

EURO CERAMICS LTD.



VITRIFIED TILES
AGGLOMERATED MARBLE
WALL TILES
SANITARYWARE

Annual Report 2011-2012

Corporate Information

BOARD OF DIRECTORS

Mr. Nenshi L. Shah
Chairman & Managing Director

Mr. Talakshi L. Nandu
Whole-time Director

Mr. Kumar P. Shah
Whole-time Director

Mr. Paresh K. Shah
Whole-time Director

Mr. Anil M. Mandevia
Independent Director

Mr. Amit G. Shah
Independent Director

Mr. Mahendra V. Modi
Independent director
(W.e.f. February 14, 2012)

Mr. Ajit Nalwaya
Independent Director
(W.e.f. May 3, 2012)

Mr. Shantilal L. Shah
Non-Executive Director
(Upto November 30, 2011)

Mr. Shivji K. Vikamsey
Independent Director
(Upto November 30, 2011)

Mr. Raichand K. Shah
Independent Director
(Upto February 13, 2012)

Mr. Deepak G. Savla
Independent Director
(Upto May 2, 2012)

Auditors

M/s. Deepak Maru & Co.
Chartered Accountants

General Manager- Accounts and Finance

Mr. Chandresh Rambhia

General Manager- Sales

Mr. Rajesh Kakkad

Vice President-Sanitary Ware

Mr. Viral Nandu

Vice President-Tile-o-Bond

Mr. Pratik Shah

Bankers

State Bank of India
The Cosmos Co-op. Bank Ltd.
ICICI Bank Limited
Bank of India
Indusind Bank

Registered Office

Euro House,
CTS No. 1406 A25/6A,
Chincholi Bunder Road,
Behind Inorbit Mall, Malad (West),
Mumbai 400 064

Factory

Survey No. 510,511,
512,517/1,
Bhachau Dudhai Road,
Bhachau (Kutch)
Gujarat 370 140

Registrar & Share Transfer Agent

M/s. Link Intime India Private Limited
C13, Pannalal Silk Mills Compound,
L.B.S Marg, Bhandup (West),
Mumbai 400 078

INDEX

Notice for calling Annual General Meeting	1
Management Discussion and Analysis	3
Financial Analysis	6
Risk Management	8
Directors Report	9
Report on Corporate Governance	15
Auditors' Report	22
Standalone Financial Statements	25
Consolidated Financial Statements	50

NOTICE

NOTICE is hereby given that the Tenth Annual General Meeting of the Members of Euro Ceramics Limited will be held on Friday, 28th day of September 2012 at 11.00 a.m. at Swagath Bageecha, Bageecha Complex, Marve Road, Malad (West), Mumbai 400095 to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as on March 31, 2012 and Statement of Profit & Loss for the financial year ended on that date together with the Reports of Board of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Kumar P. Shah, who retires by rotation and being eligible, offers himself for re-appointment.
3. To re-appoint M/s. Deepak Maru & Co., Chartered Accountants, Mumbai, as Statutory Auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS:

4. To consider and if thought fit to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT Mr. Mahendra V. Modi (DIN 05155549), who was appointed as an Additional Director by the Board of Directors with effect from February 14, 2012 pursuant to the Article No. 182 of the Articles of Association of the Company and as per the provisions of Section 260 of the Companies Act, 1956, holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, who shall be liable to retire by rotation.”

5. To consider and if thought fit to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT Mr. Ajit B. Nalwaya (DIN 05291128), who was appointed as an Additional Director by the Board of Directors with effect from May 3, 2012 pursuant to the Article No. 182 of the Articles of Association of the Company and as per the provisions of Section 260 of the Companies Act, 1956, holds office upto the date of this Annual General Meeting, and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, who shall be liable to retire by rotation.”

By Order of the Board of Directors

Place: Mumbai
Date: August 27, 2012

Nenshi L. Shah
Chairman & Managing Director

Registered Office:

Euro House, CTS No. 1406, A25/6,
Chincholi Bunder Road,
Behind Inorbit Mall,
Malad (West),
Mumbai 400 064

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL ONLY TO VOTE INSTEAD OF HIMSELF / HERSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM DULY COMPLETED AND SIGNED SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, September 24, 2012 to Friday, September 28, 2012 (both days inclusive).
3. Corporate members are requested to send a duly certified copy of the Board Resolution authorising their representatives to attend and vote on their behalf at the Annual General Meeting.
4. Members are requested to bring their Attendance Slip duly filled in for attending the meeting along with their copy of Annual Report.
5. Members are requested to notify immediately any change in their address / bank mandate to their respective depositories participants (DPs) in respect of their electronic account and to the Registrar and Share Transfer Agents of the Company, Link Intime India Private Limited at C - 13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai 400 078 in respect of their physical shareholding, if any.
6. Member desirous of getting any information relating to the accounts and operations of the Company are requested to address their queries at least 7 days in advance of the meeting so that the information required may be made available at the meeting.
7. Brief resume of the Directors proposed to be appointed/ re-appointed at the ensuing Annual General Meeting as stipulated under clause 49 (IV) (G) of the Listing Agreement are provided as an annexure to the Notice.
8. In terms of Sections 205A and 205C of the Companies Act, 1956, the amount of dividend remaining unclaimed or unpaid for a period of seven years from the date of transfer to Unpaid Dividend Account of the Company is required to be transferred to the Investors Education and Protection Fund established by the Central Government and no claims lie against the said fund or the Company for the amount of dividend so transferred to the fund. Shareholders who have not yet encashed their dividend warrant(s) for dividend declared for the financial year ended March 31, 2007 or for any subsequent financial years are requested to make their claims to the Company.

Pursuant to the requirements under Clause 49 [IV][G] of the Listing Agreement, details of the Directors seeking re-appointment in the forthcoming Annual General Meeting are as follows:

Name of Director	Mr. Kumar P. Shah	Mr. Mahendra V. Modi	Mr. Ajit B. Nalwaya
Date of Birth	April 4, 1959	November 26, 1964	February 18, 1945
Nationality	Indian	Indian	Indian
Date of appointment on the Board	April 16, 2002	February 14, 2012	May 3, 2012
Qualification	S.Y. B. Com	B. Com. C. A.	M.A
Expertise in specific functional areas	procurement and production planning	Chartered Accountant	Business
No. of shares held of the Company on March 31, 2012	1123380	Nil	Nil
List of other Directorships held as on March 31, 2012	Euro Conventional Energy Private Limited	Euro Multivision Limited	Nil
Member of the Committees of other Companies on which he is a Director as on March 31, 2012	Nil	Euro Multivision Limited (Chairman of Audit Committee)	Nil

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 4

Mr. Mahendra V. Modi was appointed as an Additional Director of the Company with effect from February 14, 2012 by the Board of Directors under the Article No. 182 of the Articles of Association of the Company. In terms of Section 260 of the Companies Act, 1956, Mr. Mahendra V. Modi holds office up to the date of the forthcoming Annual General Meeting of the Company. The Company has received a notice in writing from a member pursuant to Section 257 of the Act, together with the requisite deposit proposing his candidature for the office of the Director of the Company.

Mr. Mahendra Modi is a commerce graduate and a qualified Chartered Accountant. He has more than 15 years experience in the field of taxation and accountancy and also practices as Chartered Accountant.

Your Directors recommend passing of the resolution as set out at Item No. 4 of the notice for your approval.

None of the Directors, except Mr. Mahendra V. Modi is interested or concerned in the said resolution.

ITEM NO. 5

Mr. Ajit Nalwaya was appointed as an Additional Director of the Company with effect from May 3, 2012 by the Board of Directors under the Article No. 182 of the Articles of Association of the Company. In terms of Section 260 of the Companies Act, 1956, Mr. Ajit Nalwaya holds office up to the date of the forthcoming Annual General Meeting of the Company. The Company has received a notice in writing from a member pursuant to Section 257 of the Act, together with the requisite deposit proposing his candidature for the office of the Director of the Company.

Mr. Ajit Nalwaya is a Post Graduate and has more than 25 years of experience in trading business. He has also vast experience in the fields of finance and administration.

Your Directors recommend passing of the resolution as set out at Item No. 5 of the notice for your approval.

None of the Directors, except Mr. Ajit Nalwaya is interested or concerned in the said resolution.

By Order of the Board of Directors

Nenshi L. Shah
Chairman & Managing Director

Place: Mumbai
Date: August 27, 2012

Registered Office:
Euro House, CTS No. 1406, A25/6,
Chincholi Bunder Road,
Behind Inorbit Mall,
Malad (West),
Mumbai 400 064

Management Discussion And Analysis

Industry Overview

Global Tiles Industry:

The tiles industry as whole is growing at a very good space and recorded a growth rate of more than 10 % annually. Tiles are considered as an integral part of real estate decoration. It makes a huge difference in the way interiors and exteriors of a building looks. Seventy five percent of the total global consumption is accounted by top fifteen countries of the world, where China is the largest consumer and producer of tiles. China is producing more than 4200 million sq. mtrs. p.a. as on 2010.

There are many countries which are the large manufacturer of ceramics tiles such as Asia, South America and European represented the trio in the ceramic industries and there are other countries as China, Brazil, Italy and Spain who are the frontrunners for the same.

Even though the China is the largest consumer of tiles, the average per capita consumption of tiles is as low as 2.26 sq. mtr. as on 2010, positioning it on the 4th rank, where as Iran has the largest per capita consumption of 4.47 sq. mtr. as on 2010.

The innovation and improvisation is key component of the tiles industry which is still giving a healthy CAGR, inspite of global slowdown and downturn.

Indian Tiles Industry:

Ceramic industry is one of the fastest growing sector of Indian Economy. India is amongst the top three tiles producers and consumers of tiles, ranked third in row with China and Brazil. In spite of the global slowdown and economic down turn, the Indian tiles industry continues to grow at healthy annual growth rate of 15 %.

The Indian Tiles Industry comprising of floor and wall tiles, fragmented with organized players and unorganized players. The introduction of vitrified tiles in floor tiles segment has really made the Indian tiles industry blooming. The introduction of conventional products with latest technology increased the organized player's contribution to the industry, in last couple of years.

The potential of the sector is very high and promising in nature as per capita tile consumption in India is still as low as 0.50 sq. mtr.

The overall industry is prominent and expected to grow at healthy CAGR, with the stronger and positive economic developments in India.

Sanitaryware Global Market

The sanitaryware production globally is still dominated by Asia Pacific region like China. Top countries manufacturing sanitaryware are China, Mexico, Italy, Turkey and Brazil.

The major players in sanitaryware from the globe are TOTA of Japan, American Standard & Kohler of U.S.A., ROCA of Spain, Eczacibasi of Turkey, Duravit & Villeroy & Boch of Germany and Ceramica Althea of Italy.

The growth in construction sector and increasing importance to improved sanitation in the developing countries are driving the demand of sanitaryware across the world. The construction growth in China made it the largest toilet market globally in 2010.

As per the market report of experts, the global ceramic sanitaryware production is expected to grow from 325 million units in 2011 to 443 million units by 2016, at an estimated CAGR of 6.39% for the same period.

Sanitaryware Indian Market

Sanitation conditions have improved a lot in India in last decade, due to urbanization and increase in literacy rate. The increase in per capita income and improvisation of standard of living has increased the consumption of sanitaryware also in India.

India being one of the developing countries, the market of sanitaryware is showing an increased CAGR in last five years versus stagnant in the developed markets like USA and Europe. This has made an attraction for the international sanitaryware players.

The Indian Sanitaryware market is expected to grow immensely at 18 % to 20 % CAGR over the next five years, due to demand from retail and institutional sectors in India and Globe.

According to the experts report and research on sanitaryware, in the coming years India will witness huge improvements in the sanitation level and is set to become the second largest consumer of sanitaryware products in Asia-Pacific region.

Global Marble Industry:

There is huge import of high grade marble from countries like Italy, Turkey, Spain and Middle East countries. However, affordability is a major issue for the imported variants of marble. In addition, there exists wide variation in the quality of natural marble, which has created the demand for Composite marble. Composite marble, also known as calcareous tiles or agglomerated marble, is produced by binding selected marble chips (93 to 95%) with specially formulated resin (7 to 5%). It is one of the alternative choices to natural marble since a large part of these marble consists of natural marble chips and therefore possess similar characteristics of marble. China and Italy are two leading countries producing composite marbles and supplying to global markets.

Indian Overview for Agglomerated Marble:

The marble industry in India has been flourishing ever since ages, which has made India the fourth largest producer of marbles in the world after Belgium, France and Greece. The Indian marble industry is not only confined at production or supply of the marbles but export of highly acclaimed stones

such as blocks, flooring, calibrated (ready to fix tiles), monuments, slabs, structural slabs, tomb stones, cobbles, cubes, sculptures, artifacts, pebbles, kerbs, and landscape garden stones has also been its important part.

The constant growth of Indian marble industry is because of the reason that they are highly acclaimed and possess characters like low cost, beautiful looks and longevity. In India, Rajasthan is the main depository of marble. The state accounts for over 80% of total marble production in India.

However the agglomerated marble market in India is opened just few years back, with very few players in manufacturing. There are traders who import the agglomerated marble and distribute the same in India. The present awareness of the product has made a good prosperous for the product.

Global Overview of Aluminum Industry:

Globally the growth of aluminium business was slower due to various factors like fear of sovereign defaults, Greece crisis and problems faced by the Euro Zone countries. Further the tightening monetary environment across the world, especially emerging markets like China and India, has blocked the growth of the Industry.

The pricing pressure due to above factors has increased the global inventory of aluminum, making further declined prices. Given the price movement of LME and cost pressure made a several capacity curtailment worldwide.

Indian Aluminum Industry:

India witnessed the healthy growth rate of around 9% in the recent past. The strong demand continued from transportation, packing, power and building and construction industries in India.

The aluminum production depends on bauxite, and India is rich in such minerals. The outlook of Indian Aluminum Industry is very good, inspite of the cost pressure and global slowdown. It is expected that there will be robust demand, in coming years.

Growth Drivers of our Industry

If we look the ceramics industry as a whole, stronger growth is predicted in the coming years, depending on the positive economic development with liberalized policies. With increase in population, urbanization and income overall sectors will show a very good growth rate in coming future. The outlook for the tile industry appears to be positive over the medium term. This optimism stems from certain credible estimates which highlight the likelihood of robust demand over the medium term. The growth of our industry is depended on the growth of other sectors like real estate and construction industry. And to go more in deep there are some sectors which are mentioned as below:

- **Growing Urbanization & Changing consumer preferences**

As migration from rural to urban areas continues, urban

population is set to touch 590 mn by 2030. Per capita income has grown by 66% in last five years and is expected that by 2025, 12% of the households will have income above INR 500,000, led to products being looked at as a style statement rather than a necessity. Rapid urbanization & rise in incomes has led to increase in standard of living, in turn creating demand for superior tiles, sanitaryware, bathroom fittings and accessories.

- **Replacement demand only accounts for 10% of the market**

Majority of people tend to stick with the tiles and bathroom fittings that they get at the time of purchase. Currently, the replacement market is estimated to be just 10% of the total market, whereas in developed nations it accounts for 80% of the market. As income and standards of living increase, so too will the demand for refurbishing & repairing homes & thus replacement demand for Tiles and Sanitaryware will increase.

- **Growing Housing & Real Estate Sector**

The real estate market is expected to be around USD 42 bn by 2012 growing at a CAGR of 30%. The housing sector is being driven by a rise in disposable income levels, ease in availability of finance, increased urbanization & the rising number of nuclear families. According to the XI FYP, total rural housing shortage by FY 2011 is expected to be 49 mn houses.

Real estate plays a critical role in the development of the Indian economy. Over the next decade, the real estate sector is expected to grow by 30 %. The sector is divided into four sub-sectors: housing, retail, hospitality, and commercial. The housing sub-sector contributes 5-6 % to the country's gross domestic product (GDP). Meanwhile, retail, hospitality and commercial real estate are also growing significantly, catering to India's growing needs of infrastructure. The construction industry ranks third among the 14 major sectors in terms of direct, indirect and induced effects in all sectors of the economy, according to a study done by ICRA. A unit increase in expenditure in this sector has a multiplier effect and the capacity to generate income as high as five times. The positive effects of growth in real estate sector are spread over more than 250 ancillary industries. The Indian real estate market size is expected to touch US\$ 180 billion by 2020. Recent growth in the Indian economy has stimulated demand for land and developed real estate across industries. Demand for residential, commercial and retail real estate is rising throughout India, accompanied by increased demand for hotel accommodation and improved infrastructure.

- **Focus on Hospitality Industry**

With the Indian Tourism Industry expected to grow by 8% till 2020, the hotel industry is facing a deficit of more than 150,000 rooms. Demand is expected to exceed supply by at least 100% over the next two years. Government has approved 300 hotel projects, half of which are 5 Star projects. The demand-supply gap in the hospitality industry would inherently increase the demand for our products.

• Commercial Construction set to pick up again

Commercial construction is expected to grow at CAGR of 20-22 % over the next 5 years. IT/ITeS sector alone is expected to require 250 mn sq. ft. of commercial office space by 2013. Organized retail sector is expected to grow at a CAGR of 30% & expected to add 323 mn sq. ft. of new retail space by 2012. Office & retail buildings would require sophisticated interiors which would increase demand for our products.

Human Capital

Your Company has a very good relationship with its Human Capital which is the best asset of the Company. It has more than 1000 people having good relations with the Company.

Your Company continues to be committed to the skill development and upgradation of its human capital through in house and outside training programmes, periodical performance appraisals and welfare activities and creating an environment conducive for optimum performance and results. Industrial relations as always remained cordial throughout the year.

Internal Control

The Company practices an adequate system of internal control and documented procedures, covering the financial and operating functions. It provides proper accounting control, monitoring the economy and efficiency of the Company, protecting assets from unauthorized use or losses and ensuring the reliability of financial and operational information. Consequently, the Company is in a position to detect fraud and/or irregularities, if any. Internal control system also ensures that financial and other records are reliable for preparing financial statements. The Audit Committee of the Board of Directors, comprising Independent Directors, regularly reviewed the plans, significant audit findings and the adequacy of internal controls, as well as compliance with accounting standards

Operational Review

The review on all the operations carried out by the Company is given and discussed in detail in the Directors Report as part of this report.

SWOT Analysis

Strengths

- Excellent manufacturing facilities with state of art technology imported from world renowned ceramic technology suppliers like, SACMI Italy.
- Excellent marketing and distribution network with Pan India presence.
- Powerpacked management and strong manpower resources.

- Innovative products and value addition.
- Strong Brand image and Quality Products.

Weakness

- Diversification into multiple product lines in a very short time and that in highly capital intensive industry.
- Significant current assets in form of stocks showing higher working capital level.
- Poor capacity utilization in some of the division, leads to high investment for capacity expansion and low return on investment.

Opportunities

- Growing Real Estate Industry
- Increase in Brand conscious of customers.
- Increase in urbanization and growth of per capita income.
- Change in spending pattern of end consumers.

Threats

- Competition with low cost Chinese products
- Increase in fuel cost and interest cost.
- Adverse Government Policy.

Future Outlook

According to a real estate consultant's report, India's infrastructure sector will require investment of about US\$ 1 trillion in the 12th Five Year Plan (2012-17). One of the report prepared by well known institute states that about 97 million jobs are likely to be created over 2012-22 across different sectors in the country due to which, India would potentially need to build an average of 8.7 billion square feet (sq. ft.) of real estate space every year. This would be a great attraction for investors looking for opportunities in infra segment. As your Company is directly linked with the real estate sector and infrastructure industry, the growth will be seen in near future.

The Company is making strong efforts for increasing its market shares especially in sanitaryware and agglomerated marble segment, with its brand and quality products. Considering the immense opportunities in the market, Company will achieve its goals and target in the coming years and surpass all the hurdles with its experience and support of all associates. With the strong and positive development in the economy, growth in real estate and infrastructure industry along with other demand drivers, the Company's product will have demand and will capture the bigger market share.

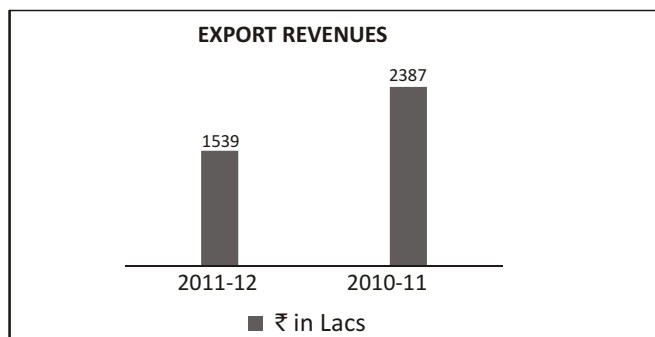
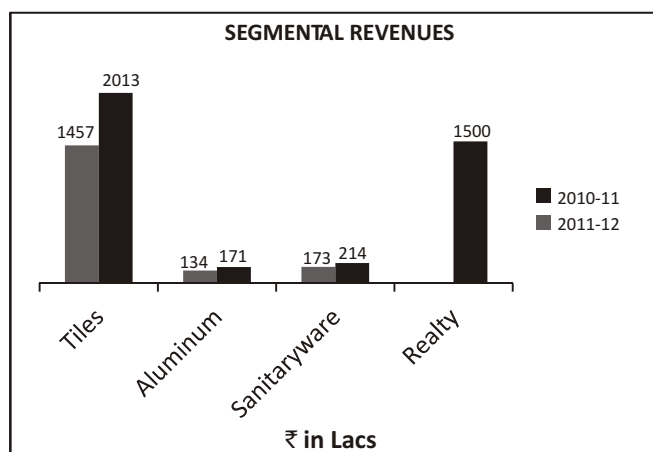
Financial Analysis: 2011-12 vs. 2010-11

Key Financial Information

- During the year under review the Company had made reference to the Corporate Debt Restructuring (CDR) Cell for restructuring of its debt and accordingly the scheme of the restructuring is implemented.
- The global economic downturn resulted in the slowdown of business activities. There were no sales in the Realty Business which was started last year by the Company & Net sales in the ceramics and aluminum business have decreased by 26.45% from ₹ 23,994.45 Lacs in FY 2010-11 to ₹ 17,647.54 Lacs in FY 2011-12.
- The Company has reported the Net Loss after tax of ₹ 9,322.10 Lacs in FY 2011-12 against the Net Profit of ₹ 3,088.65 Lacs in FY 2010-11.

Revenue (Net Sales)

- Total Revenue for the year, impacted due to non availability of working capital funds and various internal and external factors, and its has been declined from ₹ 3,899.44 Lacs in FY 2010-11 to ₹ 1,764.75 Lacs in FY 2011-12.
- Decline was mainly due to no revenue generation from Realty Division, low capacity utilization in Aluminum, Sanitaryware and Calcareous Tiles Division. The Vitrified tiles even though highest contributing business of the Company in total revenue, could not achieved the growth due to shortage of working capital.
- The Company has started its Wall Tiles manufacturing plant successfully in the current financial year, but could not generated positive EBDITA, as due to trial run production and low capacity utilization.
- By Segmental Revenues and Export Revenues are shown in below graph, for FY 2010-11 and FY 2011-12.



Other Income

- Other income of the Company increased by ₹ 170.39 Lacs, from ₹ 197.09 Lacs in FY 2010-11 to ₹ 67.48 Lacs in current year, mainly due to reversal of certain provisions no longer required and increase in interest income.

Cost Analysis

The major cost components in the total operating cost are Material Cost (after stock adjustment), Employee Cost, Power & Fuel Cost, Manufacturing Expenses and Admin and Selling Cost.

The major cost break-up year on year are given below:

	(₹ In Lacs)	
	FY 2011-12	FY 2010-11
Cost of Material	9,830.02	11,107.88
Employee Cost	2,371.67	2,374.26
Power & Fuel	4,657.66	4,596.06
Manufacturing, Admin, Selling & Other Cost	2865.47	4271.25

Cost of pertaining to Realty Division has been excluded for the sake of comparison.

Material Cost: The raw material cost for all products decreased considerably during FY 2011-12. The raw material cost of ceramics and aluminum business as % to total sales (excluding realty division business) has decreased due to the decreased in Sales. However the cost as percentage to sales is increased due to increase in prices of raw material.

Employee Cost: The overall cost of employee remained almost same. As the Company could not run its plant at full capacity, the cost of manpower per unit of production is high in current year. The Company has committed and dedicated hardworking manpower team, which Company retained in the organization even de-growth in the business in the current fiscal year, considering that this phenomena will change soon.

Power & Fuel Cost: Power & Fuel cost in value terms increased despite the low production in all divisions, mainly due to increase in all the fuel prices during the year. The natural gas is the major fuel used in ceramic industry for firing, and the prices of gas increased by almost 34 % during the year. Further

the lignite and coal prices were also increased and due to low power requirements, Company could not run its Captive Power plant to its effective efficient capacity, leading to increase in power cost. However due to various steps initiated by the Company to reduce the energy cost, like implementation of chain stove, use of waste heat etc., has really helped the Company to control the cost to some extent.

Manufacturing, Administration, Selling & Other Cost: As the sales and other operation activity was not upto the fullest possible level, some costs which are in direct proportionate to sales are reduced. But still certain fixed overheads are of the nature not linked to sales, could not be reduced.

Interest: The Company's interest cost has reduced from ₹ 5,772.87 Lacs in FY 2010-11 to ₹ 4,646.24 Lacs in FY 2011-12, as the Company had made the reference to CDR Cell and the scheme of realignment was approved and implemented. Accordingly the Company has to make lower interest payout during the year and will be increased in stepped up manner going ahead. Certain portion of interest has been funded by the lenders in the form of Term Loan of equity/ convertible instrument, even though is charged to profit and loss account.

Depreciation: The Company continues to provide depreciation on straight line method. The Depreciation is increased by ₹ 68.53 Lacs from ₹ 2,855.06 Lacs in FY 2010-11 to ₹ 2,923.59 Lacs in FY 2011-12, mainly due to the Wall Tiles plant, as it has been put to use during the current financial year.

Capital Employed

Shareholders' Fund: The Company's share capital was increased, as the Company allotted 93,28,134 equity shares during the year, in pursuance to the scheme of demerger approved by Honorable High Court, Mumbai.

Further the reserves and surplus was reduced by ₹ 9322.10 Lacs, on account of losses of the current financial year.

Long Term Borrowing: The Company has approached Corporate Debt Restructuring Cell, for the restructuring of its entire debt and scheme was implemented accordingly. The long term borrowing amounting to ₹ 38445.63 Lacs, consist of secured loans of ₹ 35310.18 Lacs (92%). The Secured Loan, increased due to increase in Funding of Interest, Working Capital Term Loan, and some of the loan converted in to long term loan. Unsecured loans are also increased due to infusion of funds due to liquidity problems during the year. The Long term borrowing also include the Zero Coupon Bond issued to lender as per the CDR Scheme.

Short Term Borrowings: The short term loan comprises of working capital loans and unsecured loans from in the nature of Deposits. The total short term loan was reduced to ₹ 10448.73 Lacs in FY 2011-12 from ₹ 11168.20 Lacs in FY 2010-11, due to conversion of some of the facility in long term loans pursuant to scheme of CDR.

Deferred Tax Liability: The deferred tax liability of the Company is ₹ 1523.92 Lacs as on March 31, 2012, which is same as of March 31, 2011, as the company has not provided any deferred tax liability or assets for the financial year 2011-12 on account of absence of virtual certainty of future taxable profit and brought forward business losses and depreciation under the Income Tax Act.

Application of Funds

Fixed assets: During the year, the Gross block increased by ₹ 2,423.62 Lacs from ₹ 56,275.90 Lacs to ₹ 58,699.53 Lacs, mainly due to the addition of wall tiles. The assets put to use in the current financial year, and the amount was transferred from capital work in progress. The capital work in progress as on March 31, 2012, amounting to ₹ 497.49 Lacs, mainly consists of expenditure which are yet to capitalized.

Investments: The investment portfolio is increased by minimal amount of ₹ 1 Lacs as on March 31, 2012, to ₹ 277.60 Lacs, as the Company has subscribed to 10,000 equity shares of M/s. Subhnen Sanitaryware Pvt. Ltd., at ₹ 10/- each. The said Company is now 100 % subsidiary of the Company as on March 31, 2012.

Working Capital Management: Due to severe liquidity problems faced by the Company during the year, the Company has controlled its working capital management efficiently. The Company's net current assets were decreased by ₹ 5,006.16 Lacs, in FY 2011-12, from ₹ 25,634.69 Lacs as on March 31, 2011 to ₹ 20,628.54 Lacs as on March 31, 2012. The decrease in current assets is due to realization from trade receivables and liquidation of inventories, during the year.

The current liabilities also decreased by ₹ 6,450.57 Lacs, from ₹ 26,633.17 Lacs as on March 31, 2011 to ₹ 20,182.60 Lacs in March 31, 2012, mainly on account of reduction in other current liability, which includes the current maturities of long term loan. As the Company has reschedule its entire debt as per the approved CDR Scheme, the current maturities of long term debt as on March 31, 2012, following in next year is reduced to greater extent as compared to FY 2010-11.

However the trade payables amount increased as the Company has taken longer credit period in the current financial year.

Risk Mangement:

Risk management process involves Identification, assessment and mitigation of risks. Managing risk and evaluation of its impact on the business is ongoing process.

1. BRANDING RISK:

The loss of brand recall in the competitive market, can affects the business of the Company.

Mitigation

- The Company continues its brand promotion through various means like exhibition, trade promotion, advertisements in all possible media.
- Increasing market reach and personal touch with the end users.
- Innovative products are launched with the same Brands.

2. INDUSTRY RISK:

Lower demand and low growth in end use segment may affects the ceramics industry.

Mitigation

- The expected growth in real estate and housing sector is bullish.
- The increase in urbanization and rise in disposable income will boost the demand for the industry.
- Tire II and Tier III cities are developing at a faster rate.
- Increase in hospitality and commercial space.

3. COMPETITION RISK:

Increased in competition from various players may affects the revenues.

Mitigation

- The delivery of quality products against low cost cheap products.
- Recognized Brand in the industry.
- Multiproduct portfolio catering all type of customers.
- Need based customized products.

4. TECHNOLOGY OBSOLESCENCE RISK:

The changing technology may affect the innovation and customer attrition rate.

Mitigation

- The Company has state of art manufacturing facilities.
- In house R & D team with well equipped laboratory.
- Cost effective capital expenditure to upgrade the technology.
- Customers are retained with innovative products and designs.

5. HUMAN RESOURCE RISK:

The loss of talented employee may affect the operations of the Company.

Mitigation

- The Company maintains a transparent and loyal relation with the employees.
- Monetary and Non-monetary motivations at regular intervals.
- Conducting regular training at all levels.

Directors' Report

Dear Members,

Your Directors hereby present Tenth Annual Report of the Company for the year ended March 31, 2012.

FINANCIAL RESULTS:

The highlights of the financial results for the year ended March 31, 2012 are as follows:

(₹ in Lacs)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Income:		
Revenue from operations	17,647.54	38,994.45
Other Income	367.48	129.99
Total Income	18,015.02	39,124.44
Less: Total Expenditure	19,729.60	27,367.63
Earnings before Interest, Depreciation & Tax	(1,714.58)	11,756.81
Less: Interest & other finance expenses	4,646.24	5,737.05
Profit (Loss) before Depreciation & Tax	(6,360.82)	6,019.76
Less: Depreciation	2,923.60	2,855.07
Profit (Loss) before Tax	(9,284.42)	3,164.69
Less: Provision for Tax	37.69	76.04
Net Profit (Loss) after Tax	(9,322.11)	3,088.65
Add: Balance Brought forward from the previous year	4,613.32	1,524.67
Surplus carried to Balance Sheet	(4,708.09)	4,613.32

FINANCIAL PERFORMANCE:

During the period under review, several internal and external factors, including slower market growth, downturn in real estate and infrastructure industry and liquidity stress adversely affected the operations of the Company. Further, non availability of working capital funds, pressure from various secured and unsecured lenders, delay in implementation of the re-schedulement and realignment package under the Corporate Debt Restructuring Scheme and cut throat market competition has also affected the operations of the Company. Due to these factors, the total revenues of the Company declined drastically during the year under review in comparison to previous year.

The brief financial highlights are given above and discussed in detail in the Management Discussion and Analysis as part of this report.

Due to these adverse factors, Company incurred the net loss of ₹ 9322.11 Lacs during the financial year ended on March 31, 2012, against the net profit of ₹ 3088.65 Lacs during the previous financial year.

CORPORATE DEBT RESTRUCTURING:

The economic slowdown, adverse overall market scenario in general and real estate and infrastructure in particular, the slower off take of the Company's products by the end user industry and customers has adversely affected the business of the Company and the Company has suffered significant losses in ceramics business. Due to continued losses, the Company is continuously facing difficulties in managing its cash flows and working capital requirements. In order to correct its working capital position and liquidity challenges arising out of the mismatch of the loan maturities and potential projected earnings, the Company approached the lenders for restructuring of its entire debt for suitable realignment under Corporate Debt Restructuring (CDR) mechanism. The CDR Cell approved the proposal of debt restructuring with super majority of the lenders on September 29, 2011, and issued the Letter of Approval (LOA), based on which, the lenders agreed to the package and signed the Master Restructuring Agreement (MRA) on February 25, 2012.

The significant highlights of the package are as under:

- The Cut-off-Date (COD) is April 1, 2011.
- The total existing term loan of ₹ 335.77 Crores outstanding as on COD is restructured.
- The repayment of principal in 38 structured quarterly installment in stepped up manner starting from October 1, 2011 to March 31, 2021, after considering 6 months moratorium from COD.
- Funding of Interest for a period of 6 months from COD, amounting to ₹ 21.20 Crores. Out of which ₹ 18.80 Crores to be converted into Equity or Compulsory Convertible Debentures (CCDs). The CCDs to be convertible in to equity within 18 months from the date of allotment.
- The rate of interest is starting from 3.50 % p.a. to 14.00 % p.a. increasing in a stepped up manner till the tenure of debt.
- Carving out working capital irregularities to the tune of ₹ 13 Crores into a Working Capital Term Loan, repayable in 34 structured installments with 18 months of moratorium from COD with interest rate as described for other Term Loans.
- Additional working capital loans of ₹ 12 Crores and critical capex loan of ₹ 5 Crores to be shared by some of the lenders.
- The existing security structure is continued and more specifically covered under the MRA.
- The Company to issue Zero Coupon Bonds amounting to ₹ 3.85 Crores to one of the lenders for their sacrifices, repayable after March 2021.

CAPITAL STRUCTURE:

Pursuant to the scheme of Demerger as approved by the Hon'ble High Court of Bombay, the Company has allotted 93,28,134 Equity Shares of ₹ 10/- each fully paid up to the shareholders of Ethix Realtors Pvt. Ltd. on July 5, 2011.

Pursuant to CDR package as approved by CDR cell vide its Letter of Approval (LOA) dated October 29, 2011 as described above, the Company has issued following securities:

i. Zero Coupon Bonds (ZCBs):

385 Zero Coupon Bonds (ZCBs) having face value of ₹ 1,00,000/- each aggregating to ₹ 3,85,00,000/- to Bank of India on March 27, 2012 and the said Bonds are due for redemption after March 2021.

ii. Equity Shares

21,49,878 Equity Shares of ₹ 10/- each at a price of ₹ 24.42 per share (including premium of ₹ 14.42 per share), fully paid up to ICICI Bank Limited on August 8, 2012 on preferential basis.

iii. Compulsorily Convertible Debentures (CCDs)

41,35,954 2% Compulsorily Convertible Debentures (CCDs) of ₹ 24.42/- each to State Bank of India and 10,23,751 2% Compulsorily Convertible Debentures (CCDs) of ₹ 24.42/- each to Bank of India, convertible into even number of Equity Shares having face value of ₹ 10/- each on August 8, 2012 on preferential basis. The said CCDs are convertible within a period of eighteen months from the date of allotment.

After the allotment of equity shares as detailed above, the paid up share capital of the Company is increased to ₹ 28,57,80,120/- divided into 2,85,78,012 Equity Shares of ₹ 10/- each.

OPERATIONAL PERFORMANCE:**a) Tiles Division:**

Tiles division has three products namely Vitrified Tiles, Wall Tiles and Calcareous Tiles also called Agglomerated Marble. The Company commissioned its wall tiles plant during the year in this division, however being the first year of wall tiles and trial run the performance of wall tile was not upto the expectations.

Tiles division continues to contribute maximum turnover in the Company. Total revenue from this division is ₹ 14,574.93 Lacs, which is lower by 27.60% against the last year's turnover. The non availability of working capital and low off take in calcareous tiles are the reasons of declined turnover.

However Company still hold a remarkable brand and market share in vitrified tiles in the organized sector and confident of revamping its business under this segment in the coming years.

b) Aluminium Division:

The turnover of the Aluminium Extruded Sections was ₹ 1,342.85 Lacs in the current financial year. Due to severe liquidity crunch during the year and low margin in this segment, Company could not run the plant for at the fullest capacity. The capacity utilization was less than 50 % for the current financial year.

With availability of the working capital funds and improvement in overall business, this division will be revamp.

c) Sanitaryware Division:

The Company is establishing the business in this segment. The total revenue was ₹ 1,729.75 Lacs in the current financial year. The Company made a renowned name with its quality in this segment. The Company is OEM for many of the well known Indian and International sanitaryware brands, which is an acknowledgment of the Company's quality product and facility. In the coming year the Company is proposing to do a Joint Venture in this division with approvals of the appropriate authorities.

d) Realty Division:

The Company has ventured in to real estate segment in the previous financial year. However there is no business in the year under review. The poor performance of the sector and slowdown in real estate and construction industry due to various external factors including tight monetary environment, the Company had not taken any risk exposure in the said sector in the year under review. The Company is open for grabbing the opportunities in the coming future considering the calculated risk involved in the sector.

DIVIDEND:

In view of losses during the year under review, your Directors do not recommend any dividend for the financial year 2011-12.

POSTAL BALLOT PROCESS:

During the period under review, the Company conducted postal ballot process as per the provisions of Section 192A of the Companies Act, 1956, notice of which was dispatched on March 27, 2012, for seeking approval of the members of the Company for the following matters:

- i. Special Resolution under Section 81 (1A) of the Companies Act, 1956 for issue of 21,49,878 Equity Shares on preferential basis.
- ii. Special Resolution under Section 81 (1A) of the Companies Act, 1956 for issue of 52,82,555 Compulsorily Convertible Debentures (CCDs) on preferential basis.
- iii. Ordinary Resolution u/s 293(1) (a) of the Companies Act, 1956, for sell, lease, transfer or dispose of Company's Sanitaryware Business Undertaking.

The result of the postal ballot was declared on May 3, 2012. All the proposed resolutions were passed with requisite

majority.

DIRECTORS:

During the year under review Mr. Shantilal L. Shah and Mr. Shivji K. Vikamsey resigned from the office of Directors of the Company w.e.f. December 1, 2011. Mr. Raichand K. Shah and Mr. Deepak G. Savla resigned from the office of Directors of the Company w.e.f. February 14, 2012 and May 3, 2012 respectively. The Board places on record its sincere appreciation for their valuable contribution extended to the Company during their tenure as Directors of the Company.

Mr. Mahendra V. Modi and Mr. Ajit Nalwaya were appointed as Additional Directors of the Company w.e.f. February 14, 2012 and w.e.f. May 3, 2012 respectively. In terms of Section 260 of the Companies Act, 1956, they hold office as such upto the date of ensuing Annual General Meeting of the Company. The Company has received notice in writing from member of the Company pursuant to Section 257 of the Act, together with the requisite deposit proposing their candidature for the office of the Director of the Company.

In terms of Section 256 of the Companies Act, 1956, read with Article no. 196 of the Articles of Association of the Company, Mr. Kumar P. Shah, Director of the Company retires by rotation at the forthcoming Annual General Meeting and being eligible, has offered himself for re-appointment.

Your Directors recommend the appointment of Mr. Mahendra V. Modi and Mr. Ajit Nalwaya and re-appointment of Mr. Kumar P. Shah as Directors of the Company at the ensuing Annual General Meeting of the Company.

STATUTORY AUDITORS:

M/s. Deepak Maru & Co., Chartered Accountants, Mumbai, Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received a letter from them to the effect that their re-appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such re-appointment within the meaning of Section 226 of the said Act.

Your Directors recommend their re-appointment as Statutory Auditors of the Company to hold office from the conclusion of the ensuing AGM upto the next AGM of the Company and to audit financial accounts for the financial year ending on March 31, 2012.

COST AUDITORS:

Pursuant to the provisions of Section 233B of the Companies Act, 1956 and in terms of the Order no. 52/26/CAB-2010 dated May 2, 2011 issued by Central Government, the Company has appointed M/s. M. S. Saiyed & Co. as Cost Auditors of the Company for audit of the cost accounting records maintained by the Company relating to manufacturing of Vitrified Tiles, Sanitaryware Products, Aluminium Sections covered under Chapters 68 & 76 of Central Excise Tariff Act, 1985, for the financial year 2011-12 and 2012-13, subject to the approval of the Central Government.

AUDITORS' REPORT:

The Members may note that the auditors, without qualifying their audit report, have brought to the attention of the Members certain matters. The observations from the Audit Report (on standalone financials) are re-produced below adverbatis, which are self-explanatory:

- (i) Regarding the financial statements of the Company having been prepared on a going concern basis, the appropriateness of which is inter-alia dependent on successful implementation of the scheme approved by the Corporate Debt Restructuring Cell as envisaged in Note no. 22 of the financial statements and as also that in the opinion of the management, no impairment provision is considered necessary.
- (ii) Note no. 30 of the financial statements in respect of Net Deferred Tax Liability recognized in the earlier years of ₹ 15,23,92,056/- being carried forward in the Balance Sheet and expected to reverse in foreseeable future, on the basis of management's view regarding future profits and the Restructuring Scheme approved by the CDR Cell. However, we are unable to express an opinion as to when and to what extent the aforesaid net deferred tax liability would reverse in the near future.
- (iii) Note no. 9 of the financial statements on the financial statements, regarding investment in a subsidiary, carried at ₹ 1,42,50,000/- which may require provisioning for the other-than-temporary diminution in the value of investments in the subsidiary in accordance with Accounting Standard 13 - Accounting for Investment is yet to be quantified and determined by the Management particularly when such subsidiary has negative net worth. We are, therefore, unable to comment on the adequacy, or otherwise, of the provision for the other-than-temporary diminution in the value of investment in the subsidiary as at March 31, 2012, and the consequential effects on the reported amounts under carrying value of investments, profit before tax, balance in profit and loss account and earnings per share in the financial statements.

Further with respect to the observations made by the Auditors' in their Report regarding non-provision for other-than-temporary diminution in the value of investments in the subsidiary company in accordance with Accounting Standard 13 - Accounting for investment in subsidiary, your directors would like to state that the Company is hopeful of revival of its' subsidiary's business, hence no provision is made for diminution in value of investment made in the subsidiary.

SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL STATEMENTS:

The Ministry of Corporate Affairs (MCA) vide General Circular No.2/2011 No. 51/12/2007-CL-III dated February 8, 2011 read with General Circular No. 3/2011 and No. 5/12/2007-CL-III dated February 21, 2011 has granted a general exemption from attaching the Balance Sheet of subsidiary companies with holding Company's Balance Sheet, if the holding Company presents in its Annual Report the Consolidated Financial

Statements duly audited by its statutory auditors. The Company is publishing Consolidated Financial Statements in the Annual Report and accordingly, is not attaching the Balance Sheets of its wholly owned subsidiary companies viz. Euro Merchandise (India) Limited (EMIL) and Subhnen Sanitaryware Private Limited with its Balance Sheet. Further, as required under the said circular, a statement of financial information of the subsidiary companies is attached.

The Annual Accounts of the above referred subsidiaries shall be made available to the shareholders of the Company on request and will also be kept open for inspection at the Registered Office of the Company and of the subsidiary companies during the office hours on all working days, except Saturdays.

In accordance with the requirements of Accounting Standard AS 21 issued by the Institute of Chartered Accountants of India, the Consolidated Financial Statements and Auditors' Report thereon are published in this report.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956, with respect to Directors Responsibility Statement, your Directors confirm that:

- 1) In the preparation of the annual accounts, the applicable accounting standards have been followed along with the proper explanations relating to material departures;
- 2) They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;
- 3) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- 4) They have prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE:

A separate section on Corporate Governance Report and a certificate from the statutory auditors of the Company regarding compliance of the conditions of Corporate Governance, as stipulated under Clause 49 of the Listing Agreement with stock exchanges forms a part of the Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

Management Discussion and Analysis Report on matters related to the business performance, as stipulated under Clause 49 of the Listing Agreement with stock exchanges, is given as a separate section in the Annual Report.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE:

The particulars required under Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in Annexure I attached to this Report.

PUBLIC DEPOSITS:

Your Company has taken unsecured loan, within the meaning of Public Deposits under Section 58A of the Companies Act, 1956, during the year under review. The Company has filed "Statement in lieu of Advertisement" along with necessary particulars as required with the Registrar of Companies, Maharashtra, Mumbai.

However, due to liquidity crunch and urgent requirement of working capital, the Company has paid higher interest rate and brokerage then the prescribed rate under the Companies (Acceptance of Deposits) Rules, 1975 to some of the depositors.

Further the Company is implementing the Corporate Debt Restructuring Scheme, due to various internal and external factors affecting operations of the Company and severe liquidity crunch in the financial year under review. Under such situation, the Company could not maintain the liquid asset ratio as required under the said rules.

PERSONNEL:

Your Company maintained cordial relations during the year under review. The Company continued its endeavour to grow the learning curve through regular training programmes for its team members enabling them to attain higher productivity and superior quality.

APPRECIATION:

Your Directors acknowledges with gratitude and wish to place on record, their deep appreciation of continued support and co-operation received by the Company from the various Government authorities, Shareholders, Bankers, Lenders, CDR Cell, Business Associates, Dealers, Customers, Financial Institutions and Investors during the year.

Your Directors place on record their deep appreciation of the dedication and commitment of your Company's employees at all levels and look forward to their continued support in the future as well.

We are deeply grateful to our shareholders for the confidence and faith reposed on us. Your Company looks forward to their continued support in future.

For and on behalf of the Board of Directors

Nenshi L. Shah
Chairman & Managing Director

Place: Mumbai
Date: August 27, 2012

Annexure 'I' to Directors' Report

The particulars required under Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are as under:

A. Conservation of Energy: -

The Company reviews the power consumption pattern on continuous basis across all the segments and implements the requisite improvements or changes in the process wherever required for optimum utilization of energy.

1. During the year under report, various energy conservation measures implemented by the Company includes :
 - a. Introduction of Chain Stove in Vitrified Division where consumption of Natural Gas has been reduced substantially.
 - b. Modification in grinding unit of Calcareous Tiles Division has resulted in reduction in power consumption.
 - c. Continuation of optimum use of natural sun light and heat for drying process in the sanitaryware for greenware and moulds, wherever season permits.

- d. Periodic Energy Audit by an external agency and implementations of audit recommendations.
 - e. Optimum batch size resulting in low consumption of power & fuel.
 - f. Improved the drier efficiency in Sanitaryware Division.
2. The above measures have reduced the power and fuel cost and the Company maintained the optimum utilization of energy.
 3. Total energy consumption and energy consumption per unit of production is given in Form A annexed herewith.

B. Technology Absorption:

Information is given in the prescribed Form B annexed herewith.

C. Foreign Exchange Earnings and Outgo

The information on foreign exchange earnings and outgo is contained in Notes No.26 & 27, forming part of the Financial Statement.

Form A

(See Rule 2)

Form for disclosure of particulars with respect to Conservation of Energy

a. Power & Fuel Consumption:

1. Electricity :

	Current Year	Previous Year
i) Purchased		
Units (KWH)	72,85,680	1,029,243
Total Amount (₹) *	45,423,230	10,324,431
Cost / Unit (₹)	6.23	10.03
ii) Own Generation		
(a) Through Liquid Fuel Generator		
Units (KWH)	290,293	1,557,374
Units (KWH) / Ltr. of LDO /HSD / Furnace Oil	3.63	3.63
Cost / Unit (₹)	12.15	11.81
(b) Through Steam Turbine/Generator		
Units (KWH)	24,307,440	40,188,514
Units (KWH)/ Tonne of Fuel (Lignite)	726	734
Cost / Unit (₹)	3.77	2.54

2. Propane / LPG/ Natural Gas :

	Current Year	Previous Year
Quantity (In SCM)	12,112,373	15,098,548
Total Amount (₹)	271,258,634	252,843,256
Average Rate (₹/SCM)	22.40	16.75

3. Furnace Oil :

	Current Year	Previous Year
Quantity (Ltrs)	-	55,509
Total Amount (₹)	-	1,685,030
Average Rate (₹/ Ltr.)	-	30.36

4. Coal / Lignite:

	Current Year	Previous Year
Quantity (MT)	3,035.37	1,497.34
Total Amount (₹)	15,876,047	8,730,490
Average Rate (₹/ MT)	5,230	5,830.68

b. Consumption per unit of Production :

	Current Year	Previous Year
i) Electricity Units /MT Tiles	399.95	385.05
ii) Electricity Units / MT of Aluminium	364.40	385.83
iii) Electricity Units / MT of Sanitaryware	895.32	943.48
iv) Furnace Oil MT/ MT of Aluminium	-	216.89
v) Propane/LPG/Natural Gas SCM/MT Vitrified Tiles	133.48	122.61
vi) Propane/LPG/Natural Gas SCM/MT Sanitaryware	1100.80	704.91
vii) Propane/LPG/Natural Gas SCM/MT Aluminium	332.79	264.05
viii) Coal MT / MT Tiles	0.05	0.02

* Minimum demand charges paid to Paschim Gujarat Viji Company Limited have been included in the above cost.

Form B

(See Rule 2)

Form for disclosure of particulars with respect to Technology Absorption

Research & Development and Technology Absorption

The Company is regularly doing research and development in all the possible areas for maintaining and improving its product quality, reduction in cost and improvisation in the process.

Specific areas of R & D :

- Development in the body preparation using different materials with cost effective manner.
- Introduction of new designs in Vitrified Tiles & Calcareous Tiles and new models in Sanitaryware.
- Analytical steps to improve the efficiency and productivity of the casting machines in the Sanitaryware Division.
- Improved the formulation of glaze in Sanitaryware Division.
- Produced Whitest Marble with better product mix in Calcareous Tiles Division.

Benefits of Research and Development and Technology up-gradation:

- The Company introduced the wide range of products in the market.

- Customer satisfaction with Quality with Innovative products.
- Cost effective production in competitive market.

Total Expenditure on Research and Development :

(₹ in Lacs)

	Current Year	Previous Year
I Capital Expenditure	3,57,000	50,775
II Recurring Expenditure	6,19,127	7,27,054
III Total	9,76,127	7,78,829
IV Total R & D Expenditure as percentage to total turnover	0.05%	0.02%

Future plan of action are as under:

1. To introduce new designs and varieties of ceramics and vitrified tiles with latest technology.
2. To update the technology as required in competitive market.

Information relating to Subsidiary Company for the year ended March 31, 2012

[As per General Circular No. 2/2011 No. 51/12/2007-CL-III dated February 8, 2011 of Ministry of Corporate Affairs (MCA)]

(₹ in Lacs)

Name of Subsidiary Company	Euro Merchandise (India) Limited	Subhnen Sanitaryware Private Limited
Capital	19.00	1.00
Reserves	(1170.22)	Nil
Total Assets	2316.42	1.00
Total Liabilities	2316.42	Nil
Investments made by Subsidiary	Nil	Nil
Revenues (Turnover & other Income)	1517.63	Nil
Profit before Taxation	(992.22)	Nil
Provisions for Taxation	Nil	Nil
Profit After Tax	(992.22)	Nil
Proposed Dividend	Nil	Nil

Report on Corporate Governance

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate Governance is both the structure and relationships which determine corporate direction and performance. It comprises of processes and structures by which the business and affairs of the Company are directed and managed, in order to enhance long term shareholder value, through enhancing corporate performance and accountability, whilst taking into account the interests of all stakeholders. It is based on the principles of integrity, fairness, equity, transparency, accountability and commitment to values.

Good governance practices stem from the quality and mindset of the organisation. Euro Ceramics visualises "Corporate Governance" as a process which provides transparency of corporate policies, strategies and the decision-making process and also strengthen internal control systems and helps in building relationship with stakeholders. Our Company, through Corporate Governance, strives for an exemplary shift in its work culture and provides a congenial environment to harmonise the goals of maximizing the stakeholders' value and maintaining a customer-centric focus in all its dealings.

2. BOARD OF DIRECTORS

a) Composition

The Board of Directors of the Company has an optimum combination of executive and non executive Directors. As on March 31, 2012, the Board comprised of total 8 Directors out of which, 1 is Executive Chairman and 3 are Executive Directors and 4 are Independent Directors.

The composition of the Board of Directors is in conformity

with clause 49 of the Listing Agreement entered into with the Stock Exchanges.

b) Board Procedure

The agenda for the Board Meetings and Committee Meetings containing relevant information/supporting data, as required, are distributed well in advance to all the Board members from time to time in a structured manner to enable the Board to take informed decisions. When deemed expedient, the Board also approves through Circular Resolution, important items of business, which are permitted under the Companies Act, 1956, and which can not be deferred till the next Board Meeting.

Matter discussed at Board Meeting generally relate to Company's performance, quarterly results of the Company, approval of related party transactions, general notice of interest of Directors, review of the reports of the internal Auditors, Audit Committee and compliance with their recommendation, suggestion, compliance of any regulatory, statutory or listing requirements etc.

c) Attendance at Board meetings and last Annual General Meeting:

During the year under review, the Board of Directors met eight times viz. 20/04/2011, 13/05/2011, 05/07/2011, 12/08/2011, 23/09/2011, 14/11/2011, 14/02/2012 and 27/03/2012 and as required, the gap between two Board meetings did not exceed four calendar months.

The attendance record of the Directors at Board Meetings held during the financial year 2011-2012, number of Directorship held and position of Membership / Chairmanship of Committees in Indian Public Limited Companies are given below:

Name	Nature of Directorship	No. of Board meetings held in 2011-12	No. of Board meetings attended during 2011-12	No. of other Directorship in Public and	Membership / Chairmanship of Committees in other Companies		Whether attended the last AGM
					Member	Chairman	
Mr. Nenshi L. Shah	Chairman & Managing Director	8	8	3	-	1	YES
*Mr. Shantilal L. Shah	Non Executive Director	6	5	-	-	-	YES
Mr. Talakshi L. Nandu	Whole-time Director	8	6	1	-	-	YES
Mr. Kumar P. Shah	Whole-time Director	8	5	-	-	-	YES
Mr. Paresh K. Shah	Whole-time Director	8	8	1	-	-	YES
*Mr. Shivji K. Vikamsey	Independent Director	6	3	1	1	-	NO
@Mr. Raichand K. Shah	Independent Director	7	2	1	-	-	YES
Mr. Anil M. Mandevia	Independent Director	8	4	1	-	-	NO
Mr. Amit G. Shah	Independent Director	8	6	1	-	-	NO
Mr. Deepak G. Savla	Independent Director	8	1	1	-	-	NO
@Mr. Mahendra V. Modi	Independent Director	2	-	1	-	1	N.A.

*Mr. Shantilal L. Shah, Non Executive Director of the Company and Mr. Shivji K. Vikamsey, Independent Director of the Company resigned from the Board w.e.f. December 1, 2011.

@Mr. Raichand K. Shah, Independent Director of the Company resigned from the Board and Mr. Mahendra V. Modi appointed as additional Independent Director of the Company w.e.f. February 14, 2012

None of the Directors of the Board serves as member of more than ten committees nor are Chairman of more than five committees across all companies, in which he is a Director. "Committees" considered for this purpose are those specified in clause 49 of the Listing Agreement i.e. Audit Committee and Shareholders/Investor Grievance Committee.

3. COMMITTEES OF THE BOARD

The Board has constituted three committees consisting of members of the Board. Details of the Committee and other related information are provided hereunder.

a) Audit Committee

The Company has an Audit Committee in accordance with the requirement of Section 292A of The Companies Act, 1956 and the terms of reference are in conformity with Clause 49 of the Listing Agreement entered into with the Stock Exchanges. The Committee comprises three independent Directors and Managing Director of the Company. The Statutory Auditors are also invited to the meetings. The Committee oversees the work carried out by the management, internal auditors on the financial reporting process, the safeguards employed by them and such relevant matters as it finds necessary to entrust.

The Audit Committee met Four times on 13/05/2011, 12/08/2011, 14/11/2011 and 14/02/2012 during the year under review and the numbers of meetings attended by each member during the year ended March 31, 2012 are as under:

Name of the member	Designation	No. of Committee Meetings	
		Held	Attended
Mr. Shivji Vikamsey (Upto 30/11/2011)	Chairman	3	3
Mr. Mahendra Modi (w.e.f. 14/02/2012)	Chairman	1	-
Mr. Nenshi L. Shah	Member	4	4
Mr. Anil M. Mandevia	Member	4	3
Mr. Amit G. Shah	Member	4	2

All the members of the Audit Committee are financially literate and Mr. Mahendra V. Modi, Chairman is a qualified Chartered Accountant has the relevant accounting and related financial management expertise.

The Committee has recommended the appointment of M/s. Deepak Maru & Co., Chartered Accountants, as the Statutory Auditors of the Company.

The terms of reference of this Committee are wide. Besides having access to all the required information from the Company; the Committee acts as a link between the Statutory Auditors and the Board of Directors of the Company.

The brief descriptions of terms of references are as follows:

- It shall have authority to investigate into any matter in relation to the items specified in Section 292A of the Companies Act, 1956 or referred to it by the Board and

for this purpose, shall have full access to information contained in the records of our Company and external professional advice, if necessary.

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.
- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- Reviewing with management the annual financial statements before submission to the Board, focusing primarily on:
 - Any changes in accounting policies and practices.
 - Major accounting entries based on exercise of judgment by management.
 - Qualifications in draft audit report.
 - Significant adjustments arising out of audit.
 - The going concern assumption.
 - Compliance with accounting standards.
 - Compliance with stock exchange and legal requirements concerning financial statements.
 - Any related party transactions, i.e. transaction of the company of material nature, with promoters or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interest of company at large.
- Reviewing with the management, external and internal auditors, and the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors and significant findings and follow up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with external auditors before the audit commences nature and scope of audit as well as post audit discussion to ascertain any area of concern.
- Reviewing the company's financial and risk management policies.
- To look into the reasons for substantial defaults in the

payment to the depositors, debenture-holders, shareholders (in case of non-payment of declared dividends) and creditors.

- It shall have discussions with the auditors periodically about internal control systems, the scope of audit including the observations of the auditors and review the quarterly, half yearly, and annual financial statements before submission to the Board.
- It shall ensure compliance of internal control systems.

b) Remuneration Committee:

Composition, name of members, terms of reference, meetings and attendance:

The Remuneration Committee comprises of three Independent Directors. The Committee has been constituted to review remuneration payable to Executive Directors, based on their performance vis a vis the performance of the Company on defined assessment parameters.

Terms of reference:

- The Remuneration Committee shall meet as when required.
- The Remuneration Committee shall determine remuneration packages for executive Directors including pension rights and any compensation payment.

During the year under review, no meeting of the Remuneration Committee was held.

The composition of the Remuneration Committee as on March 31, 2012 is as follows:

Name of the member	Designation
Mr. Mahendra V. Modi (w.e.f. 14/02/2012)	Chairman
*Mr. Anil M. Mandevia	Member
Mr. Amit G. Shah	Member
Mr. Raichand K. Shah (Upto 13/02/2012)	Member

*Mr. Anil Mandevia resigned as Chairman and continues to be Member of the Committee.

Remuneration Policy:

The remuneration policy of the Company is directed towards rewarding performance, based on review of achievements on a periodic basis. The remuneration policy is in consonance with the industry standards.

Details of remuneration paid to the directors during the year 2011- 2012 are as follows:

(a) Executive Directors:

The aggregate value of salary and perquisites paid for the year ended March 31, 2012 to the Managing Director and Whole-time Directors is as follows:

(Amount in ₹)

Name	Designation	Salary	Perquisites or Allowances	Total
Mr. Nenshi L. Shah	Managing Director	23,48,400	51,600	24,00,000
Mr. Talakshi L. Nandu	Whole Time Director	23,48,400	51,600	24,00,000
Mr. Kumar P. Shah	Whole Time Director	23,48,400	51,600	24,00,000
Mr. Paresh K. Shah	Whole Time Director	23,48,400	51,600	24,00,000

(b) Non-executive Directors:

Except sitting fees no remuneration is paid to non executive Directors. The details of sitting fees paid during the financial year 2011-12 are as under:

Name of the Director	Sitting fees paid (₹)	No. of Shares held	No. of Stock Options granted
Mr. Shantilal L. Shah	12,500	Nil	Nil
Mr. Shivji K. Vikamsey	7,500	Nil	Nil
Mr. Raichand K. Shah	5,000	Nil	Nil
Mr. Anil M. Mandevia	10,000	Nil	Nil
Mr. Amit G. Shah	15,000	Nil	Nil
Mr. Deepak G. Savla	2,500	Nil	Nil

(c) Shareholders / Investor Grievance Committee:

Composition and Attendance:

The Committee comprises one Non-executive Director and two Executive Directors. The Shareholders / Investors Grievance Committee met four times on 13/05/2011, 12/08/2011, 14/11/2011 and 14/02/2012 during the year under review and the number of meetings attended by each member during the year ended March 31, 2012 are as under:

Name of the member	Designation	No. of Committee Meetings	
		Held	Attended
Mr. Shantilal L. Shah (Upto 30/11/2011)	Chairman	3	3
Mr. Amit G. Shah (w.e.f. 01/12/2011)	Chairman	1	1
Mr. Kumar P. Shah	Member	4	1
Mr. Paresh K. Shah	Member	4	4

Broad terms of reference:

To examine and redress the complaints and grievances of the shareholders/investors of the Company such as transfer / transmission / demat / remat of shares, issue of duplicate, split-up, consolidation, renewal of share certificate, non-receipt of Annual Report, non receipt of dividend, non-receipt of application money and other issues concerning the shareholders / investors.

The Committee also looks into matters which can facilitate/smoothen investor's services and relations. Wherever deemed expedient, it also directs the RTA to ensure prompt redressal of genuine complaints of

investors. The Committee also examines and recommends to the Board about appointment/removal of RTA and /or fees payable to them etc.

Details of Shareholders' Complaints:

The Company Secretary / Compliance Officer has been regularly interacting with Registrar and Share Transfer Agents (RTA) to ensure that the complaints/grievances of the shareholders / investors are attended without delay and where deemed expedient, the complaints are referred to the Chairman of the Committee or discussed at its meetings.

During the year under review no complaints were received from the shareholders and hence no complaints were outstanding.

Compliance Officer:

During the year under review Ms. Jayshree D. Soni, Company Secretary and Compliance Officer of the Company has resigned w.e.f. February 21, 2012. The Company is in the process of appointing of whole time Company Secretary. However, Ms. V. Annapurneswary has been appointed as a Compliance Officer of the Company w.e.f. May 15, 2012.

4. GENERAL BODY MEETINGS AND POSTAL BALLOT

Location, time and date where last three Annual General Meetings were held are given below:

Financial Year	Date	Time	Location	Special Resolution passed
2008-09	September 30, 2009	10.00 a.m.	S.P.B.T. College, JVPD Scheme, Vile Parle (W), Mumbai – 400056	i) A Special Resolution was passed U/s 314 (1) of the Companies Act, 1956 for appointment of Mr. Pratik K. Shah as a Vice President (Tile-o-Bond) of the Company; ii) A Special Resolution was passed U/s 314 (1) of the Companies Act, 1956 for appointment of Mr. Mahek H. Shah as a Vice president (Marble Division) of the Company;
2009-10	December 22, 2010	10.00 a.m.	S.P.B.T. College, JVPD Scheme, Vile Parle (W), Mumbai – 400056	i) A Special Resolution was passed U/s 314 (1) of the Companies Act, 1956 for appointment of Mr. Anish K. Shah as a Vice president (Resin Plant) of the Company;
2010-11	September 28, 2011	10.00 a.m.	S.P.B.T. College, JVPD Scheme, Vile Parle (W), Mumbai – 400056	-

No resolution was passed through Postal Ballot during the year 2011-12 and no resolution is proposed at the ensuing Annual General meeting which required to be passed through Postal Ballot.

5. DISCLOSURES

a) Related-party transactions

Related party transactions are defined as transactions of the Company of material nature, with promoters, Directors or with their relatives; its subsidiaries etc. None of the transactions with any of the related parties were in conflict with the interest of the Company.

Details on material significant related party transactions are given in the appended financial statement under notes to the accounts annexed to the financial statements.

b) Compliances by the Company

The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital market during the last three years. No penalties or strictures have been imposed on the Company by the Stock Exchanges, SEBI or other statutory Authorities.

c) Whistleblower Policy

Though there is no formal Whistle-blower policy, the Company takes cognizance of complaints made and suggestions given by the employees and others. Even anonymous complaints are looked into and whenever

necessary, suitable corrective measures are implemented. No person has been denied access to the Audit Committee.

d) Subsidiary Companies:

The Company has two wholly owned subsidiary companies, namely Euro Merchandise (India) Limited (EMIL) and Subhnen Sanitaryware Private Limited, none of them fall in the category of material non-listed subsidiary companies. The requirements of clause 49 of the Listing Agreement with regard to subsidiary companies have been complied with.

e) Details of compliance with mandatory requirements and adoption of non-mandatory requirements:

The Company has complied with all the mandatory requirements.

The Company has complied with the following non-mandatory requirements:

- The Company has a Remuneration Committee.

f) Code of Conduct

The Company has laid down a code of conduct for the Directors, Senior Management and Employees of the Company. The code has been posted on the website of the

Company. A declaration to the effect that the Directors and Senior Managerial personnel have adhered to the same, signed by the Managing Director of the Company, forms part of this report.

g) Disclosure of Accounting Treatment

In the preparation of the financial statement, the Company has followed accounting standards issued by the Institute of the Chartered Accountants of India, except AS - 13, to the extent applicable.

h) Disclosure of Risk management

The Company has initiated the risk assessment and minimization procedure.

i) CEO / CFO Certification

In terms of clause 49 (V) of the listing agreement, Mr. Nenshi L. Shah, Chairman and Managing Director, has submitted a certificate to the Board of Directors in the prescribed format for the year under review.

j) Review of Directors' Responsibility statement

The Board, in its report, has confirmed that the annual accounts for the year ended March 31, 2012 have been

prepared as per applicable accounting standards, except AS 13, and policies, and that sufficient care has been taken for maintaining adequate accounting records.

6. MEANS OF COMMUNICATION

- **Quarterly Results:** Quarterly Results are published in accordance with the provisions of the listing agreement. The results are published in English Newspapers viz. Business Standard and in Marathi newspapers viz. Mahanayak.
- **Website:** The Company's website www.eurovitrified.com contains a separate dedicated section- "Investor Relationship"- where shareholders information is available. Un-audited quarterly results, annual results and Shareholding Pattern, Code of Conduct for the Board of directors and Senior Management Personnel, are also available on the website in a user-friendly and downloadable form.
- The presentations, as and when made to the Institutional Investors and analysts, are also simultaneously displayed on the website of the Company.
- Management Discussion and Analysis forms part of the Annual Report.

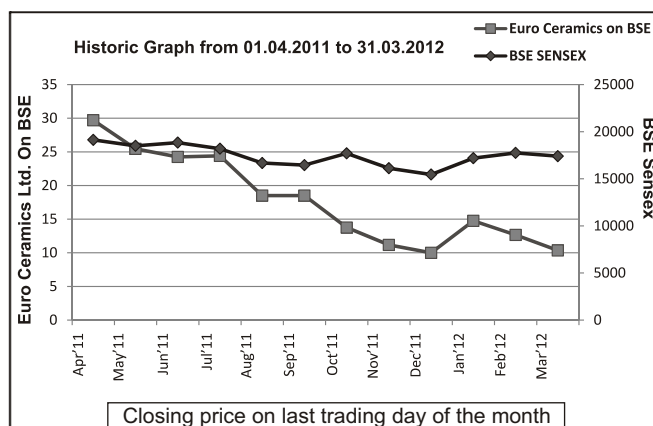
7. GENERAL INFORMATION FOR SHAREHOLDERS

a)	Date Time and Venue of Annual General Meeting	Date : September 28, 2012 Time : 11.00 a.m. Venue : Swagath Bageecha, Bageecha Complex, Marve Road, Malad (West), Mumbai – 400056
b)	Financial Calendar (2012- 2013)	First quarterly Results - On August 14, 2012 Second Quarterly Results - On or before November 14, 2012 Third Quarterly Results - On or before February 14, 2013 Fourth quarterly Results - On or before May 15, 2013
c)	Date of Book Closure	Monday, the September 24, 2012 to Friday, the September 28, 2012 (both days inclusive)
d)	Dividend payment date	Not applicable
e)	Listing on Stock Exchanges	BSE Limited (BSE) & National Stock Exchange of India Limited (NSE)
f)	Stock Code / Symbol	BSE - 532823 NSE – EUROCERA
	ISIN for CDSL and NSDL	INE649H01011

g) Market Price Data:

The monthly high and low quotations of shares traded on the Bombay Stock Exchange Limited (BSE), and National Stock

Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
Apr'11	32.70	23.50	32.65	23.00
May'11	29.90	24.25	30.00	24.50
Jun'11	27.90	22.10	27.00	23.40
Jul'11	27.85	23.00	28.95	22.20
Aug'11	25.45	16.35	25.20	17.05
Sep'11	23.15	17.25	22.95	17.40
Oct'11	18.20	12.20	18.90	12.35
Nov'11	14.39	11.17	14.15	11.00
Dec'11	12.47	9.32	12.00	9.15
Jan'12	15.10	9.02	15.10	8.95
Feb'12	15.75	11.65	15.70	11.80
Mar'12	13.06	9.30	12.60	9.15

**(h) Shareholding Pattern as on March 31, 2012:**

Category	No. of shares held	Percentage of Shareholding (%)
Promoters	97,86,166	37.03
Foreign Institutional Investors	50,000	0.19
Bodies Corporate	22,82,692	8.64
Trust	242	0.00
Clearing Member	2,18,873	0.83
Non Resident Indians	38,65,267	14.62
Resident Individuals (Public)	1,02,24,894	38.69
Total	2,64,28,134	100

(i) Distribution of Shareholding as on March 31, 2012

Shareholding (Nominal Value) ₹	Number of Shareholders	% of total number of share-holders	Total Number of Shares	% of Total Number of Shares
1 to 500	6736	89.33	8,11,705	3.07
501 to 1000	351	4.65	2,86,509	1.08
1001 to 2000	213	2.82	3,19,822	1.21
2001 to 3000	70	0.93	1,80,914	0.68
3001 to 4000	21	0.28	71,973	0.27
4001 to 5000	38	0.50	1,77,368	0.67
5001 to 10000	41	0.54	2,78,778	1.05
10001 and above	71	0.94	2,43,01,065	91.95
Total	7541	100.00	2,64,28,134	100.00

j) Share Transfer System:

All shares sent or transferred in physical form are registered by the Registrar and Share Transfer Agents within 30 days of the lodgement, if documents are found in order. Shares under objection are returned within two weeks. All requests for dematerialization of shares processed and the confirmation is given to the respective depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) within 15 days. The Company obtains, from a Practicing Company

Secretary, a half-yearly certificate of compliance with the share transfer formalities as required under Clause 47 (c) of Listing Agreement entered into with Stock Exchanges and files a copy of the certificate with the concerned Stock Exchanges.

k) Dematerialization of shares and liquidity:

As on March 31, 2012 the total number of Equity Shares of the Company in dematerialization form, stood at 2,39,50,532 Shares (representing 90.62 % of the Company's Paid-up Equity Share Capital)

l) Outstanding ADRS, GDRS, Warrants or any convertible instruments, conversion date and impact on Equity.

Your company has not issued any ADRs, GDRs, warrants or any convertible instruments during the year 2011-12.

m) Plant Location:

Survey No. 510, 511, 512, 517/1,
Bhachau Dudhai Road,
Bhachau (Kutch),
Gujarat 370140

n) Registrar and Share Transfer Agents:

M/s. Link Intime India Private Limited has been appointed as one point agency, for dealing with shareholders. Shareholders correspondence should be addressed to the Company's Registrar & Share Transfer Agent at the address mentioned below:

M/s. Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound,
L. B. S. Marg, Bhandup (West),
Mumbai 400 078

Tel: 91 22 2594 6970
Fax: 91 22 2594 6969
E-mail: helpline@linkintime.co.in

o) Address for Investor Correspondence:

Shareholders can contact the Compliance Officer for Share / Secretarial related matters of the Company at the below mentioned address:

Ms. V. Annapurneswary
Compliance Officer
Euro Ceramics Limited
Euro House, CTS No. 1406, A25/6,
Chincholi Bunder Road,
Behind Inorbit Mall,
Malad (West), Mumbai 400 064
E-mail: investors@eurovitrified.com
Tel No.: 91 22 4019 4019
Fax No.: 91 22 4019 4020

For Euro Ceramics Limited

Place: Mumbai
Date: August 27, 2012

Nenshi L. Shah
Chairman and Managing Director

Declaration on compliance with code of conduct:

It is hereby confirmed that the Company has adopted Code of Conduct for the Board of Directors and Senior Management Personnel of the Company and all have affirmed their adherence to the code during the year. The code has been posted on the Company's website (www.eurovitrified.com)

For Euro Ceramics Limited

Place: Mumbai
Date: August 27, 2012

Nenshi L. Shah
Chairman & Managing Director

Auditors Certificate on Compliance of the Corporate Governance

**To the members of
EURO CERAMICS LIMITED**

We have examined the Compliance of the conditions of Corporate Governance by EURO CERAMICS LIMITED for the year ended March 31, 2012, as stipulated in clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statements of the Company.

In our opinion and based on the information and explanations given to us and the representations made by management and to the best of our knowledge and belief, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned listing agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For DEEPAK MARU & CO.

Chartered Accountants
Firm Regn. No. 115678W

JAYMIN P. SHAH

Partner
Mem. No: 118113

Place: Mumbai
Date: August 27, 2012

Auditor's Report

To,
The Members of
Euro Ceramics Limited

- 1) We have audited the attached Balance Sheet of **Euro Ceramics Limited** as at March 31, 2012, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto (all together referred to as the 'financial statements'). These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We have conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statement. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
- 4) Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - a. We have 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 appears from our examination of those books;
 - c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956;
 - e. On the basis of written representations received from the Directors, and taken on record by the Board of Directors, as on March 31, 2012, we report that none of the Directors is disqualified as on March 31, 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f. Without qualifying attention is drawn to the following:
 - (i) Regarding the financial statements of the Company having been prepared on a going concern basis, the appropriateness of which is inter-alia dependent on successful implementation of the scheme approved by the Corporate Debt Restructuring Cell as envisaged in Note no.22 of the financial statements and as also that in the opinion of the management, no impairment provision is considered necessary.
 - (ii) Note no.30 of the financial statements in respect of Net Deferred Tax Liability recognized in the earlier years of ₹15,23,92,056/- being carried forward in the Balance Sheet and expected to reverse in foreseeable future, on the basis of management's view regarding future profits and the Restructuring Scheme approved by the CDR Cell. However, we are unable to express an opinion as to when and to what extent the aforesaid net deferred tax liability would reverse in the near future.
 - (iii) Note no.9 of the financial statements on the financial statements, regarding investment in a subsidiary, carried at ₹1,42,50,000/- which may require provisioning for the other-than-temporary diminution in the value of investments in the subsidiary in accordance with Accounting Standard 13 - Accounting for Investment is yet to be quantified and determined by the Management particularly when such subsidiary has negative net worth. We are, therefore, unable to comment on the adequacy, or otherwise, of the provision for the other-than-temporary diminution in the value of investment in the subsidiary as at March 31, 2012, and the consequential effects on the reported amounts under carrying value of investments, profit before tax, balance in profit and loss account and earnings per share in the financial statements.
 - g. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with significant accounting policies and notes thereon give the information required by the Companies Act, 1956, in the manner so required and present a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
 - ii) in the case of the Statement of Profit and Loss, of the loss of the company for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For DEEPAK MARU & CO.
Chartered Accountants
Firm Regn. No.115678W

JAYMIN P. SHAH
(Partner)
Mem. No: 118113

Place: MUMBAI
Date: August 27, 2012

Annexure To The Auditor's Report

(referred to in Paragraph 3 of Our Report of Even Date)

- (1) In respect of Fixed Assets:
- The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
 - As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regards to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
 - In our opinion, the Company has not disposed off a substantial part of its fixed assets during the year.
- (2) In respect of its Inventories:
- The inventories have been physically verified during the year by the management. In our opinion, the frequency of such verification is reasonable.
 - In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (3) In respect of loans, secured or unsecured, taken or granted by the Company from / to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956:
- According to the information and explanation given to us, the Company has taken unsecured loans from eleven parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 35,23,60,664/- and the year end balance of loans taken from such parties was ₹ 24,17,93,373/-.
 - According to the information and explanation given to us, the Company has granted loans to four parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 73,95,43,809/- and the year-end balance of loans given to such parties was ₹ 73,76,93,809/-.
 - In our opinion, the rate of interest and other terms and conditions on which loans mentioned above have been taken / granted are not, prima facie, prejudicial to the interest of the Company.
- (4) In respect of contracts or arrangements referred to in section 301 of the Companies Act, 1956:
- In our opinion, and according to information and explanations given to us, the transactions made in pursuance of contracts or arrangements that need to be entered in the register maintained under section 301 of the Companies Act, 1956, have been so entered.
 - In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and aggregating during the year to ₹ 5 Lacs or more in respect of each party, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (5) The company during the year has accepted deposits within the meaning of public deposits under the provisions of section 58A read with Companies (Acceptance of Deposits) Rules, 1975 in the nature of unsecured loans. In our opinion, there has been non-compliance to the provisions of section 58A with respect to maintenance of liquid assets, maximum permissible rate of interest allowed to be paid / payable (in some of the cases), rate of brokerage allowed to be paid / payable (in some of the cases) and filing of return as required under the said rules. The Company has not accepted deposits within the meaning of public deposits under the provisions of section 58AA.
- (6) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regards to purchases of inventory, fixed assets and with regards to the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (7) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business
- (8) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed cost records have been made and

Annexure To The Auditor's Report

(referred to in Paragraph 3 of Our Report of Even Date)

maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(9) In respect of Statutory Dues:

- a) According to the information and explanation given to us, the Company during the year has been facing liquidity stress due to which there were delays in payment of various statutory dues with appropriate authorities including undisputed statutory dues such as Income tax, Sales tax, VAT, Wealth tax, Custom duty, Excise Duty, Tax deducted/collected at source, Provident Fund, Employees' State Insurance, Profession Tax, Cess and other material statutory dues applicable to it and there are no arrears outstanding as at the year end for a period of more than six months from the date they became payable except Service Tax payable amounting to ₹ 9,69,839/.
- b) According to the information and explanation given to us, there are no dues of Income tax, Sales Tax, VAT, Wealth tax, Customs duty, Excise duty and cess, which have not been deposited on account of any dispute, except the following:

Name of the Statute	Nature of the dues	Amount (₹)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act-1961	Income Tax	4,82,210/-	F.Y. 2007-08	Commissioner of Income Tax (Appeals)-39, Mumbai

- (10) The Company has accumulated losses at the end of financial year but did not have the same at the end of the immediately preceding financial year. Further the Company has incurred cash losses during the financial year covered by our audit but not in the immediately preceding financial year. The accumulated losses of the Company have exceeded 50% of its net worth.
- (11) There have been defaults in repayment of dues to the banks during the year, which have been subsequently either rescheduled by way of Corporate debt restructuring package (CDR) or repaid upto the date of our report except certain loan of ₹ 5,12,16,379/-including overdue interest of ₹ 12,16,379/- (defaults for the period exceeding six months) to certain bank who did not opt for CDR scheme. The management, as explained, is negotiating with the bank and confident of an amicable restructuring/settlement.
- (12) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (13) The company is not a chit fund or a nidhi/mutual benefit fund/society. Hence the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (14) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (15) According to the information and explanations given to us, the Company has given the guarantee for loans taken by its subsidiary from banks. The terms and conditions are not prejudicial to the interest of the Company.
- (16) In our opinion, the term loans are being applied for the purpose for which they were obtained.
- (17) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company and after placing reliance on the reasonable assumptions made by the company for classification of long term and short term usages of funds, we are of the opinion that, prima facie funds raised on short-term basis have been utilized for long-term investment.
- (18) According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (19) According to the information and explanations given to us, during the year covered by our audit report, the Company has not issued any Debentures.
- (20) The Company has not raised any money by way of public issues during the year.
- (21) According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

For DEEPAK MARU & CO.
CHARTERED ACCOUNTANTS
 Firm Regn. No.115678W

JAYMIN P. SHAH
 (Partner)
 M.NO. 118113

Place: MUMBAI
 Date: August 27, 2012

Balance Sheet as at March 31, 2012

Particulars	Note No.	As at March 31, 2012	As at March 31, 2011
		₹	₹
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	1	264,281,340	171,000,000
(b) Share capital suspense		-	93,281,340
(c) Reserves and surplus	2	580,106,326	1,512,316,837
		844,387,666	1,776,598,177
Non-current liabilities			
(a) Long-term borrowings	3	3,844,563,340	3,054,979,697
(b) Deferred tax liabilities (net)		152,392,056	152,392,056
		3,996,955,396	3,207,371,753
Current liabilities			
(a) Short-term borrowings	4	1,044,873,331	1,116,819,744
(b) Trade payables	5	542,607,413	529,389,641
(c) Other current liabilities	6	413,667,407	1,000,552,465
(d) Short-term provisions	7	17,112,310	16,555,643
		2,018,260,461	2,663,317,493
TOTAL		6,859,603,523	7,647,287,423
ASSETS			
Non-current assets			
(a) Fixed assets			
(i) Tangible assets	8	4,538,037,691	4,569,103,991
(ii) Capital work-in-progress		49,748,563	320,816,826
		4,587,786,254	4,889,920,817
(b) Non-current investments	9	27,760,750	27,660,750
(c) Long-term loans and advances	10	181,202,970	166,235,863
		4,796,749,975	5,083,817,431
Current assets			
(a) Inventories	11	626,876,593	909,743,192
(b) Trade receivables	12	497,878,696	716,137,862
(c) Cash and Bank Balances	13	87,352,333	49,551,313
(d) Short-term loans and advances	14	849,834,959	884,521,622
(e) Other current assets	15	910,967	3,516,003
		2,062,853,548	2,563,469,992
TOTAL		6,859,603,523	7,647,287,423
Significant Accounting Policies and Notes on Financial Statements forming part of the financial statements	1-35		

In terms of our report attached.

For DEEPAK MARU & CO.

Chartered Accountants

Firm Regn. No.:115678W

For and on behalf of the Board of Directors**NENSHI L. SHAH**

(Chairman & Managing Director)

PARESH K. SHAH

(Director)

JAYMIN P. SHAH

Partner

Mem. No.118113

Place : Mumbai

Date : August 27, 2012

Place : Mumbai

Date : August 27, 2012

Statement of Profit and Loss for the year ended March 31, 2012

Particulars	Note No.	For the year ended March 31, 2012	For the year ended March 31, 2011
		₹	₹
Revenue from operations (gross)	16	1,931,449,720	4,129,216,666
Less: Excise duty		166,695,771	229,771,780
Other Income	17	1,764,753,949	3,899,444,886
		36,748,227	19,709,069
Revenue from operations (net)		1,801,502,176	3,919,153,955
Expenses			
(a) Cost of materials consumed	18	733,172,185	1,153,589,725
(b) Purchases of stock-in-trade	18.1	24,212,043	41,505,081
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	18.2	225,618,575	385,201,550
(d) Employee benefits expense	19	237,621,899	237,425,739
(e) Other expenses	20	752,334,900	922,169,526
Total Expenses		1,972,959,602	2,739,891,621
Earnings before exceptional items, extraordinary items, interest, tax, depreciation and amortisation (EBDITA)		(171,457,426)	1,179,262,334
Finance costs	21	464,624,234	577,286,685
Depreciation and amortisation expense	8	292,359,534	285,506,635
Profit/(Loss) before exceptional and extraordinary items and tax		(928,441,193)	316,469,013
Exceptional items		-	-
Profit / (Loss) before extraordinary items and tax		(928,441,193)	316,469,013
Extraordinary items		-	-
Profit / (Loss) before tax		(928,441,193)	316,469,013
Tax expense:			
(a) Current tax expense for current year		-	21,000,000
(b) (Less): MAT credit		-	(21,000,000)
(c) Current tax expense relating to prior years		3,769,318	7,603,650
(d) Net current tax expense		3,769,318	7,603,650
(e) Deferred tax		-	-
		3,769,318	7,603,650
Profit / (Loss) for the year		(932,210,511)	308,865,363
Earnings per share (of ₹ 10/- each):			
Basic & Diluted		(35.27)	11.69
Significant Accounting Policies and Notes on Financial Statements forming part of the financial statements	1-35		

In terms of our report attached.

For DEEPAK MARU & CO.

Chartered Accountants

Firm Regn. No.:115678W

For and on behalf of the Board of Directors**NENSHI L. SHAH**

(Chairman & Managing Director)

PARESH K. SHAH

(Director)

JAYMIN P. SHAH

Partner

Mem. No.118113

Place : Mumbai

Date : August 27, 2012

Place : Mumbai

Date : August 27, 2012

Cash Flow Statement for the year ended March 31, 2012

Particulars	For the year ended March 31, 2012		For the year ended March 31, 2011	
	₹	₹	₹	₹
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax		(928,441,193)		316,469,013
Adjustments for :				
Depreciation	292,359,534		285,506,635	
Finance Costs	464,624,234		577,286,685	
Interest Income	(6,795,248)		(3,373,864)	
Dividend Income	(20,000)		(15,000)	
Rent Income	(2,491,630)		(3,860,842)	
Provision for Doubtful Debts	-		37,703,766	
(Profit) On Sale Of Investments	-		(3,000,000)	
(Profit) On Sale Of Fixed Assets	(1,017,660)		-	
Loss On Sale Of Fixed Assets	37,928,466	784,587,695	246,333	890,493,713
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		(143,853,498)		1,206,962,726
Adjustments for :				
Decrease / (Increase) in Trade & Other Receivables	224,976,927		(550,796,997)	
Decrease / (Increase) in Inventories	282,866,599		(21,675,317)	
Increase / (Decrease) in Trade and other payables	(161,610,843)	346,232,683	393,030,266	(179,442,048)
CASH GENERATED FROM OPERATIONS		202,379,185		1,027,520,678
Direct Taxes Paid (net of refund)		(11,837,514)		(65,059,952)
NET CASH (USED IN)/FROM OPERATING ACTIVITIES		214,216,699		962,460,723
B. CASH FLOW FROM INVESTING ACTIVITIES				
(Purchase) of Fixed Assets including Capital Work in Progress	(41,680,900)		(174,470,120)	
Sales Proceeds from Sale of Fixed Assets	14,545,125		193,000	
Sales Proceeds from Sale of Investments	(100,000)		5,000,000	
Interest Income	6,795,248		3,373,864	
Dividend Income	20,000		15,000	
Rent Income	2,491,630		3,860,842	
NET CASH (USED IN)/FROM INVESTING ACTIVITIES		(17,928,897)		(162,027,414)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Borrowings	477,256,734		633,454,597	
Repayments of Borrowings	(171,119,281)		(1,003,721,913)	
Share Capital Suspense	-		93,281,340	
Capital Reserve on Demerger	-		49,728,952	
Finance Costs	(464,624,234)		(577,286,685)	
NET CASH (USED IN)/FROM FINANCING ACTIVITIES		(158,486,781)		(804,543,709)
NET INCREASE IN CASH AND EQUIVALENTS		37,801,020		(4,110,399)
CASH AND CASH EQUIVALENTS (OPENING BALANCE)		49,551,313		53,661,712
CASH AND CASH EQUIVALENTS (CLOSING BALANCE)		87,352,333		49,551,313

Notes:

(i) Cash and Cash Equivalent includes all the cash and bank balances.

(ii) These earmarked account balances with banks can be utilised only for the specific identified purposes.

See accompanying notes forming part of the financial statements

In terms of our report attached.

For DEEPAK MARU & CO.

Chartered Accountants

Firm Regn. No.:115678W

For and on behalf of the Board of Directors**JAYMIN P. SHAH**

Partner

Mem. No.118113

Place : Mumbai

Date : August 27, 2012

NENSHI L. SHAH

(Chairman & Managing Director)

PARESH K. SHAH

(Director)

Place : Mumbai

Date : August 27, 2012

Notes forming part of the Financial Statements for the Year Ended March 31, 2012**SIGNIFICANT ACCOUNTING POLICIES****A Basis of accounting and preparation of financial statements**

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year unless stated otherwise.

B Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

C Inventories

Inventories are valued at the lower of cost (on FIFO / weighted average basis) and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes cost of purchase, cost of conversion and all other costs incurred in bringing the goods to their respective present location and condition. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty.

D Cash and Bank Balances

Cash and Bank Balances also include fixed deposits, margin money deposits, earmarked balances with bank, other bank balances and cash on hand. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

E Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

F Depreciation and amortisation

Depreciation has been provided on the straight-line method as per the rates prescribed in Schedule XIV to the Companies Act, 1956. The Vitrified Ceramic Tile Plant and the allied Machineries have been classified as a continuous process plant on technical assessment & depreciation has been provided accordingly.

G Revenue recognition

"Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales include excise duty but exclude sales tax and value added tax."

Export Incentives on Advance Licenses are recognized on accrual basis.

Interest Income is recognized on accrual basis and dividend income is accounted for when the right to receive the same is established.

H Tangible fixed assets

Fixed assets are stated at cost net of tax / duty credits availed if any less accumulated depreciation and impairment losses, if any.

The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date.

Exchange differences arising on restatement / settlement of long-term foreign currency borrowings relating to acquisition of

Notes forming part of the Financial Statements for the Year Ended March 31, 2012

depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets.

Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Tangible Assets which are not ready for their intended use comprising direct cost, related incidental expenses and attributable interest are disclosed under capital work-in-progress.

I Foreign currency transactions and translations

Transactions in foreign currency are accounted at the exchange rate prevailing on the date of transaction or the rate approximate to the actual rate at the date of transaction. Exchange Rate fluctuation between the transaction date and the settlement date in respect of revenue transactions are recognized in Statement of Profit and Loss and in respect of acquisition of the fixed assets are adjusted to the cost of the respective assets.

Non-monetary foreign currency items are carried at cost.

All export proceeds / import payables not realized at the year end are restated at the rate prevailing at the year end. The exchange difference arising there on has been recognized as income / expenses in the current year's Statement of Profit and Loss.

Monetary Assets & Liabilities denominated in Foreign Currency are translated at year end exchange rates and the Profit/Loss so determined is recognized in the Profit & Loss account.

The profit/loss on cancellation or renewal of derivative instruments such as forward contract and option contract undertaken to hedge exchange fluctuation/price risks are recognized as income/expenses in the Statement of Profit and Loss for the year.

J Investments

Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

K Employee benefits**Short-term employee benefits**

All employee benefits falling due wholly within twelve months of rendering service are classified as short term employee benefits. The benefits like salary, wages, short term compensated absences etc. and the expected cost of bonus / performance incentives are recognised in the period in which the employee renders the related service.

Defined contribution plans

The Company's contribution to provident fund and employees state insurance scheme and other welfare funds are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made.

Defined benefit plans

The employees gratuity fund scheme managed by the trust is the company's defined benefit plan. The present value of the obligation under such plan is determined based on actuarial valuation using the projected unit credit method. In case of a funded plan, the fair value of the plan assets is reduced from the gross obligation to recognise such obligation on a net basis.

L Borrowing costs

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing Costs attributable to acquisition and construction of qualifying asset are capitalized as a part of the cost of such asset up to the date when such asset is ready for its intended use or sale. A qualifying asset is the one that necessarily takes a substantial period to get ready for intended use. All other borrowing costs are recognised as an expense in the period in which they are incurred.

Notes forming part of the Financial Statements for the Year Ended March 31, 2012

M Segment reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

N Earning Per Share

In determining the earnings per share, the Company considers the net profit/loss after tax and post tax effect of any extraordinary/exceptional item is shown separately. The number of shares considered in computing basic earnings per share is the weighted average number of shares outstanding during the year. The number of shares considered for computing diluted earnings per share comprises the weighted average number of shares used for deriving the basic earnings per share and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares which includes potential CCD conversions. The number of shares and potentially dilutive equity shares are adjusted for any stock splits and bonus shares issues.

O Taxes on income

Provision for taxation comprises of Current tax and Deferred Tax. Current tax Provision has been made in accordance with the Income Tax Act, 1961. Deferred tax for timing differences between the book and tax profits for the period is accounted for, using the tax rates and laws that have been substantively enacted as of the balance sheet date. Deferred tax assets arising from timing differences are recognized to the extent there is reasonable certainty that these would be realized in future. Deferred tax assets are recognized on unabsorbed losses only if there is virtual certainty that such deferred tax asset can be realized against future taxable profit.

P Impairment of assets

An asset is treated as impaired when the carrying cost of such asset exceeds its recoverable value. An impairment loss is charged to Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

Q Provisions, contingent liabilities and contingent assets

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are neither recognised nor disclosed in the financial statements.

R Derivative contracts

The Company enters into derivative contracts in the nature of foreign currency swaps, currency options, forward contracts with an intention to hedge its existing assets and liabilities, firm commitments and highly probable transactions. Derivative contracts which are closely linked to the existing assets and liabilities are accounted as per the policy stated for Foreign Currency Transactions and Translations. Derivative contracts designated as a hedging instrument for highly probable forecast transactions are accounted as per the policy stated for Hedge Accounting. All other derivative contracts are marked-to-market and losses are recognised in the Statement of Profit and Loss. Gains arising on the same are not recognised, until realised, on grounds of prudence.

Notes forming part of the Financial Statements for the Year Ended March 31, 2012

Note 1:- SHARE CAPITAL

Particulars	As at March 31, 2012		As at March 31, 2011	
	Number of shares	₹	Number of shares	₹
(a) Authorised Equity shares of ₹ 10 each	35,000,000	350,000,000	35,000,000	350,000,000
(b) Issued, Subscribed and fully paid up Equity shares of ₹ 10 each	26,428,134	264,281,340	17,100,000	171,000,000
Total	26,428,134	264,281,340	17,100,000	171,000,000

Terms and Rights attached to the Equity Shares:

The Company has only one class of equity shares having a par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share. No Dividends were proposed by the Board of Directors for the financial year 2011-2012 / 2010-2011. In the event of liquidation of the company, equity shareholders will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution shall be in proportion to the number of equity shares held by them.

1.1 Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Add: Shares issued on Demerger	Closing Balance
Equity shares with voting rights			
Year ended 31 March, 2012			
- Number of shares	17,100,000	9,328,134	26,428,134
- Amount (₹)	171,000,000	93,281,340	264,281,340
Year ended 31 March, 2011			
- Number of shares	17,100,000	-	17,100,000
- Amount (₹)	171,000,000	-	171,000,000

1.2 Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Dharmesh Kishor Gathani Jointly with Deena Kishor Gathani	6,753,767	25.56%	-	-
Milankumar Dhirajlal Mehta	2,477,579	9.37%	-	-
Inventure Finance Private Limited	1,561,660	5.91%	1,561,660	9.13%
Nenshi Ladhahbai Shah	1,485,440	5.62%	1,490,125	8.71%
Talakshi Lakhamshi Nandu	1,423,760	5.39%	1,423,760	8.33%
Paresh Kanji Shah	-	-	1,183,360	6.92%
Manjari Hitesh Shah	-	-	1,177,200	6.88%
Kumar Panchalal Shah	-	-	1,123,380	6.57%
Kasturben Talakshi Nandu	-	-	960,800	5.62%
Nitesh Panchalal Shah	-	-	889,600	5.20%

1.3 Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash, bonus shares and shares bought back for the period of 5 years immediately preceding the Balance Sheet date:

Particulars	Aggregate number of shares	
	As at 31 March, 2012	As at 31 March, 2011
Equity shares with voting rights		
Shares out of the issued, subscribed and paid-up share capital were allotted pursuant to Scheme of Demerger without payments being received in cash.	9,328,134	-

Notes forming part of the Financial Statements for the Year Ended March 31, 2012

Note 2:- RESERVES & SURPLUS

Particulars	As at March 31, 2012	As at March 31, 2011
	₹	₹
(a) Capital reserve (on Demerger)		
Opening balance	49,728,952	-
Add: Additions during the year	-	49,728,952
Less: Utilised / transferred during the year	-	-
Closing balance	49,728,952	49,728,952
(b) Securities premium account		
Opening balance	991,255,534	991,255,534
Add : Premium on shares issued during the year	-	-
Less : Utilised during the year	-	-
Closing balance	991,255,534	991,255,534
(c) General reserve		
Opening balance	10,000,000	10,000,000
Add: Transferred from surplus in Statement of Profit and Loss	-	-
Less: Utilised / transferred during the year	-	-
Closing balance	10,000,000	10,000,000
(d) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	461,332,351	152,466,988
Add: Profit / (Loss) for the year	(932,210,511)	308,865,363
Less: Appropriations	-	-
Closing balance	(470,878,160)	461,332,351
Total (a + b + c + d)	580,106,326	1,512,316,837

Note 3:- LONG TERM BORROWINGS

Particulars	As at March 31, 2012	As at March 31, 2011
	₹	₹
SECURED:		
(a) Term loans		
(i) From banks	3,488,163,429	2,790,658,091
(ii) From others	42,072,620	42,079,000
	3,530,236,049	2,832,737,091
(b) Vehicle Loans	782,651	5,058,838
Total	3,531,018,700	2,837,795,929
UNSECURED:		
(a) Zero Coupon Bonds	38,500,000	-
(b) Deposits	72,662,524	145,177,021
(c) Loans and advances from related parties	202,382,116	72,006,747
Total	313,544,640	217,183,768
Total (Secured + Unsecured)	3,844,563,340	3,054,979,697

Notes forming part of the Financial Statements for the Year Ended March 31, 2012

3.1 Interest and Repayment Schedule for Long Term Borrowings for March 31, 2012:

Particulars	Type	As At March 31, 2012 (₹)	Current maturities of long-term debt - included in Other Current Liabilities (₹)	Interest Rate Range % p.a. as at Year End	Repayment Schedule
Secured Borrowings	Term Loans from Banks :				
	Category I	155,300,000	4,000,000	3.50% to 8.00%	34 structured quarterly installments in a stepped up manner starting from Oct 2012 to March 2021 as prescribed in approved CDR Package.
	Category II	2,021,652,612	8,000,000	3.50%	38 structured quarterly installments in a stepped up manner starting from Oct 2011 to March 2021 as prescribed in approved CDR Package.
	Category III	858,382,693	5,400,190	3.50%	38 structured quarterly installments in a stepped up manner starting from Oct 2011 to March 2021 as prescribed in approved CDR Package.
	Category IV	452,828,124	2,914,063	3.50%	38 structured quarterly installments in a stepped up manner starting from Oct 2011 to March 2021 as prescribed in approved CDR Package.
	Total	3,488,163,429	20,314,253		
	Term Loans from others	42,072,620	-	9.00%	No Specific Repayment Schedule has been prescribed by the Lendor.
	Vehicle Loans	782,651	2,143,251	8.00% to 13.50%	Equated Montly Installments as per specific repayment schedule predetermined in case of each vehicle loan.
	Grand Total	3,531,018,700	22,457,504		
Unsecured Borrowings	Zero Coupon Bonds	38,500,000	-	0.00%	Redeemable after March 31, 2021 as per approved CDR Package.
	Deposits	72,662,524	-	0.00% to 19.20%	No Specific Repayment Schedule has been prescribed by the Lendor.
	Loans and advances from related parties	202,382,116	-	0.00% to 18.00%	No Specific Repayment Schedule has been prescribed by the Lendor.
	Grand Total	313,544,640	-		

3.2 Nature of Security for Long Term Secured Borrowings for March 31, 2012:

Category of Loan	Nature of Security
Category I	Secured against the pari passu charge created on Non Exclusive movable and immovable fixed assets worth ₹ 50 Cr., situated at Bhachau (Kutch), Gujarat
Category II	Secured against the First pari passu Charge created by mortgage on all the existing and future fixed assets situated at Bhachau (Kutch), Bharuch and Mumbai (except for plant & machinery of Calcareous Line II) and second charge created by hypothecation of current assets of the Company and against the collateral securities & Personal Guarantee given by the Directors and Related Parties.

Notes forming part of the Financial Statements for the Year Ended March 31, 2012

3.2 Nature of Security for Long Term Secured Borrowings for March 31, 2012: (contd.)

Category of Loan	Nature of Security
Category III	Secured against Exclusive charge on all the moveable assets including its moveable plant and machinery, spares, tools and accessories, both present and future assets of the project situated at Bhachau, Kutch on plant pertaining to Calcareous Line II. Additional Security by way of tertiary charge on on the current assets and fixed assets both moveable and immoveable, present and future, located at Bhachau (Kutch), Gujarat and against the collateral securities & Personal Guarantee given by the Directors and Related Parties.
Category IV	Secured by way of tertiary charge on on the current assets and fixed assets both moveable and immoveable, present and future, located at Kutch, Gujarat and against the collateral securities & Personal Guarantee given by the Directors and Related Parties.
Term Loan from Others	Secured against the Keyman Insurance Policy of the Promoter.
Vehicle Loans	Secured against the Hypothecation of underlying Company owned vehicles

3.3 Interest and Repayment Schedule for Long Term Borrowings for March 31, 2011:

Particulars	Type	As At March 31, 2011 (₹)	Current maturities of long-term debt - included in Other Current Liabilities (₹)	Interest Rate Range % p.a. as at Year End	Repayment Schedule
Secured Borrowings	Term Loans from Banks				
	Category I	130,703,949	25,057,009	10.00%	84 monthly installments starting from April 2011 to March 2018
	Category II	1,545,242,080	133,300,000	10.00%	28 structured quarterly installments in a stepped up manner starting from June 2011 to March 2018
	Category III	153,462,062	50,978,770	12.50%	54 monthly installments starting from March 2010 to August 2014
	Category IV	680,000,000	170,000,000	13.75%	Repayable in 7 years, including 2.5 years of moratorium with half yearly structured installments in a stepped up manner starting from Oct 2011 to March 2021
	Category V	281,250,000	156,250,000	12.50%	16 equal quarterly installments starting from July 2010 to June 2014
	Category VI	-	50,000,000	10.00%	6 equal monthly installments starting from Oct 2010 to March 2011
	Total	2,790,658,091	585,585,779		
	Non Convertible Debentures	-	40,500,000	10.00%	Payable in equal monthly installment ending on June 2011
	Term Loans from others	42,079,000	-	9.00%	No Specific Repayment Schedule has been prescribed by the Lendor.
	Vehicle Loans	5,058,838	3,510,932	8.00% to 13.50%	Equated Monthly Installments as per specific repayment schedule pre-determined in case of each vehicle loan.
	Grand Total	2,837,795,929	629,596,711		
Unsecured Borrowings	Deposits	145,177,021	-	0.00% to 18.00%	No Specific Repayment Schedule has been prescribed by the Lendor.
	Loans and advances from related parties	72,006,747	-	0.00% to 18.00%	No Specific Repayment Schedule has been prescribed by the Lendor.
	Grand Total	217,183,768			

Notes forming part of the Financial Statements for the Year Ended March 31, 2012

3.4 Nature of Security for Long Term Secured Borrowings for March 31, 2011:

Category of Loan	Nature of Security
Category I	Secured against the First pari passu Charge created by mortgage on all the existing and future fixed assets situated at Bhachau (Kutch), Bharuch and Mumbai (except for plant & machinery of Calcareous Line II) and second charge created by hypothecation of current assets of the Company and against the collateral securities & Personal Guarantee given by the Directors and the Related Parties.
Category II	Secured against the First pari passu Charge created by mortgage on all the existing and future fixed assets situated at Bhachau (Kutch), Bharuch and Mumbai (except for plant & machinery of Calcareous Line II) and second charge created by hypothecation of current assets of the Company and against the collateral securities & Personal Guarantee given by the Directors and the Related Parties.
Category III	Secured against Exclusive charge on all the moveable assets including its moveable plant and machinery, spares, tools and accessories, both present and future assets of the project situated at Bhachau, Kutch on plant pertaining to Calcareous Line II. Additional Security by way of tertiary charge on the current assets and fixed assets both moveable and immovable, present and future, located at Kutch, Gujarat and against the collateral securities & Personal Guarantee given by the Directors and Related Parties.
Category IV	Secured by way of tertiary charge on the current assets and fixed assets both moveable and immovable, present and future, located at Kutch, Gujarat and against the collateral securities & Personal Guarantee given by the Directors and Related Parties.
Non-Convertible Debentures	Secured by way of exclusive charge on the assest situated at Ankleshwar, Gujarat and tertiary charge on on the current assets and fixed assets both moveable and immovable, present and future, located at Kutch, Gujarat.
Term Loan from Others	Secured against the Keyman Insurance Policy of the Promoter.
Vehicle Loans	Secured against the Hypothecation of underlying Company owned vehicles

3.5 Installments falling due in respect of all the above Loans upto 31.03.2012 & 31.03.2013 as the case may be have been grouped under "Current maturities of long-term debt" under the head Other Current Liabilities. (Refer Note No.6.1)

Note 4:- SHORT TERM BORROWINGS

Particulars	As at March 31, 2012	As at March 31, 2011
	₹	₹
SECURED:		
(a) Working Capital Loans from Banks	878,098,395	886,054,790
(b) Buyers Credit Arrangements	10,098,528	12,521,520
(c) Overdraft Facility from Banks	-	57,362,921
	888,196,923	955,939,231
UNSECURED:		
(a) Overdraft Facility from Banks	-	15,154,105
(b) Deposits	156,676,408	145,726,408
	156,676,408	160,880,513
Total	1,044,873,331	1,116,819,744

4.1 Working capital loan from banks and buyers credit arrangement are secured against the hypothecation of present and future stocks of Raw Materials, Stock-In-Process, Finished Goods, Stock-In-Trade, Stores & Spares, Consumables and Book Debts and against the collateral securities & Personal Guarantee given by the Directors and Related Parties.

4.2 Overdraft Facility from Banks is secured against the Tertiary Charge on the entire Fixed Assets and Current Assets.

Notes forming part of the Financial Statements for the Year Ended March 31, 2012

Note 5:- TRADE PAYABLES

Particulars	As at March 31, 2012	As at March 31, 2011
	₹	₹
Micro, Small and Medium Enterprises	4,522,931	5,180,748
Other	538,084,482	524,208,893
Total	542,607,413	529,389,641

5.1 The information of amounts outstanding to Micro, Small and Medium Enterprises has been determined to the extent such parties could be identified on the basis of the information available with the Company regarding the status of suppliers under the MSME.

5.2 No interest is paid / payable during the year to any enterprise registered under the MSME.

Note 6:- OTHER CURRENT LIABILITIES

Particulars	As at March 31, 2012	As at March 31, 2011
	₹	₹
(a) Current maturities of long-term debt	22,457,504	629,596,711
(b) Interest accrued but not due on borrowings	107,733	810,953
(c) Interest accrued and due on borrowings	45,641,771	90,599,790
(d) Unclaimed dividends	167,087	167,087
(e) Borrowings to be Converted into Equity / Equity Convertible Instruments	181,526,806	-
(f) Other payables		
(i) Statutory remittances (Contributions to PF and ESIC, Excise Duty, VAT, Service Tax,	44,226,843	72,820,920
(ii) Payables on purchase of fixed assets	19,525,176	31,089,025
(iii) Trade / security deposits received	72,786,043	27,490,522
(iv) Advances from customers	26,406,996	147,703,496
(v) Book Overdraft in Bank Balance	821,448	273,961
Total	413,667,407	1,000,552,465

6.1 Current maturities of long-term debt (refer notes 3.1 to 3.4) in Note 3 - Long-term borrowings for details of rate of interest, repayment schedule, security and guarantee.

6.2 Current maturities of long-term debt for the year ended March 31, 2011 includes:

- (a) ₹4,05,00,000/- Non Convertible Debentures secured by way of exclusive charge on the asset situated at Ankleshwar, Gujarat and tertiary charge on the current assets and fixed assets both moveable and immoveable, present and future, located at Kutch, Gujarat and repayable in equal monthly installments ending on June 11.
- (b) ₹5,00,00,000/- Bank Term Loan Secured by way of tertiary charge on the current assets and fixed assets both moveable and immoveable, present and future, located at Kutch, Gujarat. and repayable in equal 6 monthly installments starting from Oct 2010 to March 2011.

Note 7:- SHORT TERM PROVISIONS

Particulars	As at March 31, 2012	As at March 31, 2011
	₹	₹
Provision for employee benefits:		
(i) Provision for bonus	6,877,032	6,502,418
(ii) Provision for leave encashments	4,271,621	5,635,781
(iii) Provision for gratuity (net) (Refer Note 31)	5,963,657	4,417,444
Total	17,112,310	16,555,643

Notes forming part of the Financial Statements for the Year Ended March 31, 2012

Note 8:- FIXED ASSETS

Particulars	Gross Block				Depreciation				Net Block	
	As at April 1, 2012	Additions	Deletions / Adjustment	As at March 31, 2012	As at April 1, 2011	For the year	Deletions / Adjustment	Upto March 31, 2012	As at March 31, 2012	As at March 31, 2011
Tangible Assets :										
I Land - Freehold	48,809,452	-	1,972,340	46,837,112	-	-	-	-	46,837,112	48,809,452
II Building	808,204,618	60,388,095	-	868,592,713	95,780,553	25,621,581	-	121,402,134	747,190,579	712,424,065
III Plant & Machinery	4,399,876,157	248,356,095	55,042,538	4,593,189,714	788,770,297	230,825,394	13,479,109	1,006,116,582	3,587,073,132	3,611,105,861
IV Furniture & Fixtures	47,282,103	831,025	-	48,113,128	10,571,740	3,019,058	-	13,590,798	34,522,330	36,710,363
V Office Equipments	12,951,144	286,396	-	13,237,540	2,757,168	625,880	-	3,383,048	9,854,492	10,193,976
VI Vehicles	32,977,896	2,126,989	13,371,832	21,733,053	12,209,251	2,965,588	5,451,673	9,723,166	12,009,887	20,768,645
VII Computers	9,446,394	760,564	-	10,206,958	6,054,237	1,587,453	-	7,641,691	2,565,267	3,392,157
VIII Power Project	268,032,691	-	-	268,032,691	142,333,219	27,714,580	-	170,047,799	97,984,891	125,699,471
Intangible Assets :										
I Trademarks	10,000	-	-	10,000	10,000	-	-	10,000	-	-
Grand Total	5,627,590,455	312,749,164	70,386,710	5,869,952,909	1,058,486,465	292,359,534	18,930,782	1,331,915,217	4,538,037,691	4,569,103,991
Previous Year	5,346,002,108	282,895,218	1,306,871	5,627,590,455	773,847,368	285,506,635	867,538	1,058,486,465	4,569,103,991	4,572,154,742

Note 9:- NON-CURRENT INVESTMENTS

Particulars	As at March 31, 2012	As at March 31, 2011
	₹	₹
Investments (At cost):		
A. Other investments		
(a) Investment in equity instruments - Unquoted, fully paid up		
(i) of subsidiaries		
1,90,000 (As at March 31, 2011: 1,90,000) shares of ₹ 10/- each in Euro Merchandise (India) Limited	14,250,000	14,250,000
10,000 (As at March 31, 2011: NIL) shares of ₹ 10/- each in Subhnen Sanitaryware Private Limited	100,000	-
(ii) of other entities		
13,00,000 (As at March 31, 2011: 13,00,000) shares of ₹ 10/- each in Euro Glass Private Limited	13,00,000	13,00,000
35,075 (As at March 31, 2011: 35,075) shares of ₹ 10/- each in The Cosmos Co-Operative Bank Ltd. (Pledged with Bank)	350,750	350,750
(b) Investment in government or trust securities	27,700,750	27,600,750
6 Years National Savings Certificate (Deposited with Sales Tax Department)	10,000	10,000
(c) Investment in partnership firms		
M/s. Euro Realtors (Fixed Capital)	50,000	50,000
Share of Profit/Loss - 95% and Other Partner Dharmesh Gathani 5%		
Total	27,760,750	27,660,750

Notes forming part of the Financial Statements for the Year Ended March 31, 2012

Note 10:- LONG TERM LOANS AND ADVANCES

Particulars	As at March 31, 2012	As at March 31, 2011
	₹	₹
Unsecured, considered good		
(a) Capital advances	10,743,157	15,113,141
(b) Security deposits	11,273,943	14,830,021
(d) Prepaid expenses	38,500,000	-
(e) Advance income tax (Net of Provisions)	67,422,187	83,029,018
(f) MAT Credit Entitlement	53,263,683	53,263,683
Total	181,202,970	166,235,863

Note 11:- INVENTORIES

(As Valued and Certified by Management)

Particulars	As at March 31, 2012	As at March 31, 2011
	₹	₹
(a) Raw Materials & Consumables	175,237,123	230,166,120
(b) Work-in-progress	115,409,962	116,448,165
(c) Finished goods (other than those acquired for trading)	226,815,058	439,303,522
(d) Stock-in-trade (acquired for trading)	25,073,607	37,165,515
(e) Stores and spares	72,004,195	68,063,214
(f) Power & Fuel	1,088,692	3,940,981
(g) Packing Materials	11,247,956	14,655,675
Total	626,876,593	909,743,192

11.1 Details of Goods In Transit included in above inventories

Particulars	As at March 31, 2012	As at March 31, 2011
	₹	₹
(a) Raw Materials & Consumables	1,064,290	9,655,985
(b) Packing Materials	-	308,150
	1,064,290	9,964,135

11.2 Details of inventory of work-in-progress

Particulars	As at March 31, 2012	As at March 31, 2011
	₹	₹
(a) Tiles	60,821,650	98,500,860
(b) Other items	54,588,312	17,947,305
	115,409,962	116,448,165

Note 12:- TRADE RECEIVABLES

Particulars	As at March 31, 2012	As at March 31, 2011
	₹	₹
Unsecured and considered good		
Outstanding for a period exceeding six months from the date they were due for payment	147,565,298	170,905,015
Less : Provision for Doubtful Debts	32,497,627	37,703,766
	115,067,671	133,201,249
Others	382,811,025	582,936,613
Total	497,878,696	716,137,862

Notes forming part of the Financial Statements for the Year Ended March 31, 2012**Note 13:- CASH AND BANK BALANCES**

Particulars	As at March 31, 2012	As at March 31, 2011
	₹	₹
(a) Cash and cash equivalents		
(i) Balances with banks		
- In current accounts	8,980,489	1,076,915
- In EEFC accounts	-	170,201
(ii) Cash on hand	1,724,085	3,975,389
	10,704,574	5,222,505
(b) Other Bank Balances		
In earmarked accounts		
(i) Balances held as margin money or security against borrowings, guarantees and other commitments.	76,445,708	44,126,721
(ii) Unclaimed Dividend Account	202,051	202,087
Total	87,352,333	49,551,313

Note 14:- SHORT TERM LOANS AND ADVANCES

Particulars	As at March 31, 2012	As at March 31, 2011
	₹	₹
Unsecured, considered good		
(a) Loans and advances to related parties	771,542,723	738,025,143
(b) Loans and advances to employees	3,824,842	4,744,872
(c) Prepaid expenses	2,070,947	3,027,569
(d) Balances with government authorities		
(i) CENVAT credit receivable	3,486,412	13,238,151
(ii) VAT credit receivable	16,969,398	32,713,769
(iii) Service Tax credit receivable	3,054,066	-
(e) Inter-corporate deposits	-	20,422,851
(f) Others	48,886,571	72,349,267
Total	849,834,959	884,521,622

Note 15:- OTHER CURRENT ASSETS

Particulars	As at March 31, 2012	As at March 31, 2011
	₹	₹
(i) Receivables on sale of fixed assets	258,767	-
(ii) Interest Accrued On Fixed Deposits	652,200	3,516,003
Total	910,967	3,516,003

Note 16:- REVENUE FROM OPERATIONS

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
	₹	₹
(a) Sale of products (Refer Note 16.1 below)	1,942,135,574	4,154,714,257
(b) Sale of services (Refer Note 16.2 below)	1,564,650	2,631,261
(c) Other operating revenues (Refer Note 16.3 below)	(12,250,504)	(28,128,852)
	1,931,449,720	4,129,216,666
Less:		
(d) Excise duty	166,695,771	229,771,780
Total	1,764,753,949	3,899,444,886

Notes forming part of the Financial Statements for the Year Ended March 31, 2012

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
	₹	₹
16.1 Sale of products comprises:		
Manufactured goods		
Tiles	1,597,568,851	2,233,616,052
Realty	-	1,500,000,000
Others	292,780,847	366,244,809
Total	1,890,349,698	4,099,860,861
Traded goods		
Others	51,785,875	54,853,396
Total	51,785,875	54,853,396
Total	1,942,135,574	4,154,714,257
16.2 Sale of services comprises:		
Others	1,564,650	2,631,261
Total	1,564,650	2,631,261
16.3 Other operating revenues comprise:		
Sale of scrap	827,868	1,225,813
Export incentives on Advance Licenses and Focus Licenses	(13,078,372)	(29,354,665)
Total	(12,250,504)	(28,128,852)

Note 17:- OTHER INCOME

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
	₹	₹
(a) Interest income (Refer Note 17.1 below)	6,795,248	3,373,864
(b) <u>Dividend income:</u>		
others	20,000	15,000
(c) <u>Net gain on sale of:</u>		
current investments	-	3,000,000
(d) Net gain on foreign currency transactions and translation (other than considered as finance cost)	1,757,736	6,123,456
(e) Other non-operating income (net of expenses directly attributable to such income) (Refer Note 17.2 below)	28,175,242	7,196,748
Total	36,748,227	19,709,069

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
	₹	₹
17.1 Interest income comprises:		
<u>Interest from banks on:</u>		
deposits	1,827,023	3,373,864
Interest on overdue trade receivables	214,248	-
<u>Interest income from long term investments</u>		
others	3,498,979	-
Interest on income tax refund	1,254,998	-
Total	6,795,248	3,373,864

Notes forming part of the Financial Statements for the Year Ended March 31, 2012

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
	₹	₹
17.2 Other non-operating income comprises:		
Rental income from properties	2,491,630	3,860,842
Vat Refund	209,813	-
Income and expenses From derivatives Swap	-	662,761
Profit on Sale of Fixed Assets	1,017,660	-
Liabilities / provisions no longer required written back	24,456,139	2,673,145
Total	28,175,242	7,196,748

Note 18:- COST OF MATERIAL CONSUMED

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
	₹	₹
Opening stock	234,857,660	278,088,933
Add: Purchases	683,735,314	1,110,358,452
	918,592,974	1,388,447,385
Less: Closing stock	185,420,789	234,857,660
Cost of material consumed	733,172,185	1,153,589,725
Material consumed comprises:		
Clay	107,472,584	91,279,735
Feldsper	82,975,753	49,038,242
Quartz	6,537,333	4,349,378
Marble & Stone	87,803,747	123,629,630
Resin	46,832,718	149,247,478
Powder Chemicals	90,738,502	296,579,993
Aluminium Scrap	115,733,026	153,995,242
Binders & Others	9,930,844	13,665,790
Others	185,147,678	271,804,237
Total	733,172,185	1,153,589,725

18.1 Purchase of traded goods

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
	₹	₹
Sanitaryware	18,716,841	37,175,966
Tiles	5,495,202	4,329,115
Total	24,212,043	41,505,081

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

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
	₹	₹
<u>Inventories at the end of the year:</u>		
Finished goods	226,815,058	439,303,522
Work-in-progress	115,409,962	116,448,165
Stock-in-trade	25,073,607	37,165,515
	367,298,627	592,917,202
<u>Inventories at the beginning of the year:</u>		
Finished goods	439,303,522	382,550,268
Work-in-progress	116,448,165	104,524,281
Stock-in-trade	37,165,515	491,044,203
	592,917,202	978,118,752
Net (increase) / decrease	225,618,575	385,201,550

Notes forming part of the Financial Statements for the Year Ended March 31, 2012**Note 19:- EMPLOYEE BENEFIT EXPENSES**

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
	₹	₹
Salaries and Wages	219,837,388.00	214,264,681.00
Contributions to provident and other funds	5,534,703.00	6,422,981.00
Staff welfare expenses	12,249,808.00	16,738,077.00
Total	237,621,899.00	237,425,739.00

Note 20:- OTHER EXPENSES

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
	₹	₹
Consumption of stores and spare parts	33,411,393	64,729,477
Increase / (decrease) of excise duty on inventory	(19,838,366)	9,818,511
Power and fuel	465,766,044	459,606,421
Processing Charges	37,489,712	28,724,310
Rent	10,677,238	10,352,881
Repairs and maintenance - Buildings	852,224	2,101,019
Repairs and maintenance - Machinery	3,259,067	9,506,495
Repairs and maintenance - Others	6,340,006	3,662,576
Insurance	5,908,517	22,760,811
Rates and taxes	606,818	2,272,456
Travelling and conveyance	12,530,471	14,898,066
Freight and forwarding	47,544,338	57,045,415
Sales commission	39,994,449	81,099,781
Donations and contributions	52,500	368,772
Payments to auditors (Refer Note 19.1 below)	550,000	550,000
Bad trade and other receivables, loans and advances written off	6,233,473	-
Loss on fixed assets sold / scrapped / written off	37,928,466	246,333
Provision for doubtful trade and other receivables, loans and advances (net)	-	37,703,766
Selling and Distribution Expenses	34,666,756	73,757,456
Miscellaneous expenses	28,361,793	42,964,980
Total	752,334,900	922,169,526

20.1 Payments to the auditors comprises (net of service tax input credit, where applicable):

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
	₹	₹
As auditors - statutory audit	350,000	350,000
For taxation matters	150,000	150,000
For other services	50,000	50,000
Total	550,000	550,000

Note 21:- FINANCE COSTS

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
	₹	₹
(i) Interest expense on Borrowings	440,421,326	554,479,776
(ii) Interest expense on Others	9,304,584	3,584,420
(iii) Other borrowing costs	14,898,324	19,222,489
Total	464,624,234	577,286,685

Notes forming part of the Financial Statements for the Year Ended March 31, 2012

	Particulars		
22	CORPORATE DEBT RESTRUCTURING		
	<p>The economic slowdown, adverse overall market scenario in general and real estate and infrastructure in particular, the slower off take of the Company's products by the end user industry and customers, has adversely affected the business of the Company and the Company has suffered significant losses in ceramics business. Due to continued losses, the Company is continuously facing the difficulties in managing its cash flows and working capital requirements. In order to correct its working capital position and liquidity challenges arising out of the mismatch of the loan maturities and potential projected earnings, the Company approached the lenders for restructuring of its entire debt for suitable realignment under Corporate Debt Restructuring (CDR) mechanism. The CDR Cell approved the proposal of debt restructuring with super majority of the lenders on September 29, 2011, and issued the Letter of Approval (LOA), based on which the lenders agreeing to the package has signed the Master Restructuring Agreement (MRA) on February 25, 2012. The significant highlight of the package is as under :</p>		
a	The Cut-off-Date (COD) is April 1, 2011.		
b	The total existing term loan of ₹ 335.77 Crores outstanding as on COD is restructured.		
c	The principal repayment in 38 structured quarterly installment in stepped up manner starting from October 1, 2011 to March 31, 2021, after considering 6 months moratorium from COD.		
d	Funding of Interest for a period of 6 months from COD, amounting to ₹ 21.20 Crores. Out of which ₹ 18.80 Crores to be converted into Equity or Compulsory Convertible Debentures (CCDs). The CCDs to be convertible in to equity within 18 months from the date of allotment.		
e	The rate of interest is starting from 3.50 % p.a. to 14.00 % p.a. increasing in a stepped up manner till the tenure of debt.		
f	Carving out working capital irregularities to the tune of ₹ 13 Crores into a Working Capital Term Loan, repayable in 34 structured installments with 18 months of moratorium from COD with interest rate as described for other Term Loans.		
g	Additional working capital loans of ₹ 12 Crores and critical capex loan of ₹ 5 Crores to be shared by some of the lenders.		
h	The existing security structure is continued and more specifically covered under the MRA.		
i	The Company to issue Zero Coupon Bonds amounting to ₹ 3.85 Crores to one of the lenders for their sacrifices, repayable after March 2021.		
23	CONTINGENT LIABILITIES		
	Particulars	As at March 31, 2012	As at March 31, 2011
		₹	₹
a.	Bills Discounted with Banks	7,160,614	28,433,423
b.	Letter of Credit	19,317,417	23,428,403
c.	Bank Guarantees	42,994,000	42,994,000
d.	Guarantees given to the Banks for the loans taken by the Euro Merchandise (India) Ltd., (100 % Subsidiary)	322,000,000	325,000,000
e.	<p>The Company has imported various Capital Goods under the Export Promotion Capital Goods Scheme (EPCG), of the Government of India, through various licenses, at concessional rates of Custom Duty on an undertaking to fulfill quantified exports within a period of eight years from the date of the respective licenses. The Custom Duty so saved amounts to ₹ 30,78,61,293/- (Previous Year ₹ 31,12,05,280/-) and the corresponding Export Obligation to be fulfilled is ₹ 1,72,50,51,747/- (Previous Year ₹ 1,69,23,44,848/-) as on the Balance Sheet date. If the said export is not made within the stipulated time period, the company is required to pay the said saved Custom Duty together with interest @15% p.a. Formal discharge from the obligation by the appropriate authorities is in progress in respect of some of the Licenses of which Export Obligation is entirely fulfilled by the close of the year.</p>		
f	Capital Commitments		
	Particulars	As at March 31, 2012	As at March 31, 2011
		₹	₹
	Estimated amount of contracts remaining to be executed on capital account and not provided for.	-	4,793,636

Notes forming part of the Financial Statements for the Year Ended March 31, 2012

24	VALUES OF IMPORTED AND INDIGENOUS RAW MATERIALS, CONSUMABLES, STORES & SPARES,		
	Particulars	As at March 31, 2012	As at March 31, 2011
		₹	₹
a.	Raw Materials & Consumables		
	-Imported	265,277,181	355,067,146
		36.18%	30.78%
	-Indigenous	467,895,004	798,522,578
		63.82%	69.22%
		733,172,185	1,153,589,724
b.	Stores and Spares		
	-Imported	7,043,978	15,419,587
		21.08%	23.82%
	-Indigenous	26,367,415	49,309,890
		78.92%	76.18%
		33,411,393	64,729,477
25	VALUES OF IMPORTS ON CIF BASIS IN RESPECT OF :		
	Particulars	As at March 31, 2012	As at March 31, 2011
		₹	₹
a.	Raw Materials & Consumables	152,939,927	28,38,22,148
b.	Stores & Spares	3,425,369	1,19,71,920
c.	Capital Goods	2,699,974	4,12,15,695
d.	Trading Goods	3,933,142	1,63,72,788
26	EXPENDITURE IN FOREIGN CURRENCY		
	Particulars	As at March 31, 2012	As at March 31, 2011
		₹	₹
a.	Foreign Traveling Expenses	1,690,347	15,71,951
b.	Commission	2,699,258	-
c.	Exhibition Expenses & Other Expenses	3,204,097	37,45,772
27	EARNINGS IN FOREIGN CURRENCY		
	Particulars	As at March 31, 2012	As at March 31, 2011
		₹	₹
a.	FOB value of Exports (excluding sales to SEZ)	122,557,924	166,111,064

Notes forming part of the Financial Statements for the Year Ended March 31, 2012

28	DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE		
	Particulars	As at March 31, 2012	As at March 31, 2011
		₹	₹
(a)	Foreign Currency Derivatives:		
I	Forward Contract for hedging foreign currency exposure in relations to receivables	-----	USD 5,00,000.00
(b)	Unhedged Foreign Currency Exposure :		
I	Outstanding Creditors for Purchase of Raw Material, Consumables & Spares	USD 728,475.66	USD 5,04,324.13
II	Outstanding Creditors for Purchase of Raw Material, Consumables & Spares	EURO 97,948.78	EURO 1,24,073.93
III	Outstanding Creditors for Capital Goods	EURO 49,000.00	EURO 12,031.69
IV	Outstanding Debtors	USD 519,446.50	USD 11,04,887.01
V	Advance to Creditors for Purchase of Raw Material, Consumables & Spares	USD 24,094.10	USD 1,05,990.06
VI	Advance to Creditors for Purchase of Raw Material, Consumables & Spares	EURO 4,047.00	EURO 10,108.00
VII	Advance to Creditors for Capital Goods	USD 10,560.00	USD 14,940.00
VIII	Advance from Debtors	USD 63,880.95	USD 20,639.11
IX	Buyers Credit	-----	EURO 1,98,000.00
X	Buyers Credit	USD 199,715.77	-----
29	EARNINGS PER SHARE		
	Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
		₹	₹
	Earnings per share		
	(a.) Basic & Diluted		
	Net profit / (loss) for the year	(932,210,511)	308,865,363
	Weighted average number of equity shares	26,428,134	26,428,134
	Par value per share	10/-	10/-
	Earnings per share - Basic & Diluted	(35.27)	11.69
30	MAJOR COMPONENT OF DEFERRED TAX LIABILITY		
	Particulars	As at March 31, 2012	As at March 31, 2011
		₹	₹
	Depreciation	146,794,651	146,794,651
	Expenditure / Provisions Disallowable	5,597,405	5,597,405
		152,392,056	152,392,056
	The Company has not provided for Deferred Tax Liability / Assets for the financial year 2011-12 on account of absence of virtual certainty of future taxable profit and brought forward business losses and depreciation under the Income Tax Act.		

Notes forming part of the Financial Statements for the Year Ended March 31, 2012

31	DISCLOSURE PURSUANT TO ACCOUNTING STANDARD (AS-15) (REVISED)		
a.	Defined Contribution Plan : The Company has recognized the following amounts in statement of Profit & Loss		
	Particulars	As at March 31, 2012	As at March 31, 2011
		₹	₹
	Employer's Contribution to Provident Fund	5,534,703	6,422,981
	Employer's Contribution to Employees' State Insurance	166,358	205,572
b.	Defined Benefit Plan : Gratuity The Company has Group Gratuity Policy managed by LIC and SBI Life Insurance Co. Ltd., the below mentioned disclosure have been obtained from them:		
	Particulars	As at March 31, 2012	As at March 31, 2011
		₹	₹
a.	Changes in the present value of obligations		
	Present value of obligations as at Beginning of the year	9,646,584	8,615,340
	Interest cost	705,235	649,580
	Current Service Cost	2,238,087	2,990,809
	Benefits Paid	(1,662,290)	(991,172)
	Actuarial (Gain)/Loss on obligations	(1,100,267)	(1,617,973)
	Present value of obligations as at End of the year	9,827,349	9,646,584
b.	Changes in the fair value of plan assets		
	Fair value of plan assets at Beginning of the year	5,229,140	5,569,667
	Expected return on plan assets	419,505	412,433
	Employer's Contributions	4,316	155,785
	Benefits paid	(1,662,290)	(991,172)
	Actuarial Gain / (Loss) on Plan assets	(126,978)	82,427
	Fair value of plan assets at End of the year	3,863,693	5,229,140
c.	Table showing fair value of plan assets		
	Fair value of plan assets at Beginning of the year	5,229,140	5,569,667
	Actual return on plan assets	292,527	494,860
	Contributions	4,316	155,785
	Benefits Paid	(1,662,290)	(991,172)
	Fair value of plan assets at End of the year	3,863,693	5,229,140
	Funded status	(5,963,656)	(4,417,444)
	Excess of Actual over estimated return on plan assets	NIL	NIL
	(Actual rate of return = Estimated rate of return as ARD falls on March 31)		
d.	Actuarial Gain/Loss recognized		
	Actuarial Gain/(Loss) for the year –Obligation	1,100,267	1,617,973
	Actuarial Gain/(Loss) for the year - plan assets	(126,978)	82,427
	Total Gain/(Loss) for the year	973,289	1,700,400
	Actuarial Gain/(Loss) recognized in the year	973,289	1,700,400
e.	The amounts to be recognized in the balance sheet and statements of profit and loss		
	Present value of obligations as at the end of the year	9,827,349	9,646,584
	Fair value of plan assets as at the end of the year	3,863,693	5,229,140
	Funded status	5,963,656	4,417,444
	Net Asset/(Liability) to be recognized in balance sheet	(5,963,656)	(4,417,444)
	-Current Liability	-	-
	-Non Current Liability	(5,963,656)	(4,417,444)
f.	Expenses Recognized in statement of Profit & Loss	5,967,972	4,573,229
g.	Principal Actuarial Assumptions used at the Balance Sheet Date		
	Discount Rate	8%	8%
	Salary Escalation	5%	5%

Notes forming part of the Financial Statements for the Year Ended March 31, 2012

32	DISCLOSURE IN RESPECT OF RELATED PARTIES PURSUANT TO ACCOUNTING STANDARD 18:		
(a)	Subsidiary		
	Euro Merchandise (India) Limited		
	Subhnen Sanitaryware Private Limited		
(b)	Name of the enterprises having same Key Management Personnel and/or their relatives as the Reporting enterprises:		
	Eurobond Industries Private Limited	Euro Flooring Pvt. Ltd.	Euro Décor Pvt. Ltd.
	Euro Multivision Ltd	Euro Developers Pvt. Ltd.	Subhnen Ply Pvt. Ltd.
	Euro Pratik Ispat Pvt. Ltd.	Euro Solo Energy Systems Pvt. Ltd.	Euro India Cylinders Ltd.
	Subhnen Finance & Investments Pvt Ltd.	Euro Glass Pvt. Ltd.	Kanch Ghar
	Neelam Metal	Laxmi Ply Agency	Metro Stationery Mart
	Neelam Ply & Laminates	NLS Enterprise Pvt Ltd.	Gurukul Enterprises Pvt. Ltd.
	Tangent Furniture Pvt Ltd	Lyons Technologies Ltd	Ladhabhai Sanganhai Gala Charitable Trust
	Monex Stationers	Disti Multimedia & Communications Pvt Ltd	Vaman International (P) Ltd.
	National Ply & Laminates	Zenith Corporation	Nova Enterprises
	National Laminate Corporation	Gala Enterprises	Euro Foundation
	Euro Conventional Energy Pvt. Ltd.	Canbara Constructions Pvt. Ltd.	Euro Solar Power Pvt. Ltd.
	Euro Buildtech LLP	Euro Realtors	Maxim Enterprises
	Link Estate Pvt. Ltd.	Euro Steel & Minerals	Euro Polaad Minerals & Steel LLP
	Rahul Sales	Subhnen Realtors LLP	Jainy Glass & Veneer
	Janata Industries	Drashti Veneers	Euro Pallets Pvt. Ltd.
	EMV Technosys Ltd.	Laxmi Laminates	
(c)	Relatives of Key Management Personnel:		
	Nenshi L. Shah H.U.F.	Shantilal L. Shah H.U.F.	Laljibhai K. Shah H.U.F.
	Pinank N. Shah H.U.F.	Hitesh S. Shah H.U.F.	Dhaval S. Shah H.U.F.
	Manjari H. Shah	Hitesh S. Shah	Sushila H. Gala
	Nitesh P. Shah	Jayantilal Nishar	Rekhaben Nishar
	Dhaval S. Shah	Forum D. Shah	Kasturben T. Nandu
	Shantaben L. Shah	Urmi P. Shah	Viral T. Nandu
	Sonalben S. Shah	Parag K. Shah	Guntantiben N. Shah
	Pinank N. Shah	Devika P. Shah	Laljibhai K. Shah
	Parita V. Nandu	Anish K. Shah	Dimple A. Shah
	Dhruti P. Shah	Hiral M. Shah	Mahek H. Shah
(d)	Key Management Personnel:		
	Nenshi L. Shah	Kumar P. Shah	Talakshi L. Nandu
	Amit G. Shah	Anil M. Mandevia	Shivji K. Vikamsey
	Raichand K. Shah	Deepak G. Savla	Mahendra V. Modi

Notes forming part of the Financial Statements for the Year Ended March 31, 2012

(Amount in ₹)

Nature of Transactions	Subsidiary	Enterprises having common Key Management Personnel	Relative of the Key Management Personnel	Key Management Personnel
Sales Service and other income	36,018,120 (87,640,233)	218,245,490 (271,720,036)	----- (-----)	----- (-----)
Sale Of Fixed Assets	----- (-----)	----- (-----)	----- (-----)	----- (-----)
Purchase of goods and services	28,479,856 (1,050,152)	105,686,565 (95,402,622)	----- (1,930,000)	----- (-----)
Purchase of fixed assets	----- (-----)	----- (11,372,344)	----- (-----)	----- (-----)
Donation	----- (-----)	----- (-----)	----- (-----)	----- (-----)
Director's Remuneration/Sitting Fees	----- (-----)	----- (-----)	2,230,000 (-----)	9,652,500 (9,252,500)
Interest Received	----- (-----)	3,035,243 (2,101,846)	----- (-----)	----- (-----)
Interest Paid/Payable	----- (-----)	9,889,671 (8,039,756)	----- (7395)	8,497,713 (5,523,399)
Loans/Advances Taken	----- (-----)	100,682,772 (137,804,017)	----- (-----)	217,320,000 (64,540,995)
Loans/Advance Repaid	----- (-----)	14,188,585 (234,850,789)	----- (82168)	199,976,000 (30,813,372)
Loans/Advances Given	1,600,000 (7,500,000)	25,630,000 (182,444,400)	----- (-----)	----- (-----)
Loans/Advance Received Back	1,600,000 (2,000,000)	10,850,000 (282,150,000)	----- (-----)	----- (-----)
Outstanding balance as at March 31, 2012:				
Loans Payable	----- (-----)	120,997,606 (25,979,699)	----- (-----)	120,795,767 (74,703,828)
Loans Receivable	11,533,409 (11,533,409)	726,160,400 (30,380,400)	----- (-----)	----- (-----)
Amount Receivable	4,441,348 (47,151,038)	82,931,653 (73,780,735)	----- (-----)	----- (-----)
Amount Payable	----- (-----)	3,328,049 (4,824,934)	45,000 (240,000)	----- (-----)
<ul style="list-style-type: none"> - Figures of the Previous Year have been given in brackets. - No amounts in respect of the related parties have been written off/back. - Related party relationship have been identified by the management and relied upon by the auditors. 				
33	<p>The Revised Schedule VI has become effective from April 1, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements.</p> <p>Previous years figures have been regrouped /reclassified wherever necessary to correspond with the current years classification / disclosure.</p>			
34	<p>The Company does not have a Company Secretary as required under the provision of Section 383A of the Companies Act, 1956. The Company is in the process of appointing a whole time Company Secretary as required by the provision of Section 383A of the Companies Act, 1956.</p>			

35 SEGMENTWISE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2012 - PURSUANT TO ACCOUNTING STANDARD - 17

I) PRIMARY SEGMENTS - BUSINESS

	Tiles Division		Aluminium Division		Sanitaryware Division		Realty Division		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
a) Segmental Revenue										
Sales to External Customers	1,596,872,009	2,209,852,328	147,957,787	189,305,139	186,619,923	230,059,199	-	1,500,000,000	1,931,449,719	4,129,216,666
Less : Excise Duty	139,378,139	196,653,312	13,673,190	17,457,604	13,644,442	15,660,864	-	-	166,695,771	229,771,780
	1,457,493,870	2,013,199,016	134,284,597	171,847,535	172,975,481	214,398,335	-	1,500,000,000	1,764,753,948	3,899,444,886
Inter-Segmental Revenue	-	-	-	-	-	-	-	-	-	-
Total Segmental Revenue	1,457,493,870	2,013,199,016	134,284,597	171,847,535	172,975,481	214,398,335	-	1,500,000,000	1,764,753,948	3,899,444,886
b) Segmental Results (PBIT)	(184,550,250)	99,990,539	(3,882,959)	(2,666,185)	(125,152,469)	(69,153,524)	(475,950)	995,491,970	(314,061,628)	1,022,662,800
Less: Interest & Finance Charges									461,778,186	573,705,167
									(775,839,814)	448,957,632
Less: Unallocable Expenses Net of Unallocable Income									152,601,378	132,488,618
Profit Before Tax & Exceptional Items									(928,441,192)	316,469,014
Loss / (Gain) due to Exceptional Items									(928,441,192)	316,469,014
Profit Before Tax									-	21,000,000
Less: Provision for Current Tax									-	(21,000,000)
Add: MAT Credit									3,769,318	-
Less: Earlier Years Excess/Short Provision									-	7,603,650
Less: Provision for Deferred Tax									-	-
Profit After Tax									(932,210,510)	308,865,364
c) Carrying amount of Segmental Assets	5,221,619,106	5,467,831,546	88,815,531	58,799,351	1,247,227,457	1,365,397,340	701,542,115	786,964,966	7,259,204,209	7,678,993,203
Unallocated Assets									932,314,518	1,026,780,687
Total Assets									8,191,518,727	8,705,773,889
d) Carrying amount of Segmental Liabilities	3,102,212,456	3,271,288,354	67,531,163	6,952,733	29,677,346	37,252,201	203,099	-	3,199,624,065	3,315,493,287
Unallocated Liabilities									2,815,591,793	2,555,195,958
Total Liabilities									6,015,215,857	5,870,689,245
e) Cost incurred to acquire Segment									-	-
Fixed Assets during the year	30,679,740	4,735,516	2,647,244	223,205	98,400	139,878,385	-	-	33,425,384	144,837,106
Unallocated Assets									8,255,516	29,633,014
f) Depreciation / Amortization	201,613,002	196,877,095	2,481,042	2,298,109	48,360,383	47,897,322	-	-	252,454,427	247,072,526
Unallocated depreciation									39,905,107	38,434,109

Note : There are no inter segment transactions in the previous year as well as in current year.

II) PRIMARY SEGMENTS -GEOGRAPHICAL

	For the year ended March 31, 2012	For the year ended March 31, 2011
	₹	₹
The Company's operating facilities are located in India		
Domestic Revenues	1,610,830,350	3,660,746,843
Export Revenues	153,923,599	238,698,043
TOTAL	1,764,753,949	3,899,444,886

Auditors' Report on the Consolidated Financial Statements

We have audited the attached Consolidated Balance Sheet of Euro Ceramics Limited (the Company) and its subsidiaries viz. Euro Merchandise (India) Ltd. & Subhnen Sanitaryware Pvt. Ltd.(collectively referred to as "the Group") as at March 31, 2012, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto.

These financial statements are the responsibility of the management of Euro Ceramics Limited, and have been prepared by the Management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit also includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

The financial statements of the subsidiaries have also been audited by us whose reports have been furnished and considered.

We report that the consolidated Financial Statements have been prepared by the Company in accordance with requirements of Accounting Standard AS 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of above audited financial

statements of Euro Ceramics Limited and audited financial statements of it's Subsidiaries Companies viz. Euro Merchandise (India) Ltd. & Subhnen Sanitaryware Pvt. Ltd. are included in the consolidated financial statements.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports of Euro Ceramics Limited, Euro Merchandise (India) Limited and Subhnen Sanitaryware Pvt. Limited, we are of the opinion that said Consolidated Financial Statements together with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of Consolidated Balance Sheet, of the state of affairs of Euro Ceramics Group as at March 31, 2012.
- b) In the case of the Consolidated Statement of Profit and Loss, of the consolidated results of operations of Euro Ceramics Group for the year then ended; and
- c) In the case of the Consolidated Cash Flow Statement, of the consolidated Cash Flow of Euro Ceramics Group for the year then ended.

For DEEPAK MARU & CO.

Chartered Accountants

Firm Regn. No.115678W

Place: MUMBAI

Date: August 27, 2012.

JAYMIN P. SHAH

(Partner)

Mem. NO. 118113

Consolidated Balance Sheet as at March 31, 2012

Particulars	Note No.	As at	As at
		March 31, 2012	March 31, 2011
		₹	₹
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share Capital	1	264,281,340	171,000,000
(b) Share Capital Suspense		-	93,281,340
(c) Reserves and Surplus	2	441,584,236	1,472,026,816
		705,865,576	1,736,308,156
Non-current liabilities			
(a) Long-term borrowings	3	3,847,471,081	3,057,454,944
(b) Deferred tax liabilities (net)		152,392,056	152,392,056
		3,999,863,137	3,209,847,000
Current liabilities			
(a) Short-term borrowings	4	1,276,157,165	1,351,215,823
(b) Trade payables	5	545,336,412	562,161,243
(c) Other current liabilities	6	458,029,954	1,046,895,403
(d) Short-term provisions	7	18,026,196	17,493,140
		2,297,549,727	2,977,765,608
TOTAL		7,003,278,440	7,923,920,764
ASSETS			
Non-current assets			
(a) Fixed assets			
(i) Tangible assets	8	4,542,409,456	4,573,820,844
(ii) Capital work-in-progress		49,748,563	314,897,925
		4,592,158,019	4,888,718,769
(b) Non-current investments	9	13,510,750	13,510,750
(c) Long-term loans and advances	10	181,208,970	166,241,863
		4,786,877,739	5,068,471,382
Current assets			
(a) Inventories	11	705,930,736	1,035,016,652
(b) Trade receivables	12	521,239,603	844,256,692
(c) Cash and Bank Balances	13	92,491,753	57,642,634
(d) Short-term loans and advances	14	893,601,607	913,278,500
(e) Other current assets	15	3,137,002	5,254,904
		2,216,400,701	2,855,449,382
TOTAL		7,003,278,440	7,923,920,764
Significant Accounting Policies and Notes on Financial Statements forming part of the financial statements	1-29		

In terms of our report attached.

For DEEPAK MARU & CO.

Chartered Accountants

Firm Regn. No.:115678W

For and on behalf of the Board of Directors**NENSHI L. SHAH**

(Chairman & Managing Director)

PARESH K. SHAH

(Director)

JAYMIN P. SHAH

Partner

Mem. No.118113

Place : Mumbai

Date : August 27, 2012

Place : Mumbai

Date : August 27, 2012

Consolidated Statement of Profit and Loss for the year ended March 31, 2012

Particulars	Note No.	For the year ended March 31, 2012	For the year ended March 31, 2011
		₹	₹
Revenue from operations (gross)	16	2,021,356,438	4,399,036,840
Less: Excise duty		166,695,771	229,771,780
		1,854,660,667	4,169,265,060
Other income	17	36,661,242	18,051,416
Revenue from operations (net)		1,891,321,909	4,187,316,475
Expenses			
(a) Cost of materials consumed	18	711,668,068	1,154,650,792
(b) Purchases of stock-in-trade	18.1	96,406,822	151,293,345
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	18.2	271,837,892	450,921,104
(d) Employee benefits expense	19	257,061,296	257,727,570
(e) Other expenses	20	788,301,104	987,250,989
Total		2,125,275,181	3,001,843,800
Earnings before exceptional items, extraordinary items, interest, tax, depreciation and amortisation (EBDITA)		(233,953,272)	1,185,472,676
Finance costs	21	499,999,915	604,988,673
Depreciation and amortisation expense		292,720,074	285,722,124
Profit/(Loss) before exceptional and extraordinary items and tax		(1,026,673,261)	294,761,879
Exceptional items		-	-
Profit / (Loss) before extraordinary items and tax		(1,026,673,261)	294,761,879
Extraordinary items		-	-
Profit / (Loss) before tax		(1,026,673,261)	294,761,879
Tax expense:			
(a) Current tax expense for current year		-	21,000,000
(b) (Less): MAT credit		-	(21,000,000)
(c) Current tax expense relating to prior years		3,769,318	9,055,206
(d) Net current tax expense		3,769,318	9,055,206
(e) Deferred tax		-	-
		3,769,318	9,055,206
Profit / (Loss) for the year		(1,030,442,579)	285,706,673
Earnings per share (of ₹ 10/- each):			
Basic & Diluted		(38.99)	10.81
Significant Accounting Policies and Notes on Financial Statements forming part of the financial statements	1-29		

In terms of our report attached.

For DEEPAK MARU & CO.

Chartered Accountants

Firm Regn. No.:115678W

For and on behalf of the Board of Directors**JAYMIN P. SHAH**

Partner

Mem. No.118113

NENSHI L. SHAH

(Chairman & Managing Director)

PARESH K. SHAH

(Director)

Place : Mumbai

Date : August 27, 2012

Place : Mumbai

Date : August 27, 2012

Consolidated Cash Flow Statement for the year ended March 31, 2012

	Particulars	For the year ended March 31, 2012		For the year ended March 31, 2011	
		₹	₹	₹	₹
A.	CASH FLOW FROM OPERATING ACTIVITIES				
	Net Profit before tax		(1,026,673,261)		294,761,879
	Adjustments for :				
	Depreciation	292,720,074		285,722,124	
	Finance Costs	499,999,915		604,988,673	
	Interest Income	(7,688,263)		(4,020,740)	
	Dividend Income	(40,000)		(30,000)	
	Rent Income	(1,491,630)		(1,460,842)	
	Provision for Doubtful Debts	-		37,703,766	
	(Profit) On Sale Of Investments	-		(3,000,000)	
	(Profit) On Sale Of Fixed Assets	(1,017,660)		-	
	Loss On Sale Of Fixed Assets	37,928,466	820,410,902	246,333	920,149,314
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		(206,262,359)		1,214,911,192
	Adjustments for:				
	Decrease / (Increase) in Trade & Other Receivables	314,237,945		(532,118,191)	
	Decrease / (Increase) in Inventories	329,085,916		44,044,237	
	Increase / (Decrease) in Trade and other payables	(186,279,414)	457,044,447	368,984,816	(119,089,138)
	CASH GENERATED FROM OPERATIONS		250,782,088		1,095,822,054
	Direct Taxes Paid/(Refund) (net)		(11,837,514)		65,078,583
	NET CASH (USED IN)/FROM OPERATING ACTIVITIES		262,619,602		1,030,743,471
B.	CASH FLOW FROM INVESTING ACTIVITIES				
	(Purchase) of Fixed Assets including Capital Work in Progress	(47,615,252)		(177,806,209)	
	Sales Proceeds from Sale of Fixed Assets	14,545,125		193,000	
	(Purchase)/ Sale of Investments	-		5,000,000	
	Interest Income	7,688,263		4,020,740	
	Dividend Income	40,000		30,000	
	Rent Income	1,491,630		1,460,842	
	NET CASH (USED IN)/FROM INVESTING ACTIVITIES		(23,850,234)		(167,101,627)
C.	CASH FLOW FROM FINANCING ACTIVITIES				
	Proceeds from Borrowings	515,650,262		-	
	Repayments of Borrowings	(219,570,596)		(407,307,113)	
	Share Capital Suspense	-		93,281,340	
	Capital Reserve on Demerger	-		49,728,952	
	Finance Costs	(499,999,915)		(604,988,673)	
	NET CASH (USED IN)/FROM FINANCING ACTIVITIES		(203,920,249)		(869,285,494)
	NET INCREASE IN CASH AND EQUIVALENTS		34,849,118		(5,643,649)
	CASH AND CASH EQUIVALENTS (OPENING BALANCE)		57,642,635		63,286,284
	CASH AND CASH EQUIVALENTS (CLOSING BALANCE)		92,491,753		57,642,635
	Notes: (i) Cash and Cash Equivalent includes all the cash and bank balances. (ii) These earmarked account balances with banks can be utilised only for the specific identified purposes. See accompanying notes forming part of the financial statements				

In terms of our report attached.

For DEEPAK MARU & CO.

Chartered Accountants

Firm Regn. No.:115678W

For and on behalf of the Board of Directors**JAYMIN P. SHAH**

Partner

Mem. No.118113

NENSHI L. SHAH

(Chairman & Managing Director)

PARESH K. SHAH

(Director)

Place : Mumbai

Date : August 27, 2012

Place : Mumbai

Date : August 27, 2012

Notes forming part of the Consolidated Financial Statements for the Year Ended March 31, 2012

SIGNIFICANT ACCOUNTING POLICIES

A Basis of Consolidation

- i The consolidated financial statements (CFS) comprises of the financial statements of Euro Ceramics Limited (the Company) and its subsidiaries.
- ii The details of subsidiaries are as under :

Name	Incorporated in	% of holding
Euro Merchandise (India) Ltd.	India	100 %
Subhnen Sanitaryware Pvt. Ltd.	India	100 %

- iii The financial statements of the Company and its Subsidiary Companies have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-company balances, intra-company transactions and unrealized profits or losses in accordance with Accounting Standard –21 'Consolidated Financial Statements', issued by the Institute Of Chartered Accountants of India.
- iv Both the Companies are a wholly owned subsidiaries of the Company and therefore, the information pertaining to minority shareholders is not applicable in respect thereof.
- v The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statements as Goodwill or Capital Reserve as the case may be.

B Accounting Policies

As far as possible, the consolidated financial statements are prepared using uniform accounting policies, except stated otherwise, for like transactions and are presented to the extent possible, in the same manner as the Company's separate financial statements.

Notes forming part of the consolidated financial statements for the Year Ended March 31, 2012

Note 1:- SHARE CAPITAL

Particulars	As at March 31, 2012		As at March 31, 2011	
	Number of shares	₹	Number of shares	₹
(a) Authorised Equity shares of ₹ 10/- each	35,000,000	350,000,000	35,000,000	350,000,000
(b) Issued, Subscribed and fully paid up Equity shares of ₹ 10/- each	26,428,134	264,281,340	17,100,000	171,000,000
Total	26,428,134	264,281,340	17,100,000	171,000,000

Terms and Rights attached to the Equity Shares:

The Company has only one class of equity shares having a par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share. No Dividends were proposed by the Board of Directors for the financial year 2011-2012 / 2010-2011. In the event of liquidation of the company, equity shareholders will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution shall be in proportion to the number of equity shares held by them.

1.1 Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening	Add: Shares issued on Demerger	Closing Balance
Equity shares with voting rights			
Year ended March 31, 2012			
- Number of shares	17,100,000	9,328,134	26,428,134
- Amount (₹)	171,000,000	93,281,340	264,281,340
Year ended March 31, 2011			
- Number of shares	17,100,000	-	17,100,000
- Amount (₹)	171,000,000	-	171,000,000

1.2 Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at March 31, 2012		As at March 31, 2011	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Dharmesh Kishor Gathani Jointly with Deena Kishor Gathani	6,753,767	25.56%	-	-
Milankumar Dhirajlal Mehta	2,477,579	9.37%	-	-
Inventure Finance Private Limited	1,561,660	5.91%	1,561,660	9.13%
Nenshi Ladhahbai Shah	1,485,440	5.62%	1,490,125	8.71%
Talakshi Lakhamshi Nandu	1,423,760	5.39%	1,423,760	8.33%
Paresh Kanji Shah	-	-	1,183,360	6.92%
Manjari Hitesh Shah	-	-	1,177,200	6.88%
Kumar Panchalal Shah	-	-	1,123,380	6.57%
Kasturben Talakshi Nandu	-	-	960,800	5.62%
Nitesh Panchalal Shah	-	-	889,600	5.20%

1.3 Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash, bonus shares and shares bought back for the period of 5 years immediately preceding the Balance Sheet date:

Particulars	Aggregate number of shares	
	As at March 31, 2012	As at March 31, 2011
Equity shares with voting rights		
Shares out of the issued, subscribed and paid-up share capital were allotted pursuant to Scheme of Demerger without payments being received in cash.	9,328,134	-
Fully paid up by way of bonus shares	-	-
Shares bought back	-	-

Notes forming part of the consolidated financial statements for the Year Ended March 31, 2012

Note 2:- RESERVES & SURPLUS

Particulars	As at March 31, 2012	As at March 31, 2011
	₹	₹
(a) Capital reserve (on Demerger)		
Opening balance	49,728,952	-
Add: Additions during the year	-	49,728,952
Less: Utilised / transferred during the year	-	-
Closing balance	49,728,952	49,728,952
(b) Capital reserve (on Consolidation)		
Opening balance	2,098,827	2,098,827
Add: Additions during the year	-	-
Less: Utilised / transferred during the year	-	-
Closing balance	2,098,827	2,098,827
(c) Securities premium account		
Opening balance	991,255,534	991,255,534
Add : Premium on shares issued during the year	-	-
Less : Utilised during the year	-	-
Closing balance	991,255,534	991,255,534
(d) General reserve		
Opening balance	10,000,000	10,000,000
Add: Transferred from surplus in Statement of Profit and Loss	-	-
Less: Utilised / transferred during the year	-	-
Closing balance	10,000,000	10,000,000
(e) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	418,943,503	133,236,830
Add: Profit / (Loss) for the year	(1,030,442,579)	285,706,673
Less: Appropriations	-	-
Closing balance	(611,499,077)	418,943,503
Total (a + b + c + d + e)	441,584,236	1,472,026,816

Note 3:- LONG TERM BORROWINGS

Particulars	As at March 31, 2012	As at March 31, 2011
	₹	₹
SECURED:		
(a) Term loans		
(i) From banks	3,488,163,429	2,790,658,091
(ii) From others	42,072,620	42,079,000
	3,530,236,049	2,832,737,091
(b) Vehicle Loans	782,651	5,058,838
Total	3,531,018,700	2,837,795,929
UNSECURED:		
(a) Zero Coupon Bonds	38,500,000	-
(b) Deposits	72,662,524	145,177,021
(c) Loans and advances from related parties	205,289,857	74,481,994
Total	316,452,381	219,659,015
Total (Secured + Unsecured)	3,847,471,081	3,057,454,944

Notes forming part of the consolidated financial statements for the Year Ended March 31, 2012**3.1 Interest and Repayment Schedule for Long Term Borrowings for March 31, 2012:**

Particulars	Type	As At March 31, 2012 (₹)	Current maturities of long-term debt - included in Other Current Liabilities (₹)	Interest Rate Range % p.a. as at Year End	Repayment Schedule
Secured Borrowings	Term Loans from Banks				
	Category I	155,300,000	4,000,000	3.50% to 8.00%	34 structured quarterly installments in a stepped up manner starting from Oct 2012 to March 2021 as prescribed in approved CDR Package.
	Category II	2,021,652,612	8,000,000	3.50%	38 structured quarterly installments in a stepped up manner starting from Oct 2011 to March 2021 as prescribed in approved CDR Package.
	Category III	858,382,693	5,400,190	3.50%	38 structured quarterly installments in a stepped up manner starting from Oct 2011 to March 2021 as prescribed in approved CDR Package.
	Category IV	452,828,124	2,914,063	3.50%	38 structured quarterly installments in a stepped up manner starting from Oct 2011 to March 2021 as prescribed in approved CDR Package.
	Total	3,488,163,429	20,314,253		
	Term Loans from others	42,072,620	-	9.00%	No Specific Repayment Schedule has been prescribed by the Lendor.
	Vehicle Loans	782,651	2,143,251	8.00% to 13.50%	Equated Montly Installments as per specific repayment schedule predetermined in case of each vehicle loan.
	Grand Total	3,531,018,700	22,457,504		
Unsecured Borrowings	Zero Coupon Bonds	38,500,000	-	0.00%	Redeemable after March 31, 2021 as per approved CDR Package.
	Deposits	72,662,524	-	0.00% to 19.20%	No Specific Repayment Schedule has been prescribed by the Lendor.
	Loans and advances from related parties	205,289,857	-	0.00% to 18.00%	No Specific Repayment Schedule has been prescribed by the Lendor.
	Grand Total	316,452,381	-		

3.2 Nature of Security for Long Term Secured Borrowings for March 31, 2012:

Category of Loan	Nature of Security
Category I	Secured against the pari passu charge created on Non Exclusive movable and immovable fixed assets worth Rs. 50 Cr., situated at Bhachau (Kutch), Gujarat
Category II	Secured against the First pari passu Charge created by mortgage on all the existing and future fixed assets situated at Bhachau (Kutch), Bharuch and Mumbai (except for plant & machinery of Calcareous Line II) and second charge created by hypothecation of current assets of the Company and against the collateral securities & Personal Guarantee given by the Directors and Related Parties.

Notes forming part of the consolidated financial statements for the Year Ended March 31, 2012

3.2 Nature of Security for Long Term Secured Borrowings for March 31, 2012:(Contd.)

Category of Loan	Nature of Security
Category III	Secured against Exclusive charge on all the moveable assets including its moveable plant and machinery, spares, tools and accessories, both present and future assets of the project situated at Bhachau, Kutch on plant pertaining to Calcareous Line II. Additional Security by way of tertiary charge on the current assets and fixed assets both moveable and immoveable, present and future, located at Bhachau (Kutch), Gujarat and against the collateral securities & Personal Guarantee given by the Directors and Related Parties.
Category IV	Secured by way of tertiary charge on the current assets and fixed assets both moveable and immoveable, present and future, located at Kutch, Gujarat and against the collateral securities & Personal Guarantee given by the Directors and Related Parties.
Term Loan from Others	Secured against the Keyman Insurance Policy of the Promoter.
Vehicle Loans	Secured against the Hypothecation of underlying Company owned vehicles

3.3 Interest and Repayment Schedule for Long Term Borrowings or March 31, 2011:

Particulars	Type	As At March 31, 2011 (₹)	Current maturities of long-term debt - included in Other Current Liabilities (₹)	Interest Rate Range % p.a. as at Year End	Repayment Schedule
Secured Borrowings	Term Loans from Banks				
	Category I	130,703,949	25,057,009	10.00%	84 monthly installments starting from April 2011 to March 2018
	Category II	1,545,242,080	133,300,000	10.00%	28 structured quarterly installments in a stepped up manner starting from June 2011 to March 2018
	Category III	153,462,062	50,978,770	12.50%	54 monthly installments starting from March 2010 to August 2014
	Category IV	680,000,000	170,000,000	13.75%	Repayable in 7 years, including 2.5 years of moratorium with half yearly structured installments in a stepped up manner starting from Oct 2011 to March 2021
	Category V	281,250,000	156,250,000	12.50%	16 equal quarterly installments starting from July 2010 to June 2014
	Category VI	-	50,000,000	10.00%	6 equal monthly installments starting from Oct 2010 to March 2011
	Category VII	-	8,411,088	12.00%	36 monthly installments starting from Aug 2008 to July 2011
	Category VIII	-	1,092,634	18.00%	36 monthly installments starting from Mar 2009 to February 2012
	Total	2,790,658,091	595,089,501		
	Non Convertible Debentures	-	40,500,000	10.00%	Payable in equal monthly installment ending on June 2011
	Term Loans from others	42,079,000	-	9.00%	No Specific Repayment Schedule has been prescribed by the Lendor.
	Vehicle Loans	5,058,838	3,510,932	8.00% to 13.50%	Equated Monthly Installments as per specific repayment schedule predetermined in case of each vehicle loan.
	Grand Total	2,837,795,929	639,100,433		

Notes forming part of the consolidated financial statements for the Year Ended March 31, 2012**3.3 Interest and Repayment Schedule for Long Term Borrowings for March 31, 2011: (Contd.)**

Particulars	Type	As At March 31, 2011 (₹)	Current maturities of long-term debt - included in Other Current Liabilities (₹)	Interest Rate Range % p.a. as at Year End	Repayment Schedule
Unsecured Borrowings	Deposits	145,177,021	-	0.00% to 18.00%	No Specific Repayment Schedule has been prescribed by the Lendor.
	Loans and advances from related parties	74,481,994	-	0.00% to 18.00%	No Specific Repayment Schedule has been prescribed by the Lendor.
	Grand Total	219,659,015	-		

3.4 Nature of Security for Long Term Secured Borrowings for March 31, 2011:

Category of Loan	Nature of Security
Category I	Secured against the First pari passu Charge created by mortgage on all the existing and future fixed assets situated at Bhachau (Kutch), Bharuch and Mumbai (except for plant & machinery of Calcareous Line II) and second charge created by hypothecation of current assets of the Company and against the collateral securities & Personal Guarantee given by the Directors and the Related Parties.
Category II	Secured against the First pari passu Charge created by mortgage on all the existing and future fixed assets situated at Bhachau (Kutch), Bharuch and Mumbai (except for plant & machinery of Calcareous Line II) and second charge created by hypothecation of current assets of the Company and against the collateral securities & Personal Guarantee given by the Directors and the Related Parties.
Category III	Secured against Exclusive charge on all the moveable assets including its moveable plant and machinery, spares, tools and accessories, both present and future assets of the project situated at Bhachau, Kutch on plant pertaining to Calcareous Line II. Additional Security by way of tertiary charge on on the current assets and fixed assets both moveable and immoveable, present and future, located at Kutch, Gujarat and against the collateral securities & Personal Guarantee given by the Directors and Related Parties.
Category IV	Secured by way of tertiary charge on the current assets and fixed assets both moveable and immoveable, present and future, located at Kutch, Gujarat and against the collateral securities & Personal Guarantee given by the Directors and Related Parties.
Category V	Secured by way of tertiary charge on the current assets and fixed assets both moveable and immoveable, present and future, located at Kutch, Gujarat and against the Personal Guarantee given by the Directors.
Category VI	Term loan from banks are secured against the hypothecation of present and future stocks of Raw Materials, Stock-In-Process, Finished Goods, Stock-In-Trade, Stores & Spares, Consumables and Book Debts and against the collateral securities & Personal Guarantee given by the Directors and Related Parties.
Non-Convertible Debentures	Secured by way of exclusive charge on the assest situated at Ankleshwar, Gujarat and tertiary charge on the current assets and fixed assets both moveable and immoveable, present and future, located at Kutch, Gujarat.
Term Loan from Others	Secured against the Keyman Insurance Policy of the Promoter.
Vehicle Loans	Secured against the Hypothecation of underlying Company owned vehicles

3.5 Installments falling due in respect of all the above Loans upto 31.03.2012 & 31.03.2013 as the case may be have been grouped under "Current maturities of long-term debt" under the head Other Current Liabilities. (Refer Note No.6.1)

Notes forming part of the consolidated financial statements for the Year Ended March 31, 2012

Note 4:- SHORT TERM BORROWINGS

Particulars	As at March 31, 2012	As at March 31, 2011
	₹	₹
SECURED:		
(a) Working Capital Loans from Banks	1,049,860,547	1,049,570,869
(b) Buyers Credit Arrangements	10,098,528	12,521,520
(c) Overdraft Facility from Banks	22,838,872	57,362,921
	1,082,797,947	1,119,455,310
UNSECURED:		
(a) Overdraft Facility from Banks	-	15,154,105
(b) Loans and advances from related parties	26,682,810	60,880,000
(b) Deposits	166,676,408	155,726,408
	193,359,218	231,760,513
Total	1,276,157,165	1,351,215,823

4.1 Working capital loan from banks and buyers credit arrangement are secured against the hypothecation of present and future stocks of Raw Materials, Stock-In-Process, Finished Goods, Stock-In-Trade, Stores & Spares, Consumables and Book Debts and against the collateral securities & Personal Guarantee given by the Directors and Related Parties.

4.2 Overdraft Facility from Banks is secured against the Tertiary Charge on the entire Fixed Assets and Current Assets.

Note 5:- TRADE PAYABLES

Particulars	As at March 31, 2012	As at March 31, 2011
	₹	₹
Micro, Small and Medium Enterprises	4,522,931	5,180,748
Other	540,813,481	556,980,495
Total	545,336,412	562,161,243

5.1 The information of amounts outstanding to Micro, Small and Medium Enterprises has been determined to the extent such parties could be identified on the basis of the information available with the Company regarding the status of suppliers under the MSME.

5.2 No interest is paid / payable during the year to any enterprise registered under the MSME.

Note 6:- OTHER CURRENT LIABILITIES

Particulars	As at March 31, 2012	As at March 31, 2011
	₹	₹
(a) Current maturities of long-term debt (Refer Note (i) & (ii) below)	22,457,504	639,100,433
(b) Interest accrued but not due on borrowings	107,733	810,953
(c) Interest accrued and due on borrowings	69,215,162	94,532,522
(d) Unclaimed dividends	167,087	167,087
(e) Borrowings to be Converted into Equity / Equity Convertible Instruments	181,526,806	-
(f) Other payables		
(i) Statutory remittances (Contributions to PF and ESIC, Excise Duty, VAT, Service Tax, etc.)	59,055,011	93,210,450
(ii) Payables on purchase of fixed assets	19,525,176	31,768,649
(iii) Trade / security deposits received	76,739,100	38,294,190
(iv) Advances from customers	28,414,927	148,737,158
(v) Book Overdraft	821,448	273,961
Total	458,029,954	1,046,895,403

Notes forming part of the consolidated financial statements for the Year Ended March 31, 2012

6.1 Current maturities of long-term debt (refer notes 3.1 to 3.4) in Note 3 - Long-term borrowings for details of rate of interest, repayment schedule, security and guarantee.

6.2 Current maturities of long-term debt for the year ended March 31, 2011 includes:

- (a) ₹ 4,05,00,000/- Non Convertible Debentures secured by way of exclusive charge on the assets situated at Ankleshwar, Gujarat and tertiary charge on the current assets and fixed assets both moveable and immoveable, present and future, located at Kutch, Gujarat and repayable in equal monthly installments ending on June 2011.
- (b) ₹ 5,00,00,000/- Bank Term Loan Secured by way of tertiary charge on the current assets and fixed assets both moveable and immoveable, present and future, located at Kutch, Gujarat. and repayable in equal 6 monthly installments starting from Oct 2010 to March 2011.

Note 7:- SHORT TERM PROVISIONS

Particulars	As at March 31, 2012	As at March 31, 2011
	₹	₹
Provision for employee benefits:		
(i) Provision for bonus	7,293,790	7,374,408
(ii) Provision for leave encashments	4,335,911	5,701,288
(iii) Provision for gratuity (net)	6,396,495	4,417,444
Total	18,026,196	17,493,140

Note 8:- FIXED ASSETS

Particulars	Gross Block			Depreciation			Net Block		
	Holding	Subsidiary	Consolidated as on March 31, 2012	Holding	Subsidiary	Consolidated as on March 31, 2012	Holding	Subsidiary	Consolidated as on March 31, 2012
Tangible Assets :									
I Land - Freehold	46,837,112	272,600	47,109,712	-		-	46,837,112	272,600	47,109,712
II Building	868,592,713		868,592,713	121,402,134		121,402,134	747,190,579	-	747,190,579
III Plant & Machinery	4,593,189,714	198,640	4,593,388,354	1,006,116,582	64,570	1,006,181,152	3,587,073,132	134,070	3,587,207,203
IV Furniture & Fixtures	48,113,128	3,385,071	51,498,199	13,590,798	207,285	13,798,083	34,522,330	3,177,786	37,700,116
V Office Equipments	13,237,540	385,412	13,622,952	3,383,048	87,101	3,470,149	9,854,492	298,310	10,152,803
VI Vehicles	21,733,053	912,314	22,645,367	9,723,166	541,645	10,264,811	12,009,887	370,669	12,380,556
VII Computers	10,206,958	521,746	10,728,704	7,641,691	403,418	8,045,109	2,565,267	118,328	2,683,595
VIII Power Project	268,032,691		268,032,691	170,047,799		170,047,799	97,984,891	-	97,984,891
Intangible Assets :									
I Land - Freehold	10,000		10,000	10,000		10,000	-	-	-
Grand Total	5,869,952,909	5,675,783	5,875,628,691	1,331,915,217	1,304,020	1,333,219,237	4,538,037,691	4,371,763	4,542,409,456
Previous Year	5,627,590,456	5,660,333	5,633,250,789	1,058,486,465	943,480	1,059,429,945	4,569,103,991	4,716,853	4,573,820,844

Notes forming part of the consolidated financial statements for the Year Ended March 31, 2012

Note 9:- NON-CURRENT INVESTMENTS

Particulars	As at March 31, 2012	As at March 31, 2011
	₹	₹
Investments (At cost):		
A. Other investments		
(a) Investment in equity instruments - Unquoted, fully paid up		
(i) <i>of other entities</i>		
13,00,000 (As at March 31, 2011: 13,00,000) shares of ₹ 10/- each in Euro Glass Private Limited	13,000,000	13,000,000
45,075 (As at March 31, 2011: 45,075) shares of ₹ 10 /-each in The Cosmos Co-Operative Bank Ltd. (Pledged with Bank)	450,750	450,750
	13,450,750	13,450,750
(b) Investment in government or trust securities		
6 Years National Savings Certificate (Deposited with Sales Tax Department)	10,000	10,000
(c) Investment in partnership firms		
M/s. Euro Realtors (Fixed Capital) Share of Profit/Loss - 95% and Other Partner Dharmesh Gathani 5%	50,000	50,000
Total	13,510,750	13,510,750

Note 10:- LONG TERM LOANS AND ADVANCES

Particulars	As at March 31, 2012	As at March 31, 2011
	₹	₹
Unsecured, considered good		
(a) Capital advances	10,743,157	15,113,141
(b) Security deposits	11,273,943	14,830,021
(d) Prepaid expenses	38,500,000	-
(e) Advance income tax (Net of Provisions)	67,422,187	83,029,018
(f) MAT Credit Entitlement	53,269,683	53,269,683
Total	181,208,970	166,241,863

Note 11:- INVENTORIES

(As Valued and Certified by Management)

Particulars	As at March 31, 2012	As at March 31, 2011
	₹	₹
(a) Raw Materials & Consumables	175,237,123	230,166,120
(b) Work-in-progress	115,409,962	116,448,165
(c) Finished goods (other than those acquired for trading)	226,815,058	439,303,522
(d) Stock-in-trade (acquired for trading)	104,127,750	162,438,975
(e) Stores and spares	72,004,195	68,063,214
(f) Power & Fuel	1,088,692	3,940,981
(g) Packing Materials	11,247,956	14,655,675
Total	705,930,736	1,035,016,652

11.1 Details of Goods In Transit included in above inventories

Particulars	As at March 31, 2012	As at March 31, 2011
	₹	₹
(a) Raw Materials & Consumables	1,064,290	9,655,985
(b) Packing Materials	-	308,150
Total	1,064,290	9,964,135

Notes forming part of the consolidated financial statements for the Year Ended March 31, 2012

11.2 Details of inventory of work-in-progress

Particulars	As at March 31, 2012	As at March 31, 2011
	₹	₹
(a) Tiles	60,821,650	98,500,860
(b) Other items	54,588,312	17,947,305
Total	115,409,962	116,448,165

Note 12:- TRADE RECEIVABLES

Particulars	As at March 31, 2012	As at March 31, 2011
	₹	₹
Unsecured and considered good		
Outstanding for a period exceeding six months from the date they were due for payment	189,341,763	291,388,300
Less : Provision for Doubtful Debts	32,497,627	37,703,766
	156,844,136	253,684,534
Others	364,395,467	590,572,157
Total	521,239,603	844,256,692

Note 13:- CASH AND BANK BALANCES

Particulars	As at March 31, 2012	As at March 31, 2011
	₹	₹
(a) Cash and cash equivalents		
(i) Balances with banks		
- In current accounts	9,277,138	1,896,989
- In EEFC accounts	-	170,201
(ii) Cash on hand	1,963,577	4,076,358
	11,240,715	6,143,547
(b) Other Bank Balances		
In earmarked accounts		
(i) Balances held as margin money or security against borrowings, guarantees and other commitments.	81,048,987	51,297,000
(ii) Unclaimed Dividend Account	202,051	202,087
Total	92,491,753	57,642,634

Note 14:- SHORT TERM LOANS AND ADVANCES

Particulars	As at March 31, 2012	As at March 31, 2011
	₹	₹
Unsecured, considered good		
(a) Loans and advances to related parties	772,043,762	725,394,298
(b) Loans and advances to employees	4,540,157	6,059,629
(c) Prepaid expenses	2,136,493	3,122,178
(d) Balances with government authorities		
(i) CENVAT credit receivable	3,486,412	13,238,151
(ii) VAT credit receivable	36,698,097	50,256,396
(iii) Service Tax credit receivable	3,054,066	-
(iv) Custom Duty receivable	16,359,968	16,359,968
(e) Advance income tax (net of provisions)	1,818,328	1,818,328
(f) Inter-corporate deposits	-	20,422,851
(g) Others	53,464,324	76,606,701
Total	893,601,607	913,278,500

Notes forming part of the consolidated financial statements for the Year Ended March 31, 2012

Note 15:- OTHER CURRENT ASSETS

Particulars	As at March 31, 2012	As at March 31, 2011
	₹	₹
(i) Receivables on sale of fixed assets	258,767	-
(ii) Interest Accrued On Fixed Deposits	2,878,235	5,254,904
Total	3,137,002	5,254,904

Note 16:- REVENUE FROM OPERATIONS

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
	₹	₹
(a) Sale of products	2,032,042,292	4,424,534,431
(b) Sale of services	1,564,650	2,631,261
(c) Other operating revenues	(12,250,504)	(28,128,852)
Less:	2,021,356,438	4,399,036,840
(d) Excise duty	166,695,771	229,771,780
Total	1,854,660,667	4,169,265,060

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
	₹	₹
16.1 Sale of products comprises:		
<u>Manufactured goods</u>		
Tiles	1,564,933,019	2,233,616,052
Realty	-	1,500,000,000
Others	292,780,847	366,244,809
Total	1,857,713,866	4,099,860,861
<u>Traded goods</u>		
Tiles	102,062,438	259,753,331
Others	72,265,988	64,920,239
Total	174,328,425	324,673,570
Total	2,032,042,292	4,424,534,431
16.2 Sale of services comprises:		
Others	1,564,650	2,631,261
Total	1,564,650	2,631,261
16.3 Other operating revenues comprise:		
Sale of scrap	827,868	1,225,813
Export incentives on Advance Licenses and Focus Licenses	(13,078,372)	(29,354,665)
Total	(12,250,504)	(28,128,852)

Note 17:- OTHER INCOME

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
	₹	₹
(a) Interest income (Refer Note (i) below)	7,688,263	4,020,740
(b) Dividend income:		
others	40,000	30,000
(c) Net gain on sale of:		
current investments	-	3,000,000
(d) Net gain on foreign currency transactions and translation (other than considered as finance cost)	1,757,736	6,203,927
(e) 'Other non-operating income (net of expenses directly attributable to such income)(Refer note (ii) below)	27,175,242	4,796,748
Total	36,661,242	18,051,416

Notes forming part of the consolidated financial statements for the Year Ended March 31, 2012

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
	₹	₹
17.1 Interest income comprises:		
<u>Interest from banks on:</u>		
deposits	2,720,038	4,020,740
other balances	-	-
Interest on loans and advances	-	-
Interest on overdue trade receivables	214,248	-
<u>Interest income from long term investments</u>	-	-
others	3,498,979	-
Interest on income tax refund	1,254,998	-
Other interest	-	-
Total	7,688,263	4,020,740

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
	₹	₹
17.2 <u>Other non-operating income comprises:</u>		
Rental income from investment properties	1,491,630	1,460,842
Vat Refund	209,813	-
Income and expenses From derivatives Swap	-	662,761
Profit on Sale of Fixed Assets	1,017,660	-
Liabilities / provisions no longer required written back	24,456,139	2,673,145
Total	27,175,242	4,796,748

Note 18:- COST OF MATERIAL CONSUMED

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
	₹	₹
Opening stock	234,857,660	278,088,933
Add: Purchases	662,231,197	1,111,419,519
	897,088,857	1,389,508,452
Less: Closing stock	185,420,789	234,857,660
Cost of material consumed	711,668,068	1,154,650,792

18.1 Purchase of traded goods

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
	₹	₹
Sanitaryware	16,824,062	37,175,966
Tiles	72,584,631	97,061,722
Others	6,998,129	17,055,657
Total	96,406,822	151,293,345

Notes forming part of the consolidated financial statements for the Year Ended March 31, 2012

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

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
	₹	₹
<u>Inventories at the end of the year:</u>		
Finished goods	226,815,058	439,303,522
Work-in-progress	115,409,962	116,448,165
Stock-in-trade	104,127,750	162,438,975
	446,352,770	718,190,662
<u>Inventories at the beginning of the year:</u>		
Finished goods	439,303,522	382,550,268
Work-in-progress	116,448,165	104,524,281
Stock-in-trade	162,438,975	682,037,216
	718,190,662	1,169,111,765
Net (increase) / decrease	271,837,892	450,921,104

Note 19:- EMPLOYEE BENEFIT EXPENSES

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
	₹	₹
Salaries and Wages	239,181,641	234,537,178
Contributions to provident and other funds	5,534,703	6,422,981
Staff welfare expenses	12,344,952	16,767,411
Total	257,061,296	257,727,570

Note 20:- OTHER EXPENSES

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
	₹	₹
Consumption of stores and spare parts	33,411,393	64,868,709
Increase / (decrease) of excise duty on inventory	(19,838,366)	9,818,511
Power and fuel	465,766,044	459,606,421
Processing Charges	37,489,712	28,724,310
Rent	11,505,167	11,872,728
Repairs and maintenance - Buildings	852,224	1,946,384
Repairs and maintenance - Machinery	3,259,067	9,506,495
Repairs and maintenance - Others	6,496,220	3,770,917
Insurance	6,178,694	23,234,150
Rates and taxes	1,356,391	3,650,721
Travelling and conveyance	14,475,937	16,515,890
Freight and forwarding	56,354,046	87,566,058
Sales commission	43,403,667	85,759,018
Donations and contributions	52,500	369,772
Payments to auditors (Refer Note 20.1 below)	600,000	600,000
Bad trade and other receivables, loans and advances written off	7,648,292	909,258
Loss on fixed assets sold / scrapped / written off	37,928,466	246,333
Provision for doubtful trade and other receivables, loans and advances (net)	-	37,703,766
Selling and Distribution Expenses	49,655,961	94,767,371
Miscellaneous expenses	31,705,687	45,814,177
Total	788,301,104	987,250,989

Notes forming part of the consolidated financial statements for the Year Ended March 31, 2012

20.1 Payments to the auditors comprises (net of service tax input credit, where applicable):

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
	₹	₹
As auditors - statutory audit	385,000	385,000
For taxation matters	165,000	165,000
For other services	50,000	50,000
Total	600,000	600,000

Note 21:- FINANCE COSTS

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
	₹	₹
(i) Interest expense on Borrowings	473,747,109	580,877,259
(ii) Interest expense on Others	9,304,584	3,584,420
(iii) Other borrowing costs	16,948,223	20,526,994
Total	499,999,915	604,988,673

22 CORPORATE DEBT RESTRUCTURING

- The economic slowdown, adverse overall market scenario in general and real estate and infrastructure in particular, the slower off take of the Parent Company's products by the end user industry and customers, has adversely affected the business of the Parent Company and the Parent Company has suffered significant losses in ceramics business. Due to continued losses, the Parent Company is continuously facing the difficulties in managing its cash flows and working capital requirements. In order to correct its working capital position and liquidity challenges arising out of the mismatch of the loan maturities and potential projected earnings, the Parent Company approached the lenders for restructuring of its entire debt for suitable realignment under Corporate Debt Restructuring (CDR) mechanism. The CDR Cell approved the proposal of debt restructuring with super majority of the lenders on September 29, 2011, and issued the Letter of Approval (LOA), based on which the lenders agreeing to the package has signed the Master Restructuring Agreement (MRA) on February 25, 2012. The significant highlight of the package is as under :
- a The Cut-off-Date (COD) is April 1, 2011.
 - b The total existing term loan of ₹ 335.77 Crores outstanding as on COD is restructured.
 - c The principal repayment in 38 structured quarterly installment in stepped up manner starting from October 1, 2011 to March 31, 2021, after considering 6 months moratorium from COD.
 - d Funding of Interest for a period of 6 months from COD, amounting to ₹ 21.20 Crores. Out of which ₹ 18.80 Crores to be converted into Equity or Compulsory Convertible Debentures (CCDs). The CCDs to be convertible in to equity within 18 months from the date of allotment.
 - e The rate of interest is starting from 3.50 % p.a. to 14.00 % p.a. increasing in a stepped up manner till the tenure of debt.
 - f Carving out working capital irregularities to the tune of ₹ 13 Crores into a Working Capital Term Loan, repayable in 34 structured installments with 18 months of moratorium from COD with interest rate as described for other Term Loans.
 - g Additional working capital loans of ₹ 12 Crores and critical capex loan of ₹ 5 Crores to be shared by some of the lenders.
 - h The existing security structure is continued and more specifically covered under the MRA.
 - i The Parent Company to issue Zero Coupon Bonds amounting to ₹ 3.85 Crores to one of the lenders for their sacrifices, repayable after March 2021.

23 CONTINGENT LIABILITIES

Particulars	As at March 31, 2012	As at March 31, 2011
	₹	₹
a. Bills Discounted with Banks	7,160,614	28,433,423
b. Letter of Credit	19,317,417	23,428,403
c. Bank Guarantees	42,994,000	42,994,000
d. Customer Duty	36,988,372	36,988,372

Notes forming part of the consolidated financial statements for the Year Ended March 31, 2012

e.	The Parent Company has imported various Capital Goods under the Export Promotion Capital Goods Scheme (EPCG), of the Government of India, through various licenses, at concessional rates of Custom Duty on an undertaking to fulfill quantified exports within a period of eight years from the date of the respective licenses. The Custom Duty so saved amounts to ₹ 30,78,61,293/- (Previous Year ₹ 31,12,05,280/-) and the corresponding Export Obligation to be fulfilled is ₹ 1,72,50,51,747/- (Previous Year ₹ 1,69,23,44,848/-) as on the Balance Sheet date. If the said export is not made within the stipulated time period, the parent company is required to pay the said saved Custom Duty together with interest @15% p.a. Formal discharge from the obligation by the appropriate authorities is in progress in respect of some of the Licenses of which Export Obligation is entirely fulfilled by the close of the year.		
f.	Capital Commitments		
	Particulars	As at March 31, 2012	As at March 31, 2011
		₹	₹
	Estimated amount of contracts remaining to be executed on capital account and not provided for.	-	4,793,636
24	DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE		
	Particulars	As at March 31, 2012	As at March 31, 2011
		₹	₹
(a)	Foreign Currency Derivatives:		
I	Forward Contract for hedging foreign currency exposure in relations to receivables	-----	USD 5,00,000.00
(b)	Unhedged Foreign Currency Exposure :		
I	Outstanding Creditors for Purchase of Raw Material, Consumables & Spares	USD 728,475.66	USD 5,04,324.13
II	Outstanding Creditors for Purchase of Raw Material, Consumables & Spares	EURO 97,948.78	EURO 1,24,073.93
III	Outstanding Creditors for Capital Goods	EURO 49,000.00	EURO 12,031.69
IV	Outstanding Debtors	USD 519,446.50	USD 11,04,887.01
V	Advance to Creditors for Purchase of Raw Material, Consumables & Spares	USD 24,094.10	USD 1,05,990.06
VI	Advance to Creditors for Purchase of Raw Material, Consumables & Spares	EURO 4,047.00	EURO 10,108.00
VII	Advance to Creditors for Capital Goods	USD 10,560.00	USD 14,940.00
VIII	Advance from Debtors	USD 63,880.95	USD 20,639.11
IX	Buyers Credit	-----	EURO 1,98,000.00
X	Buyers Credit	USD 199,715.77	USD 122,822.05
25	EARNINGS PER SHARE		
	Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
		₹	₹
	Earnings per share		
	(a.) Basic & Diluted		
	Net profit / (loss) for the year	(1,030,442,579)	285,706,673
	Weighted average number of equity shares	26,428,134	26,428,134
	Par value per share	10/-	10/-
	Earnings per share - Basic & Diluted	(38.99)	10.81

Notes forming part of the consolidated financial statements for the Year Ended March 31, 2012

26	MAJOR COMPONENT OF DEFERRED TAX LIABILITY		
	Particulars	As at March 31, 2012	As at March 31, 2011
		₹	₹
	Depreciation Expenditure / Provisions Disallowable	146,794,651 5,597,405	146,794,651 5,597,405
		152,392,056	152,392,056
	The Company has not provided for Deferred Tax Liability / Assets for the financial year 2011-12 on account of absence of virtual certainty of future taxable profit and brought forward business losses and depreciation under the Income Tax Act.		
27	DISCLOSURE IN RESPECT OF RELATED PARTIES PURSUANT TO ACCOUNTING STANDARD 18:		
(a)	Name of the enterprises having same Key Management Personnel and/or their relatives as the Reporting enterprises:		
	Eurobond Industries Private Limited	Euro Flooring Pvt. Ltd.	Euro Décor Pvt. Ltd.
	Euro Multivision Ltd	Euro Developers Pvt. Ltd.	Subhnen Ply Pvt. Ltd.
	Euro Pratik Ispat Pvt. Ltd.	Euro Solo Energy Systems Pvt. Ltd.	Euro India Cylinders Ltd.
	Subhnen Finance & Investments Pvt Ltd.	Euro Glass Pvt. Ltd.	Kanch Ghar
	Neelam Metal	Laxmi Ply Agency	Metro Stationery Mart
	Neelam Ply & Laminates	NLS Enterprise Pvt Ltd.	Gurukul Enterprises Pvt. Ltd.
	Tangent Furniture Pvt Ltd	Lyons Technologies Ltd	Ladhabhai Sanganbhai Gala Charitable Trust
	Monex Stationers	Disti Multimedia & Communications Pvt Ltd	Vaman International (P) Ltd.
	National Ply & Laminates	Zenith Corporation	Nova Enterprises
	National Laminate Corporation	Gala Enterprises	Euro Foundation
	Euro Conventional Energy Pvt. Ltd.	Canbara Constructions Pvt. Ltd.	Euro Solar Power Pvt. Ltd.
	Euro Buildtech LLP	Euro Realtors	Maxim Enterprises
	Link Estate Pvt. Ltd.	Euro Steel & Minerals	Euro Polaad Minerals & Steel LLP
	Rahul Sales	Subhnen Realtors LLP	Jainy Glass & Veneer
	Janata Industries	Drashti Veneers	Euro Pallets Pvt. Ltd.
	EMV Technosys Ltd.	Laxmi Laminates	Euro Natural Resources Pvt. Ltd.
(b)	Relatives of Key Management Personnel:		
	Nenshi L. Shah H.U.F.	Shantilal L. Shah H.U.F.	Laljbhai K. Shah H.U.F.
	Pinank N. Shah H.U.F.	Hitesh S. Shah H.U.F.	Dhaval S. Shah H.U.F.
	Manjari H. Shah	Hitesh S. Shah	Sushila H. Gala
	Nitesh P. Shah	Jayantilal Nishar	Rekhaben Nishar
	Dhaval S. Shah	Forum D. Shah	Kasturben T. Nandu
	Shantaben L. Shah	Urmi P. Shah	Viral T. Nandu
	Sonalben S. Shah	Parag K. Shah	Gunvantiben N. Shah
	Pinank N. Shah	Devika P. Shah	Laljbhai K. Shah
	Parita V. Nandu	Anish K. Shah	Dimple A. Shah
	Dhruti P. Shah	Hiral M. Shah	
(d)	Key Management Personnel:		
	Nenshi L. Shah	Kumar P. Shah	Talakshi L. Nandu
	Amit G. Shah	Anil M. Mandevia	Shivji K. Vikamsey
	Raichand K. Shah	Deepak G. Savla	Mahendra V. Modi
			Paresh K. Shah
			Shantilal L. Shah
			Nitesh P. Shah

Notes forming part of the consolidated financial statements for the Year Ended March 31, 2012

(Amount in ₹)

	Nature of Transactions	Enterprises having common Key Management Personnel	Relative of the Key Management Personnel	Key Management Personnel
	Sales Service and other income	236,774,268 (349,698,747)	----- (-----)	----- (-----)
	Sale of Fixed Assets	----- -----	----- (-----)	----- (-----)
	Purchase of goods and services	107,909,830 (97,588,597)	(-----) (1,930,000)	----- (-----)
	Purchase of fixed assets	----- (14,314,698)	----- (-----)	----- (-----)
	Donation	----- (-----)	----- (-----)	----- (-----)
	Director's Remuneration/Sitting Fees	----- (-----)	2,230,000 (-----)	10,852,500 (10,452,500)
	Interest Received	3,035,243 (2,101,846)	----- (-----)	----- (-----)
	Interest Paid/Payable	9,889,671 (8,039,756)	32,585 (7,395)	10,505,246 (7,420,616)
	Loans/Advances Taken	101,132,772 (137,804,017)	28,000,000 (-----)	220,420,000 (93,796,995)
	Loans/Advance Repaid	47,930,775 (278,850,789)	25,350,000 (82,168)	207,001,000 (69,163,372)
	Loans/Advances Given	45,930,000 (184,094,400)	----- (-----)	----- (-----)
	Loans/Advance Received Back	10,850,000 (283,650,000)	----- (-----)	----- (-----)
Outstanding balance as at March 31,2012 :				
	Loans Payable	137,180,416 (76,359,699)	2,950,873 (-----)	133,088,741 (89,386,569)
	Loans Receivable	746,460,400 (30,530,400)	----- (-----)	----- (-----)
	Amount Receivable	95,999,978 (109,901,586)	----- (-----)	----- (-----)
	Amount Payable	3,328,291 (5,124,761)	45,000 (240,000)	----- (-----)
	<ul style="list-style-type: none"> - Figures of the Previous Year have been given in brackets. - No amounts in respect of the related parties have been written off/back. - Related party relationship have been identified by the management and relied upon by the auditors. 			
28	The Revised Schedule VI has become effective from April 1, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.			

29 SEGMENTWISE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2012 - PURSUANT TO ACCOUNTING STANDARD - 17

I) PRIMARY SEGMENTS - BUSINESS

	Tiles Division		Aluminium Division		Sanitaryware Division		Realty Division		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
a) Segmental Revenue										
Sales to External Customers	1,686,778,728	2,479,672,502	147,957,787	189,305,139	186,619,923	230,059,199	-	1,500,000,000	2,021,356,438	4,399,036,840
Less : Excise Duty	139,378,139	196,653,312	13,673,190	17,457,604	13,644,442	15,660,864	-	-	166,695,771	229,771,780
	1,547,400,589	2,283,019,190	134,284,597	171,847,535	172,975,481	214,398,335	-	1,500,000,000	1,854,660,667	4,169,265,060
Inter-Segmental Revenue	-	-	-	-	-	-	-	-	-	-
Total Segmental Revenue	1,547,400,589	2,283,019,190	134,284,597	171,847,535	172,975,481	214,398,335	-	1,500,000,000	1,854,660,667	4,169,265,060
b) Segmental Results (PBIT)	(247,406,638)	104,338,516	(3,882,959)	(2,666,185)	(125,152,469)	(69,153,524)	(475,950)	995,491,370	(376,918,016)	1,028,010,777
Less: Interest & Finance Charges									499,999,915	604,988,673
									(876,917,931)	423,022,104
Less: Unallocable Expenses Net of Unallocable Income									149,755,330	128,260,225
Profit Before Tax & Exceptional Items									(1,026,673,261)	294,761,879
Loss / (Gain) due to Exceptional Items									-	-
Profit Before Tax									(1,026,673,261)	294,761,879
Less: Provision for Current Tax									-	21,000,000
Add: MAT Credit									-	(21,000,000)
Less: Earlier Years Excess/Short Provision									3,769,318	1,451,556
Less: Provision for Deferred Tax									-	7,603,650
Profit After Tax									(1,030,442,579)	285,706,673
c) Carrying amount of Segmental Assets	5,366,598,054	5,745,826,661	88,815,531	58,799,351	1,247,227,457	1,365,397,340	701,542,115	786,422,851	7,404,183,157	7,956,446,202
Unallocated Assets									932,314,518	1,026,780,687
Total Assets									8,336,497,675	8,983,226,889
d) Carrying amount of Segmental Liabilities	3,394,409,463	3,588,087,897	67,531,163	6,952,733	29,677,346	37,252,201	203,099	-	3,481,821,071	3,632,292,831
Unallocated Liabilities									2,815,591,793	2,555,195,958
Total Liabilities									6,297,412,864	6,187,488,789
e) Cost incurred to acquire Segment										
Fixed Assets during the year	36,614,092	6,764,733	2,647,244	223,205	98,400	139,878,385	-	-	39,359,736	146,866,324
Unallocated Assets									8,255,516	29,633,014
f) Depreciation / Amortization	201,973,542	197,092,584	2,481,042	2,298,109	48,360,383	47,897,322	-	-	252,814,967	247,288,015
Unallocated depreciation									39,905,107	38,434,109

Note : There are no inter segment transactions in the previous year as well as in current year.

II) PRIMARY SEGMENTS - GEOGRAPHICAL

	For the year ended March 31, 2012	For the year ended March 31, 2011
	₹	₹
The Company's operating facilities are located in India		
Domestic Revenues	1,700,737,068	3,930,567,017
Export Revenues	153,923,599	238,698,043
TOTAL	1,854,660,667	4,169,265,060

Disclaimer

In this annual report we have disclosed forward looking information to enable investors to comprehend our prospects and take informed investment decision. This report and other statements either written or oral that we periodically make contain forward looking statements that set our anticipated results based on the managements' plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words or similar substance in connections with any discussion of future performance.

We can not guarantee that these forward looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risk, uncertainties and even in accurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward looking statements, whether as a results of new information, future events or otherwise.

EURO CERAMICS LIMITED

Regd. Off.: Euro House, CTS No. 1406 A25/6A, Chincholi Bunder Road, Behind Inorbit Mall, Malad (West), Mumbai 400064

FORM OF PROXY

Folio No. DP ID No. Client ID No. No. of Shares

I/We.....

of.....

being a Member / Members of EURO CERAMICS LIMITED hereby appoint

..... ofor

failing him..... ofas my/our /proxy to vote for me/us, on my /our behalf of at the 10TH ANNUAL GENERAL MEETING of the Company, to be held on Friday the 28th day of September, 2012 at 11.00 a.m. at Swagath Bageecha, Bageecha Complex, Marve Road, Malad (West), Mumbai 400095 and at any adjournment thereof.

Signed: _____ day of _____ 2012

Affix
Revenue
Stamp



EURO CERAMICS LIMITED

Regd. Off.: Euro House, CTS No. 1406 A25/6A, Chincholi Bunder Road, Behind Inorbit Mall, Malad (West), Mumbai 400064

ATTENDANCE SLIP

(To be completed and presented at the Entrance)

10TH ANNUAL GENERAL MEETING 28TH SEPTEMBER, 2012

I hereby record my presence at the 10th Annual General Meeting of the Company held at Swagath Bageecha, Bageecha Complex, Marve Road, Malad (West), Mumbai 400095, on Friday 28th September 2012 at 11.00 a.m.

Folio No. DP ID No. Client ID No.

Name

Member / Proxy

Signature

NOTES:

- The form should be signed across the stamp as per specimen signature registered with the Company.
- The Companies Act, 1956, lays down that the instrument appointing a proxy shall be deposited at the Registered Office of the Company not less than FORTY-EIGHTY HOURS before the time fixed for holding the meeting.
- A proxy need not be a member.

