 2781 2091

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, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

Anandam & Co. Secunderabad Chartered Accountants

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

• Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 including Other Comprehensive Income, Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
(d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards prescribed 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, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 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, refer to our separate Report in "Annexure A".
(g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

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

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

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

For M. Anandam & Co.,
Chartered Accountants
(Firm's Registration No. 000125S)

B.V.SKumar

B. V. Suresh Kumar
Partner
Membership No.212187

M. Anandam & Co. Secunderabad Chartered Accountants

Place: Hyderabad
Date: 17.04.2019

Annexure "A" to the Independent Auditor's Report
(Referred to in paragraph 1(f) under 'Report on Other Legal Regulatory Requirements' section of our report to the Members of the Company of even date)

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 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('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.

Auditor's Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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.

M. Anandam & Co. Secunderabad Chartered Accountants

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS 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 Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, 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. Anandam & Co.,
Chartered Accountants
(Firm's Registration No. 000125S)

B. V. Suresh Kumar
Partner
Membership No.212187

M. Anandam & Co. ★ Secunderabad ★ Chartered Accountants

Place: Hyderabad
Date: 17.04.2019

Annexure "B" to the Independent Auditor's Report

With reference to Paragraph 2 under 'Report on Other Legal Regulatory Requirements' section of our report to the Members of the Company, we report that

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) As explained to us, the fixed assets have been physically verified by the management in a periodical manner, which in our opinion is reasonable, having regard to the size of the Company and the nature of its business. Pursuant to the programme, certain fixed assets were physically verified by the Management during the year. No material discrepancies were noticed on 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) As explained to us the physical verification of inventory has been conducted at the year-end by the management. The discrepancies noticed on verification between the physical stocks and book records were not material.

(iii) The company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraph 3 (iii) (a) to (c) of the Order is not applicable.

(iv) In our opinion and according to the information and explanations given to us, the Company has not a) granted loans; b) made investments; c) given guarantees; and d) provided securities under section 185 and 186 of the Act. Accordingly, paragraph 3 (iv) of the Order is not applicable.

(v) The company has not accepted deposits within the meaning of Sections 73 to 76 of the Act and the rules framed thereunder.

(vi) In our opinion and according to the information and explanations given to us, maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Act.

(vii) (a) According to the information and explanations given to us and the records of the Company examined by us, the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, value added tax, wealth tax, service tax, customs duty, excise duty, value added tax, good and service tax cess and any other statutory dues as applicable with the appropriate authorities and there were no arrears of outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and records of the Company examined by us, there are no disputed statutory dues of income tax, sales tax, valued added tax, goods and service tax, wealth tax, service tax, customs duty, excise duty or cess as at 31st March, 2019.

(viii) The Company has not defaulted in repayment of loans or borrowings to banks.

(ix) The Company did not raise any money by way of initial public offer or further public offer during the year. In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which the loans were obtained.

(x) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

(xi) According to the information and explanations give 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, paragraph 3 (xii) 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 section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.

(xiv) During the year the Company has not made preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under (xiv) of CARO 2016 is not applicable to the Company.

(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 any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3 (xv) of the Order is not applicable

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For M. Anandam & Co.,
Chartered Accountants
(Firm's Registration No. 000125S)

B.V.S.Kumar

B. V. Suresh Kumar
Partner
Membership No.212187

M. Anandam & Co. Secunderabad Chartered Accountants

Place: Hyderabad
Date: 17.04.2019

Vennar Ceramics Limited
Balance Sheet as at 31 March, 2019
(Amount in Rupees lakh, unless otherwise stated)

Particulars	Note	As at 31st March, 2019	As at 31st March, 2018
I ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	3	5,948.16	6,134.59
(b) Capital work-in-progress		2.66	24.24
(c) Other intangible assets	4	1.18	3.48
(d) Financial assets			
Loans	5	103.72	102.21
(e) Deferred tax assets (net)	27	134.97	136.43
(f) Other non-current assets	6	-	32.04
(2) Current assets			
(a) Inventories	7	1,399.87	1,471.68
(b) Financial assets			
(i) Trade receivables	8	340.09	111.26
(ii) Cash and cash equivalents	9	53.70	3.30
(iii) Bank balances other than (ii) above	10	44.25	63.54
(iv) Loans	5	-	1.10
(v) Other financial assets	11	282.73	330.56
(c) Other current assets	6	104.43	147.11
Total Assets		**8,415.76**	**8,561.55**
II EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	12	2,400.00	2,400.00
(b) Other equity	13	1,120.77	865.66
LIABILITIES			
(1) Non-current liabilities			
(a) Financial liabilities			
Borrowings	14	2,204.28	2,285.24
(b) Provisions	17	13.60	7.09
(2) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	14	1,627.75	1,400.72
(ii) Trade payables	15		
(A) Total outstanding dues of micro enterprises and small enterprises		-	-
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises		694.40	884.22
(iii) Other financial liabilities	16	202.70	685.38
(b) Other current liabilities	19	125.79	31.58
(c) Provisions	17	3.19	1.67
(d) Current tax liabilities (net)	18	23.28	-
Total Equity and Liabilities		**8,415.76**	**8,561.55**
Significant Accounting Policies	2		

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

As per our Report of even date

For M. Anandam & Co.,
Chartered Accountants
FRN: 000125S

B.V.Suresh Kumar
Partner
M.No.212187

Place: Hyderabad
Date: 17.04.2019

M. Anandam & Co. Secunderabad Chartered Accountants

For and on behalf of the Board

CVK Raju
Director
DIN: 07337953

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, 2019
(Amount in Rupees lakh, unless otherwise stated)

	Particulars	Note	Year ended 31st March, 2019	Year ended 31st March, 2018
I	**REVENUE**			
	Revenue from operations	20	7,100.38	6,305.71
	Other income	21	13.12	68.28
	Total Revenue (I)		**7,113.50**	**6,373.99**
II	**EXPENSES**			
	Cost of materials consumed	22	2,588.18	2,361.35
	Changes in inventories of finished goods and work- in- progress	23	152.34	289.45
	Excise duty		-	322.68
	Employee benefits expense	24	443.25	532.60
	Finance costs	25	369.99	420.17
	Depreciation and amortization expense	26	511.37	507.76
	Other expenses	27	2,730.08	2,945.77
	Total expenses (II)		**6,795.21**	**7,379.79**
III	**Profit / (Loss) before tax (I-II)**		**318.29**	**(1,005.79)**
IV	**Tax expense:**	28		
	(1) Current Tax		4.09	-
	(2) Deferred Tax		69.80	(339.71)
V	**Profit / (Loss) for the Year (III-IV)**		**244.40**	**(666.09)**
VI	**Other Comprehensive Income (OCI)**	29		
	Items that will not be reclassified to profit or loss			
	Actuarial gain/(loss) on employee benefits (net of tax)		10.71	10.83
VII	**Total Other comprehensive income for the year**		**255.11**	**(655.26)**
	Earnings per Equity Share (In Rupees)			
	Basic and Diluted	30	1.02	(4.33)
	Significant Accounting Policies	1		

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

As per our Report of even date
For M. Anandam & Co.,
Chartered Accountants
FRN: 000125S

B.V.Suresh Kumar
Partner
M.No.212187

M. Anandam & Co. Secunderabad Chartered Accountants

Place: Hyderabad
Date: 17.04.2019

For and on behalf of the Board

CVK Raju
Director
DIN: 07337953

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, 2019
(Amount in Rupees lakh, unless otherwise stated)

Statement of Changes in Equity
a. Equity share capital

Particulars	31 March 2019	31 March 2018
Issued, subscribed and paid up capital (Refer note 12)		
Opening balance	2400.00	1500.00
Changes during the year	-	900.00
Closing balance	**2400.00**	**2400.00**

b. Other equity

Particulars	Reserves and Surplus		Total
	Securities Premium	Retained earnings	
As at 1 April 2017	**600.00**	**920.93**	**1,520.93**
Profit/(loss) for the year	-	(666.09)	(666.09)
Actuarial gain/(loss) on employee benefits (net of tax)	-	10.83	10.83
As at 31 March 2018	**600.00**	**265.66**	**865.66**
Profit/(loss) for the year	-	244.40	244.40
Actuarial gain/(loss) on employee benefits (net of tax)	-	10.71	10.71
As at 31 March 2019	**600.00**	**520.77**	**1,120.77**

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

As per our Report of even date
For M. Anandam & Co.,
Chartered Accountants
FRN: 000125S

M. Anandam & Co. Secunderabad Chartered Accountants

B.V.S.Kumar

B.V.Suresh Kumar
Partner
M.No.212187

Place: Hyderabad
Date: 17.04.2019

For and on behalf of the Board

CVK Raju
Director
DIN: 07337953

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
Cash Flow Statement for the year ended 31 March 2019
(Amount in Rupees lakh, unless otherwise stated)

Particulars	Year ended 31st March, 2019		Year ended 31st March, 2018	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit / (Loss) before tax		318.29		(1,005.79)
Adjustments for :				
Depreciation and Amortisation	511.37		507.76	
Loss on scrapping/sale of assets (net)	21.57		0.90	
Finance Cost	369.99		420.17	
		902.93		928.83
Operating Profit before Working Capital Changes		**1,221.21**		**(76.96)**
Adjustments for :				
(Increase)/Decrease in Trade Receivables	(228.83)		66.82	
(Increase)/Decrease in Inventories	96.81		212.06	
(Increase)/Decrease in Other Assets	109.39		(180.09)	
Increase/(Decrease) in Trade Payable and Other Liabilities	(10.22)	(32.85)	(292.01)	(193.22)
Cash Generated from Operations		**1,188.36**		**(270.18)**
Direct Taxes Paid (net of refund)	50.00		(10.85)	
		50.00	-	(10.85)
Net Cash from/(used in) Operating Activities		**1,138.36**		**(270.18)**
B. CASH FLOW FROM INVESTING ACTIVITIES				
Increase / (Decrease) in Property, Plant and Equipment, (Incl Capital Work-in-Progress)	(362.62)		(362.97)	
Sale of Property, Plant and Equipment	15.00		2.23	
Capital Advances	31.01		(21.42)	
Net Cash used in Investing Activities		**(316.61)**		**(382.16)**
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Issue of Share Capital / Application money	-		900.00	
Proceeds/ (Repayment) of Long Term Borrowings (net)	(631.33)		(37.05)	
Proceeds / (Repayment) of Short Term Borrowings (net)	227.03		208.24	
Finance Cost	(367.05)		(420.17)	
Net Cash from/(used in) Financing Activities		**(771.35)**		**651.02**
Net increase in Cash and Cash Equivalents		**50.40**		**(1.32)**
Cash and Cash Equivalents at the beginning of the year		**3.30**		**4.62**
Cash and Cash Equivalents at the end of the year		**53.70**		**3.30**
Significant Accounting Policies	2			

Notes:

1 Components of cash and cash equivalents

	2019	2018
Balances with banks	51.18	-
- Current accounts	0.28	1.76
Cash on hand	2.24	1.54
Cash and cash equivalents considered in the cash flow statement	**53.70**	**3.30**

2 The above cash flow statement has been prepared under 'Indirect method' as set out in Indian Accounting Standard - 7 on 'Statement of Cash Flows'.

3 Reconciliation of liabilities arising from Financing Activities

Particulars	Outstanding as at 1st April, 2018	Cash flows	Non-cash Changes	Outstanding as at 31st March, 2019
Long-term borrowings	2,919.24	(631.33)	-	2,287.91
Short-term borrowings	1,400.72	227.03	-	1,627.75
Total liabilities from financing activities	4,319.96	(404.30)	-	3,915.66

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

As per our Report of even date
For M. Anandam & Co.,
Chartered Accountants
FRN: 000125S

B.V.Suresh Kumar
Partner
M.No.212187

Place: Hyderabad
Date: 17.04.2019

For and on behalf of the Board

CVK Raju
Director
DIN: 07337953

Arun Kumar Bagla
Director
DIN: 00369178

Md.Ibrahim Pasha
Company Secretary

K.Balakrishna
Chief Financial Officer

M. Anandam & Co. Secunderabad Chartered Accountants

VENNAR CERAMICS LIMITED CORP OFFICE HYDERABAD

Vennar Ceramics Limited
Notes to Financial Statements for the year ended 31 March 2019
(Amount in Rupees lakh, unless otherwise stated)

3 Property, Plant and Equipment

Particulars	Land	Buildings	Plant and Equipment	Furniture & Fixtures	Vehicles	Office Equipment	Computers	Tools	Total
Gross Carrying Amount									
As at April 1, 2018	**658.33**	**1,877.04**	**4,332.74**	**12.23**	**8.75**	**215.35**	**2.92**	**1.77**	**7,109.14**
Additions	4.75	1.77	370.77	1.33	-	4.54	0.68	0.30	384.14
Disposal/Adjustments	-	-	298.51	-	7.48	-	-		305.99
As at March 31, 2019	**663.08**	**1,878.81**	**4,405.00**	**13.56**	**1.27**	**219.89**	**3.60**	**2.07**	**7,187.29**
Accumulated Depreciation									
As at March 31, 2018	-	**119.92**	**745.68**	**3.34**	**1.30**	**103.26**	**0.92**	**0.11**	**974.54**
Depreciation / Amortisation for the Year		62.13	424.62	1.81	0.94	18.73	0.73	0.12	509.07
Deductions/Adjustments	-	-	242.38	-	2.10	-	-	-	244.48
As at March 31, 2019	-	**182.04**	**927.91**	**5.15**	**0.15**	**121.99**	**1.66**	**0.23**	**1,239.13**
Net book value									
As at March 31, 2019	**663.08**	**1,696.77**	**3,477.09**	**8.41**	**1.12**	**97.90**	**1.95**	**1.85**	**5,948.16**
As at March 31, 2018	**658.33**	**1,757.12**	**3,587.06**	**8.89**	**7.45**	**112.08**	**1.99**	**1.66**	**6,134.59**

Particulars	Land	Buildings	Plant and Equipment	Furniture & Fixtures	Vehicles	Office Equipment	Computers	Tools	Total
Gross Carrying Amount									
As at April 1, 2017	**658.33**	**1,875.41**	**4,034.01**	**11.49**	**15.24**	**151.00**	**2.69**	**1.77**	**6,749.95**
Additions	-	1.63	298.73	0.74	-	64.35	0.23	-	365.68
Disposal/Adjustments	-	-	-	-	6.49	-	-	-	6.49
As at March 31, 2018	**658.33**	**1,877.04**	**4,332.74**	**12.23**	**8.75**	**215.35**	**2.92**	**1.77**	**7,109.14**
Accumulated Depreciation									
As at April 1, 2017	-	**57.82**	**339.29**	**1.64**	**2.37**	**72.38**	**0.36**	-	**473.85**
Depreciation / Amortisation for the Year	-	62.10	406.39	1.70	2.30	30.89	0.57	0.11	504.06
Deductions/Adjustments	-	-	-	-	3.37	-	-	-	3.37
As at March 31, 2018	-	**119.92**	**745.68**	**3.34**	**1.30**	**103.26**	**0.92**	**0.11**	**974.54**
Net book value									
As at March 31, 2018	**658.33**	**1,757.12**	**3,587.06**	**8.89**	**7.45**	**112.08**	**1.99**	**1.66**	**6,134.59**
As at March 31, 2017	**658.33**	**1,817.59**	**3,694.72**	**9.85**	**12.87**	**78.62**	**2.33**	**-**	**6,274.32**

Refer Note 14 for information on Property, Plant and Equipment pledged as security.

Vennar Ceramics Limited
Notes to Financial Statements for the year ended 31 March 2019
(Amount in Rupees lakh, unless otherwise stated)

4 Other Intangible Assets

Particulars	Computer Software
Gross Carrying Amount	
As at April 1, 2018	**23.51**
Additions	-
Disposal	-
As at March 31, 2019	**23.51**
Accumulated Amortisation	
As at April 1, 2018	**20.03**
Amortisation for the year	**2.31**
Deductions	-
As at March 31, 2019	**22.34**
Net Carrying Amount	
As at March 31, 2019	**1.18**
As at March 31, 2018	**3.48**

Particulars	Computer Software
Gross Carrying Amount	
As at April 1, 2017	**23.51**
Additions	-
Disposal	-
As at March 31, 2018	**23.51**
Accumulated Amortisation	
As at April 1, 2017	**16.33**
Amortisation for the year	**3.70**
Deductions	-
As at March 31, 2018	**20.03**
Net Carrying Amount	
As at March 31, 2018	**3.48**
As at March 31, 2017	**7.18**

Vennar Ceramics Limited
Notes to Financial Statements for the year ended 31 March 2019
(Amount in Rupees lakh, unless otherwise stated)

5 Loans

Particulars	Non-Current		Current	
	31 March, 2019	31 March, 2018	31 March, 2019	31 March, 2018
Unsecured, Considered good				
Security deposits with Government Authorities	102.22	102.21	-	-
Security deposits with Others	1.50			
Advances to employees	-	-	-	1.10
Total	**103.72**	**102.21**	**-**	**1.10**

6 Other assets

Particulars	Non-Current		Current	
	31 March, 2019	31 March, 2018	31 March, 2019	31 March, 2018
Capital Advances	-	31.01	-	-
Advances Other than Capital Advances				
Advances to Suppliers	-	-	89.14	122.72
Prepaid expenses*	-	-	15.30	24.39
Advance tax (net of provision)	-	1.04	-	-
Total	**-**	**32.04**	**104.43**	**147.11**

* Prepaid expenses includes excess contribution to gratuity fund

Vennar Ceramics Limited
Notes to Financial Statements for the year ended 31 March 2019
(Amount in Rupees lakh, unless otherwise stated)

7 Inventories

Particulars	31 March, 2019	31 March, 2018
a) Raw Materials	344.37	257.51
b) Packing Materials	89.68	75.39
c) Work-in-Progress	41.34	35.57
c) Finished Goods	637.95	796.06
d) Stores and Spares	286.53	307.14
	1,399.87	**1,471.68**

Note:
For mode of valuation of inventories refer Accounting policy number 2.2(h)

8 Trade receivables

Particulars	31 March, 2019	31 March, 2018
Unsecured, considered good		
- From Related Party	340.09	111.26
- From Others	-	-
	340.09	**111.26**

Note:
Trade receivables are non interest bearing and generally on credit term of 3 to 30 days.

9 Cash and cash equivalents:

Particulars	31 March, 2019	31 March, 2018
a) Balances with banks		
- In current accounts	0.28	1.76
- Other Bank Balances	51.18	-
b) Cash on hand	2.24	1.54
	53.70	**3.30**

10 Bank Balances other than Cash & Cash Equivalents

Particulars	31 March, 2019	31 March, 2018
Margin Money Deposits with Banks	44.25	63.54
	44.25	**63.54**

11 Other Financial Assets

Particulars	Non-Current		Current	
	31 March, 2019	31 March, 2018	31 March, 2019	31 March, 2018
District Industries Centre Incentive receivable (Power/VAT/CST)	-	-	282.73	330.56
	-	-	**282.73**	**330.56**

(Amount in Rupees lakh, unless otherwise stated)

12 Equity Share Capital

Particulars	31 March, 2019	31 March, 2018
a) Authorised capital		
2,40,00,000 Equity Shares of Rs. 10/- each (Previous Year - 2,40,00,000 Equity Shares of Rs.10/- each)	2,400.00	2,400.00
	2,400.00	**2,400.00**
b) Issued and subscribed capital		
2,40,00,000 Equity Shares of Rs. 10/- each (Previous Year - 2,40,00,000 Equity Shares of Rs.10/- each)	2,400.00	2,400.00
	2,400.00	**2,400.00**

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

Particulars	31 March, 2019	31 March, 2019	31 March, 2018	31 March, 2018
	Number of Shares	Amount	Number of Shares	Amount
Shares outstanding at the beginning of the year	24,000,000	2,400.00	15,000,000	1,500.00
Shares issued during the year	-	-	9,000,000	900.00
Shares outstanding at the end of the year	**24,000,000**	**2,400.00**	**24,000,000**	**2,400.00**

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

The Company has only one class of equity shares having a par value of Rs.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 Company

Particulars	31 March, 2019	31 March, 2018
	Number of Shares	Number of Shares
Kajaria Ceramics Limited	12,240,000	12,240,000

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

Particulars	31 March, 2019		31 March, 2018	
	Number of Shares	% of holding	Number of Shares	% of holding
Kajaria Ceramics Limited (Holding Company)	12,240,000	51.00%	12,240,000	51.00%
Anjani Vishnu Holdings Limited (Investor Company)	11,759,993	49.00%	11,009,993	45.87%

Vennar Ceramics Limited
Notes to Financial Statements for the year ended 31 March 2019
(Amount in Rupees lakh, unless otherwise stated)

13 Other Equity

Particulars	Amount
1) Reserves and Surplus	
a) Securities Premium	
As at 01 April 2017	600.00
Changes during the year	-
As at 31 March 2018	**600.00**
Changes during the year	-
As at 31 March 2019	**600.00**
b) Retained earnings	
As at 01 April 2017	920.92
Profit/(loss) for the year	(666.09)
Actuarial gain/(loss) on employee benefits (net of tax)	10.83
As at 31 March 2018	**265.66**
Profit/(loss) during the period	244.40
Actuarial gain/(loss) on employee benefits (net of tax)	10.71
As at 31 March 2019	**520.77**
Total other equity	
As at 31 March 2019	1,120.77
As at 31 March 2018	865.66

Nature and Purpose of Other Reserves

i) Seecurities Premium

Securities prermium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

ii) Retained Earnings

The reserves represents the cumulative profits of the Company and effects of the Remeasurement of defined benefit obligations. This Reserve can be utilised in accordance with the provisions of the Companies Act, 2013

Vennar Ceramics Limited
Notes to Financial Statements for the year ended 31 March 2019
(Amount in Rupees lakh, unless otherwise stated)

14 Borrowings

Particulars	Non-Current		Current	
	31 March, 2019	31 March, 2018	31 March, 2019	31 March, 2018
Term loans				
Secured				
From banks	-	83.24	-	-
From others	-	-	-	-
Working capital loans				
Secured				
From banks	-	-	1,627.75	1,400.72
Unsecured				
Loans from related parties	2,204.28	2,202.00	-	-
	2,204.28	2,285.24	1,627.75	1,400.72

Notes:

1

Type and Nature of Borrowings	Amount outstanding		Interest rate
	31-Mar-19	31-Mar-18	
Term Loans (including current maturities)	83.62	717.24	9.50%

Security Details:

a) Term loans from Banks are secured by first charge on immovable and movable assets (present and future) of the Company situated at Vishnupuram, Perikigudem Village, Mandavalli Mandal, Krishna Dist,Andhra Pradesh. with the charges created in favour of The Federal Bank Limited and further guaranteed by M/s Kajaria Ceramics Ltd & M/s Anjani Vishnu Holdings Ltd in the ratio of 51:49 Details of term loans are as under:

Particulars	Rate of interest	Remaining installments	Frequency	Amount of Installment
The Federal Bank Limited	9.50%	4	Quarterly	21.00

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

Particulars	Rate of interest	31 March, 2019	31 March, 2018
Kajaria Ceramics Limited	9%	1,155.45	1,217.00
Anjani Vishnu Holdings Limited	9%	1,048.84	985.00

c) Working Capital Facilities from Banks are secured by first charge on inventories and book debts and second charge on immovable and movable assets of the Company with The Federal Bank Limited and further guaranteed by M/s Kajaria Ceramics Ltd & M/s Anjani Vishnu Holdings Ltd in the ratio of 51:49

d) As on the Balance Sheet date, there are no continuing defaults in repayment of loan and interest

15 Trade Payables

Particulars	Current	
	31 March, 2019	31 March, 2018
Dues to Micro and Small Enterprises	-	35.27
Dues to others (including acceptances)	694.40	848.95
	694.40	**884.22**

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 refer Note 34 of notes to Financial Statements

16 Other Financial Liabilities

Particulars	31 March, 2019	31 March, 2018
Current maturities of long term debt	83.62	634.00
Outstanding Liabilites - General	80.22	-
Interest on Working Capital Loans	-	7.59
Employee benefits payable	38.85	43.79
	202.70	**685.38**

Vennar Ceramics Limited
Notes to Financial Statements for the year ended 31 March 2019
(Amount in Rupees lakh, unless otherwise stated)

17 Provisions

Particulars	Non-Current		Current	
	31 March, 2019	31 March, 2018	31 March, 2019	31 March, 2018
Provision for employee benefits obligation				
Gratuity / Leave Encashment	13.60	7.09	3.19	1.67
	13.60	**7.09**	**3.19**	**1.67**

18 Current Tax Liabilities

Particulars	Non-Current		Current	
	31 March, 2019	31 March, 2018	31 March, 2019	31 March, 2018
Provision for income tax (net)	-	-	23.28	-
	-	-	**23.28**	-

19 Other liabilities

Particulars	Non-Current		Current	
	31 March, 2019	31 March, 2018	31 March, 2019	31 March, 2018
Advance from Customers	-	-	48.25	-
Statutory Dues Payable	-	-	77.54	31.58
	-	-	**125.79**	**31.58**

20 Revenue from operations

Particulars	31 March, 2019	31 March, 2018
Sale of products		
Sale of Tiles	6,850.65	6,183.51
Other operating revenue		
Scrap sales	249.73	122.20
	7,100.38	**6,305.71**

For the year ended 31st March, 2018, the sale of goods includes excise duty collected from customers Rs 322.68 lakhs.

i) Disaggregated Revenue Disclosures are not applicable to the Company since the Company deals in one product i.e., manufacturing and selling of ceramic wall tiles.

ii) Trade Receivables and Contract Balances

a) The Company classifies the right to consideration in exchange for deliverables as receivable.

b) A receivable is a right to consideration that is unconditional upon passage of time. Trade receivables are presented net of impairment in the Balance Sheet.

iii) Disclosures relating to pending performance obligations are not given since there are no pending obligations.

The impact on account of applying the erstwhile Ind AS - 18 Revenue instead of Ind AS 115 - Revenue from Contracts with Customers on the financial results of the Company for the year ended 31st March, 2019 is insignificant.

21 Other Income

Particulars	31 March, 2019	31 March, 2018
Other non operating income		
Rental Income	1.20	1.20
DIC Incentive	-	42.68
Miscellaneous income	2.00	8.18
Interest Income from Financial Assets*	9.92	16.23
	13.12	**68.28**

* Includes Margin Money Deposit and Electricty Deposit.

22 Cost of materials consumed

Particulars	31 March, 2019	31 March, 2018
Body Material	601.02	553.74
Glaze, frits and chemicals	1,354.71	1,189.36
Packing Material	632.45	618.25
	2,588.18	**2,361.35**

Particulars	31 March, 2019	31 March, 2018
Opening Balance	332.90	265.47
Add: Purchases	2,689.33	2,428.78
Less: Closing Balance	434.05	332.90
	2,588.18	**2,361.35**

23 Changes in inventories of finished goods and work- in- progress

Particulars	31 March, 2019	31 March, 2018
Closing Inventories		
Finished Goods	637.95	796.06
Work-in-progress	41.34	35.57
	679.29	**831.63**
Less :		
Opening Inventories		
Finished Goods	796.06	1,086.50
Work-in-progress	35.57	34.58
	831.63	**1,121.08**
(Increase) / decrease		
- Finished goods	158.11	290.44
- Work-in-progress	(5.77)	(0.99)
Net (Increase)/decrease	**152.34**	**289.45**

24 **Employee benefits expense**

Particulars	31 March, 2019	31 March, 2018
Salary, wages, bonus and allowances	372.53	460.02
Contribution to provident fund and other funds	47.63	42.21
Staff Welfare expenses	23.09	30.37
	443.25	**532.60**

25 **Finance Costs**

Particulars	31 March, 2019	31 March, 2018
Interest on debts and borrowings calculated using the effective interest method	361.64	408.01
Other Borrowing Cost	5.41	12.17
Interest on short payment of Advance Tax	2.94	-
	369.99	**420.17**

26 **Depreciation and amortisation expense**

Particulars	31 March, 2019	31 March, 2018
Depreciation of Property, Plant and Equipment	509.06	504.06
Amortisation of intangible assets	2.31	3.70
	511.37	**507.76**

27 **Other expenses**

Particulars	31 March, 2019	31 March, 2018
Consumption of stores, spares and consumables	257.95	204.25
Packing and contract charges	35.17	280.95
Power and fuel	2,182.09	2,398.51
Rent, rates & taxes*	92.55	14.97
Traveling & conveyance expenses	11.52	31.39
Insurance	10.74	11.96
Repairs and maintenance:		
- Building	2.54	0.73
- Plant and equipment	44.49	93.57
- Others	3.20	11.90
Legal and professional charges	5.27	18.92
Payment to Auditors:		
As Auditor:		
Audit fees	1.30	1.35
Tax Audit fee	0.25	0.25
Excise duty on closing stock	-	(184.76)
Loss on scrapping/sale of assets (net)	21.57	-
Miscellaneous expenses	61.44	61.77
	2,730.08	**2,945.77**

*Includes Rs.80.22 Lakh towards penalty for short lifting of coal.

(Amount in Rupees lakh, unless otherwise stated)

28 Tax Reconciliation

(a) Income tax expense:

The major components of income tax expenses for the years ended March 31, 2019 and March 31, 2018 are as follows:

(i) Profit or loss:

Particulars	31 March, 2019	31 March, 2018
Current tax expense	72.43	-
Less: Unused Tax Credits	(68.34)	-
Deferred tax expense	69.80	(339.71)
Total income tax expense recognised in statement of Profit & Loss	**73.89**	**(339.71)**

Other Comprehensive Income

Particulars	31 March, 2019	31 March, 2018
Tax on actuarial gain/(loss) on employee benefits	-	4.66
Income tax charged to OCI	**-**	**4.66**

(b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March, 2019 and 31 March, 2018:

Particulars	31 March, 2019	31 March, 2018
Accounting profit / (loss) before income tax	**318.29**	**(1,005.79)**
Add: Adjustments under MAT	10.71	-
	329.00	**(1,005.79)**
Tax expenses recognised as per MAT@20.58% (31 March 2018: 20.38% including SC + ED Cess)	68.34	-
Add: Interest on delayed payment of tax	4.09	-
Curent tax expense	**72.43**	-
Less: Unused Tax Credits	(68.34)	-
Deferred tax expense recorded in statement of Profit or loss	69.80	(344.37)
	73.89	**(344.37)**

Particulars	1 April, 2018	Provided during the year	31 March, 2019
Deferred tax assets:			
Remeasurement gains/(losses) on defined benefit obligations	2.71	1.97	4.67
Carry forward losses	390.59	(113.58)	277.01
Unused tax credits	289.95	68.34	358.29
Total deferred tax assets (A)	**683.25**	**(43.28)**	**639.97**
Deferred tax liabilities:			
Related to Plant,Property & Equipment (Depreciation)	546.82	(41.81)	505.01
Remeasurement gains/(losses) on defined benefit obligations	-		
Total deferred tax liabilities (B)	**546.82**	**(41.81)**	**505.01**
Deferred Tax Assets/(Liabilities) (Net) (A-B)	**136.43**	**(1.47)**	**134.97**

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.

(Amount in Rupees lakh, unless otherwise stated)

29 Components of Other Comprehensive Income (OCI)

Particulars	31 March, 2019	31 March, 2018
Actuarial gain/(loss) on employee benefits (net of tax)	10.71	10.83
	10.71	**10.83**

Basic and Diluted EPS amounts are calculated by dividing the profit for the year attributable to equity shareholders 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 shareholders 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, 2019	31 March, 2018
(a) Profit/(loss) attributable to equity shareholders for basic earnings and diluted EPS	244.40	(666.09)
(b) Weighted average number of equity shares for basic and diluted EPS (full figures)	24,000,000	15,394,521
Basic and diluted earnings per equity share (Rs.) [a/b]	1.02	(4.33)
Face value per share (Rs.)	10.00	10.00

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

31

Defined Contribution Plans

Provident Fund:During the year, the company has recognised **Rs.25.09 lakhs (2017-18: Rs.28.96 lakhs)** as contribution to Employee Provident Fund in the Statment of Profit and Loss

Defined Benefit Plans

Gratuity:
Each employee rendering continuous service of 5 years or more is entitled to receive gratuity amount equal to 15/26 of the monthly emoluments for every completed year of service subject to maximum of 20 Lakhs at the time of separation from the company.

Other long-term employee benefits

Leave Encashment:
Each employee is entitled to get 30 earned leaves for each completed year of service. Encashment of earned leaves is allowed during service leaving a minimum balance of 30 days subject to maximum accumulation up to 60 days.

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

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

	Gratuity
Defined benefit obligation at 1 April 2017	**36.21**
Current service cost	8.40
Interest expense	2.60
Benefits paid	(7.51)
Actuarial (gain)/ loss on obligations - OCI	(1.08)
Defined benefit obligation at 31 March 2018	**38.62**
Current service cost	7.98
Interest expense	3.04
Benefits paid	(1.15)
Adjustment to opening balance	3.69
Actuarial (gain)/ loss on obligations - OCI	(13.78)
Defined benefit obligation at 31 March 2019	**38.40**

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

Particulars	Gratuity
Fair value of plan assets at 31 March 2018	39.19
Defined benefit obligation at 31 March 2018	38.62
Amount recognised in the Balance Sheet at 31 March 2018	**(0.57)**
Fair value of plan assets at 31 March 2019	41.61
Defined benefit obligation at 31 March 2019	38.40
Amount recognised in the Balance Sheet at 31 March 2019	**(3.21)**

The principal assumptions used in determining gratuity are shown below:	31 March, 2019	31 March, 2018
Discount rate	0.08	0.08
Future salary increases	0.06	0.06

Economic and Demographic Assumptions

Economic Assumptions

Estimates of future compensation increases considered take into account the inflation, seniority, promotion and other relevant factors.

Discount rate is based on the prevailing market yields of Indian Government securities as at 31 March 2019 for the estimated term of the obligations.

Demographic Assumptions	31 March, 2019	31 March, 2018
Retirement Age	58	58
Mortality table	IALM (2012-14)	IALM (2012-14)

Amount recognised in Statement of Profit and Loss:

Particulars	Gratuity
Current service cost	7.98
Interest expense	3.04
Interest Income on Plan Assets	(2.95)
Amount recognised in Statement of Profit and Loss for year ended 31 March 2019	**8.07**
Current service cost	8.40
Interest expense	2.60
Interest Income on Plan Assets	(3.00)
Amount recognised in Statement of Profit and Loss for year ended 31 March 2018	**7.99**

Amount recognised in Other Comprehensive Income:

	Gratuity
Actuarial (gain)/ loss on obligations	(13.78)
Return on plan assets (excluding amounts included in net interest expense)	3.07
Amount recognised in Other Comprehensive Income for year ended 31 March 2019	**(10.71)**
Actuarial (gain)/ loss on obligations	**(1.08)**
Return on plan assets (excluding amounts included in net interest expense)	0.63
Amount recognised in Other Comprehensive Income for year ended 31 March 2018	(0.45)

The major categories of plan assets as a percentage of total plan assets:

Investment Details	**31st March, 2019**	**31st March, 2018**
	Gratuity	**Gratuity**
Insurer Managed Funds	100%	100%

The principal assumptions used in determining gratuity and leave encashment obligations for the Company's gratuity plan is shown below:

	31st March, 2019	**31st March, 2018**
Discount rate (in %)	7.65	8.00
Salary Escalation (in %)	6.00	6.00
Expected average remaining working lives of employees (in years)	20.98	22.00

A quantitative sensitivity analysis for significant assumption as at 31 March 2019 is as shown below:

Gratuity

	31st March, 2019	**31st March, 2019**	**31st March, 2019**

Assumptions	Discount rate		Salary escalation		Assumed Attrition Rate	
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation	320,044	(371,493)	(395,620)	345,769	(36,964)	42,341

	31st March, 2018		31st March, 2018		31st March, 2018	
Assumptions	Discount rate		Salary escalation		Assumed Attrition Rate	
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation	322,088	(373,873)	(398,989)	348,627	(41,249)	47,972

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions

Maturity Profile of Defined Benefit Obligations

	Gratuity	Gratuity
	31st March, 2019	31st March, 2018
Within the next 12 months (next annual reporting period)	2.51	2.44
Between 2 and 5 years	12.57	13.41
Between 5 and 10 years	16.99	18.57
Total expected payments	**32.07**	**34.42**

The average duration of the defined benefit plan obligation at the end of the reporting period is 14.19 years for Gratuity.

Best estimate of contribution during the next year would be Rs. (1,60,669) for Gratuity

Vennar Ceramics Limited
Notes to Financial Statements for the year ended 31 March 2019
(Amount in Rupees lakh, unless otherwise stated)

32 Related party disclosures

Names of related parties and description of relationship

Name of the related party	Relationship
Kajaria Ceramics Limited	Holding Company
Anjani Vishnu Holdings Limited	Investor Company
Hitech Print Systems Limited	Subsidiary of Investor Company
Anjani Tiles Limited	Associate of Investor Company
Key Management Personnel (KMP)	
PVRLN Raju	Chief Executive Officer (upto 30.09.18)
K Mohan Raju	Chief Executive Officer (from 01.10.18)
K Balakrishna	Chief Financial Officer
MD. Ibrahim Pasha	Company Secretary
C.V.K.Raju	Non Executive Director (from 17.10.18)
Arun Kumar Bagla	Non Executive Director
Alok Kumar	Non Executive Director
SVS Shetty	Non Executive Director
P.Srinivasa raju	Independent Director
P.S.Ranganath	Independent Director

Transactions during the year with Related Parties and balance outstanding

A Holding Company

Particulars	31 March, 2019	31st March, 2018
Sale of goods (Net)	6,850.60	5,862.15
Purchase of Capital Goods (Net)	8.00	-
Rent received	1.20	1.20
Interest paid	98.27	96.75
Issue of Share Capital	-	459.00
Reimbursement of Service Tax	-	57.23
Loan taken	88.45	870.00
Loan repaid	150.00	470.00
Balance outstanding - Loan	1155.44	1,217.00
Balance outstanding - Trade Receivable	340.09	111.26

B Investor Company

Particulars	31 March, 2019	31st March, 2018
Interest paid	81.75	82.33
Issue of Share Capital	-	441.00
Reimbursement of Salaries	60.59	73.87
Short term funds taken	150.00	320.00
Short term funds repaid	150.00	320.00
Loan taken	193.59	690.00
Loan repaid	120.00	490.00
Balance outstanding - Loan	1058.59	985.00

C Subsidiary of Investor Company

Particulars	31 March, 2019	31st March, 2018
Expenditure	0.77	0.74
Balance outstanding	-	-

D Associate of Investor Company

Particulars	31 March, 2019	31st March, 2018
Purchase of Coal and others	6.01	99.91
Sale of coal	14.45	16.22
Balance outstanding	-	(11.73)

E Key management personnel

Particulars	31 March, 2019	31st March, 2018
Remuneration		
Short tem Employee benefits		
C.V.K.Raju	-	-
P.V.R.L.N.Raju	2.45	23.83
K.Balakrishna	14.03	14.72
MD.Ibrahim Pasha	5.11	4.96

F Relatives of KMP

Particulars	31 March, 2019	31st March, 2018
Issue of share capital	-	25.00

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 takes place in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2019, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2018: INR Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

(Amount in Rupees lakh, unless otherwise stated)

33 Fair values

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

Particulars	Carrying value		Fair value	
	As at 31 March, 2019	As at 31st March, 2018	As at 31 March, 2019	As at 31st March, 2018
Financial assets				
Security deposits	103.71	102.21	103.71	102.21
Advances to employees	-	1.10	-	1.10
Trade receivables	340.09	111.26	340.09	111.26
Cash and cash equivalents	53.70	3.30	53.70	3.30
Bank balances other than cash and cash equivalents	44.25	63.54	44.25	63.54
Other Financial Assets	282.73	330.56	282.73	330.56
Total	**824.48**	**611.97**	**824.48**	**611.97**
Financial liabilities				
Long term borrowings	2,204.28	2,285.24	2,204.28	2,285.24
Short term borrowings	1,627.75	1,400.72	1,627.75	1,400.72
Trade Payables	694.40	884.22	694.40	884.22
Current maturities of long term debt	83.62	634.00	83.62	634.00
Other Financial Liabilities	119.08	51.38	119.08	51.38
Total	**4,729.14**	**5,255.57**	**4,729.14**	**5,255.57**

Vennar Ceramics Limited
Notes to Financial Statements for the year ended 31 March 2019
(Amount in Rupees lakh, unless otherwise stated)

34 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 2019:

Particulars	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 amortised cost:					
Security deposits	31-Mar-19	103.71	-	-	103.71
Trade receivables	31-Mar-19	340.09	-	-	340.09
Cash and cash equivalents	31-Mar-19	53.70	-	-	53.70
Bank balances other than cash and cash equivalents	31-Mar-19	44.25	-	-	44.25
Other Financial Assets	31-Mar-19	282.73	-	-	282.73

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2018:

Particulars	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 amortised cost:					
Security deposits	31-Mar-18	102.21	-	-	102.21
Advances to employees	31-Mar-18	1.10	-	-	1.10
Trade receivables	31-Mar-18	111.26	-	-	111.26
Cash and cash equivalents	31-Mar-18	3.30	-	-	3.30
Bank balances other than cash and cash equivalents	31-Mar-18	63.54	-	-	63.54
Other Financial Assets	31-Mar-18	330.56	-	-	330.56

Quantitative disclosures fair value measurement hierarchy for liabilities as at 31 March 2019:

Particulars	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 amortised cost:					
Long term borrowings	31-Mar-18	2,204.28	-	-	2,204.28
Short term borrowings	31-Mar-18	1,627.75	-	-	1,627.75
Trade Payables	31-Mar-18	694.40	-	-	694.40
Current maturities of long term debt	31-Mar-18	83.62	-	-	83.62
Other Financial Liabilities	31-Mar-18	119.08	-	-	119.08

Quantitative disclosures fair value measurement hierarchy for liabilities as at 31 March 2018:

Particulars	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 amortised cost:					
Long term borrowings	31-Mar-18	2,285.24	-	-	2,285.24
Short term borrowings	31-Mar-18	1,400.72	-	-	1,400.72
Trade Payables	31-Mar-18	884.22	-	-	884.22
Current maturities of long term debt	31-Mar-18	634.00	-	-	634.00
Other Financial Liabilities	31-Mar-18	51.38	-	-	51.38

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

The following methods and assumptions were used to estimate 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.

- For other non-current financial assets and liabilities, the fair value is the same as the amortised cost, measured using the discunt rate at the time of initial recognition of the financial asset and liabilities. A one percent change in the unobservable inputs used in fair valuation of Level III assets and liabilites does not have a significant imapct on its value.

Fair Value of Financial Assets and Liabilities measured at amortised cost
The carrying amount of the current financial assets and current financial liabilities are considered to be the same as their fair value due to their short term nature. The non-current borrowings and security deposits are retained at amortised cost which are considered as their fair value.

Vennar Ceramics Limited
Notes to Financial Statements for the year ended 31 March 2019
(Amount in Rupees lakh, unless otherwise stated)

35 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.The company is exposed to credit risk from it operating activites (primarily trade receivable and from ts financing ctivities, including deposits with banks and financial institutions)
Credit risk from investments with banks and other financial instituitions is managed by the treasury function in accordance with the management polices. Investments of surplus funds are only made with approved counterparties who meet the appropriate rating and/ or other criteria and are only made within approved limits. The managment continually re-assesses the company's policy and updates as required The limits are set to minimise the concentration of risk and therfore mitigate financial loss through counterpary failure. None of the financial instruments of the Company result in material concentration of credit risk.
The maximum credit risk exposure relating to financial assets is represented by the carrying value as at the balance sheet date.

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

Particulars	As at 31 March 2019	As at 31 March 2018
Security deposits	103.71	102.21
Advances to employees	-	1.10
Trade receivables	340.09	111.26
Cash and cash equivalents	53.70	3.30
Other bank balances	44.25	63.54
Other financial assets	282.73	330.56

Trade receivables:
Customer credit risk is managed by each business unit subject to the company'sestablished policy, procedures and control relating to customer credit risk maangement. Credit qality of a customer is assessed based on an extensive credit review and individual credit limites are dfined in accordance with this asessment. Outstanding customer receivables are regularly monitored.

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

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

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

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

Year ended 31st March, 2019

Particulars	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Total
Borrowings	1,627.75	21.00	62.62	2,204.28	-	3915.66
Trade and other payables	-	-	-	-	-	0.00
Other financial liabilities	119.08	-	-	-	-	119.08

Year ended 31st March, 2018

Particulars	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Total
Borrowings	1,400.72	158.50	475.50	2,285.24	-	4319.96
Trade and other payables	-	-	-	-	-	0.00
Other financial liabilities	51.38	-	-	-	-	51.38

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, 2018

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 2019 and 31 March 2018 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 and short-term borrowings. The impact on the entity due to any interest rate fluctuation is given below:

Particulars	Increase/decrease in basis points	Effect on profit before tax
31-Mar-19		
INR	+50	-19.03
INR	-50	19.03
31-Mar-18		
INR	+50	-21.47
INR	-50	21.47

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.

36 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

Particulars	31 March, 2019	31st March, 2018
Borrowings	3,832.04	3,685.96
Less: Cash and cash equivalents	53.70	3.30
Net debts	**3,778.34**	**3,682.66**
Equity	2,400.00	2,400.00
Other Equity	1,120.77	865.66
Total Capital	**3,520.77**	**3,265.66**
Capital and net debt	**7,299.11**	**6,948.32**
Gearing ratio (%)	**51.76%**	**53.00%**

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 2019 and 31 March 2018.

Vennar Ceramics Limited
Notes to Financial Statements for the year ended 31 March 2019
(Amount in Rupees lakh, unless otherwise stated)

37 Due to Micro and Small Enterprises

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

Particulars	31 March, 2019	31st March, 2018
Principal amount due and remaining unpaid	-	-
Interest due on above and the unpaid interest	-	-
Interest Paid	-	-
Payment made beyond the appointed day during the year	-	-
Interest due and payable for the period of delay	-	-
Interest accrued and remaining unpaid	-	-
Amount of further interest remaining due and payable in succeeding years	-	-
	-	-

38 Segment Reporting - Ind AS 108

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.

Information about major customers:
The Company has one customer i.e.. Holding Company where sales exceeds 10% of the total revenue: Rs.6850.60 Lakhs.

Vennar Ceramics Limited
Notes to Financial Statements for the year ended 31 March 2019
(Amount in Rupees lakh, unless otherwise stated)

39 Commitments and Contingencies

A. Contingent Liabilities	31 March, 2019	31st March, 2018
	Nil	Nil

B. Commitments	31 March, 2019	31st March, 2018
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	-	123.11
	-	-

40 Previous Year figures have been regrouped/recast wherever necessary.

As per our Report of even date

For M. Anandam & Co.,
Chartered Accountants
FRN: 000125S

B.V.Suresh Kumar
Partner
M.No.212187

Place: Hyderabad
Date: 17.04.2019

For and on behalf of the Board

CVK Raju
Director
DIN: 07337953

Arun Kumar Bagla
Director
DIN: 00369178

Md.Ibrahim Pasha
Company Secretary

K.Balakrishna
Chief Financial Officer

1. Corporate information

Vennar Ceramics Limited ('the Company) is a limited company domiciled in India and was incorporated on 18th July, 1994. The registered office of the Company is located at 153, Sitha Nilayam, Dwarakapuri Colony, Punjagutta, Hyderabad – 500082, India. The Company is a subsidiary of Kajaria Ceramics Limited.

The Company is a manufacturer of ceramic wall tiles and started its operations in 2012 with a capacity to produce 2.90 million sq mtr tiles per annum at Vishnupuram, Perikigudem (V), Mandavalli (M), Krishna District – 521345, Andhra Pradesh.

These Financial Statements of the Company as at and for the year ended 31st March, 2019 (including comparatives) were approved and authorised for issue by the Board of Directors of the Company on 17th April, 2019.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements of the Company are prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and the relevant amendment rules issued thereafter notified under Section 133 of the Companies Act, 2013 (the "Act") and other relevant provisions of the Act.

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

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

2.2 Significant accounting policies

a) Current versus non-current classification

The Company has ascertained its operating cycle as twelve months for the purpose of current/non-current classification of its assets and liabilities.

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

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

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

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

b) Property, Plant and Equipment

Property, Plant and Equipment are stated at cost [i.e., cost of acquisition or construction inclusive of freight, erection and commissioning charges, non-refundable duties and taxes, expenditure during construction period, borrowing costs (in case of a qualifying asset) up to the date of acquisition/ installation], net of accumulated depreciation and accumulated impairment losses, if any.

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

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

Property, Plant and Equipments are eliminated from financial statements, either on disposal or when retired from active use. Losses/gains arising in case of retirement/disposal of Property, Plant and Equipment are recognized in the Statement of Profit and Loss in the year of occurrence.

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

Particulars	Useful lives
Plant and Equipment	7, 10 & 18 years
Fit-out and other assets at sales outlets	5 years

Leasehold Land and Leasehold Improvements are amortized over the period of the lease or the useful life of the asset, whichever is lower.

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

c) Capital work in progress

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

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

d) Intangible Assets

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

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

e) Research & Development Costs

Research and development costs that are in nature of tangible assets and are expected to generate probable future economic benefits are capitalised as tangible assets. Revenue expenditure on research and development is charged to the statement of profit and loss in the year in which it is incurred.

f) Borrowing Costs

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

g) Impairment of non-financial assets

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

h) Inventories

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

i) Revenue from Contracts with customers

Effective April 1, 2018, the Company adopted Ind AS 115 "Revenue from Contracts with Customers" applied to contracts that were not completed as of April 1, 2018. The following is a summary of new and/or revised significant accounting policies related to revenue recognition. Refer Note 2 "Significant Accounting Policies," in the Company's 2018 Annual Report for the policies in effect for revenue prior to April 1, 2018. There is no effect on the financial statements on adoption of Ind AS 115.

Revenue is recognised when the performance obligations have been satisfied, which is once control of the goods is transferred from the Company to the customer. Revenue is measured based on consideration specified in the contract with a customer and excludes amounts collected on behalf of third parties.

Revenue related to the sale of goods is recognised when the product is delivered to the destination specified by the customer, and the customer has gained control through their ability to direct the use of and obtain substantially all the benefits from the asset.

Interest, Dividends and Other Income: Interest and dividend income is recognised when the right to receive payment has been established, it is probable that the economic benefits will flow to the

Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and the applicable effective interest rate.

j) Foreign currency transactions

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

Foreign currency transactions are initially recorded in functional currency using the exchange rates as at the date of transaction.
At each balance sheet date, foreign currency monetary items are reported using the exchange rate prevailing at the year end.

Exchange differences arising on settlement or translation of monetary items are recognised in Statement of Profit and Loss.

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

k) Taxes on income

Current tax

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

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

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

Deferred tax

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

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

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

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

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

Unused Tax Credits (Minimum Alternate Tax (MAT) Credit entitlement):

MAT credit entitlement represents the amounts paid in a year under Section 115JA / 115JB of the Income Tax Act 1961 ('IT Act') which is in excess of the tax payable, computed on the basis of normal provisions of the IT Act.

Such excess amount can be carried forward for set off in future periods in accordance with the relevant provisions of the IT Act. Since such credit represents a resource controlled by the Company as a result of past events and there is evidence as at the reporting date that the Company will pay normal income tax during the specified period, when such credit would be adjusted, the same has been disclosed as Deferred Tax Asset in the balance sheet with a corresponding credit to the profit and loss account.

Such assets are reviewed at each balance sheet date and written down to reflect the amount that will not be available as a credit to be set off in future, based on the applicable taxation law then in force.

l) Employee benefits

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

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

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

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. Gratuity is a defined benefit obligation.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to Statement of Profit & Loss in subsequent periods.

Past service costs are recognised in Statement of Profit & Loss in the period of plan amendment.

Compensated absences and other benefits like gratuity which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a non-current liability at the present value of the defined benefit obligation at the balance sheet date.

m) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the transaction. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term however, rent expenses shall not be straight-lined, if escalation in rentals is in line with expected inflationary cost.

n) Provisions, Contingent liabilities and Contingent assets

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

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liability is disclosed in the case of:

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- a present obligation arising from past events, when no reliable estimate is possible

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

o) Earnings per share

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

p) Cash and cash equivalents

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

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

q) Fair value measurement

The Company measures financial instruments such as derivatives and certain investments, at fair value at each balance sheet date.
All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

r) Financial instruments

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

(i) Financial assets

Classification

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

Initial recognition and measurement

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

Subsequent measurement

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

- **Financial assets carried at amortised cost**

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

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

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

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

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

Derecognition

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

Impairment of financial assets

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

(ii) Financial liabilities

Classification

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

Initial recognition and measurement

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

Subsequent measurement

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

- **Financial liabilities at amortised cost**

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

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

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

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

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

Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognized less cumulative amortization.

Derecognition

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

(iii) Offsetting of financial instruments

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

(iv) Derivative financial instruments

The Company uses derivative financial instruments, such as forward currency contracts, interest rate swaps, full currency swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss.

s) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an asset, the cost of the asset is shown at gross value and grant thereon is treated as capital grant which is recognized as income in statement of profit and loss over the period and in proportion in which depreciation is charged.

When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to statement of profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant. The loan or assistance is initially recognized and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

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

2.3 Significant accounting judgements, estimates and assumptions

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

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

Judgements

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

Contingencies

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

Estimates and assumptions

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

(a) Impairment of non-financial assets

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

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

(b) Defined benefit plans

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

(c) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF (Discounted Cash Flow) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(d) Impairment of financial assets

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

2.4 Recent accounting pronouncements

a) **Ind AS 116 Leases:** On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

   The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition:

   • Full retrospective – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors

   • Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application.

   Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:

   • Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or

   • An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application.

   Certain practical expedients are available under both the methods. There is no impact on the financial statements on account of this amendment as the Company does not have any lease transactions.

b) **Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments:** On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

   The standard permits two possible methods of transition - i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

   The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company will adopt the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives.

   The effect on adoption of Ind AS 12 Appendix C would be insignificant in the standalone financial statements.

c) **Amendment to Ind AS 12 – Income taxes :** On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognise the income tax consequences of dividends in statement of profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is currently evaluating the effect of this amendment on the financial statements.

d) **Amendment to Ind AS 19** – plan amendment, curtailment or settlement- On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

• to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and

• to recognise in statement of profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. There is no impact on the financial statements on account of this amendment.