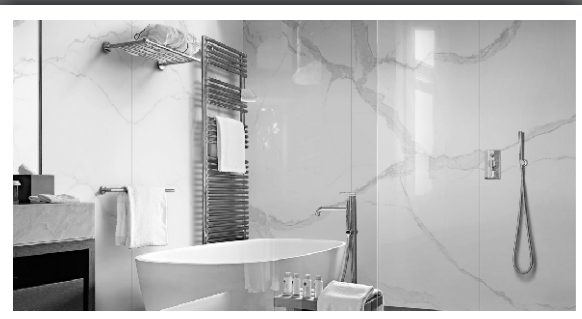
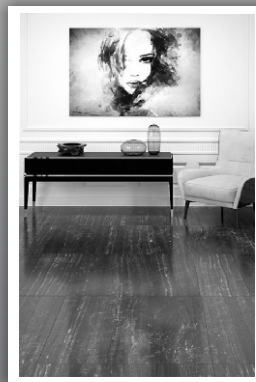




# ANNUAL REPORT 2015-16



# EURO CERAMICS LTD.



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

1. **Mr. Pratik K. Shah**  
Chairman & Whole-time Director
2. **Mr. Karan Rajput**  
Independent Director
3. **Mr. Amit Nandu**  
Independent Director
4. **Mrs. Usha J. Kotian**  
Independent Director
5. **Mr. Nenshi L. Shah**  
Managing Director  
(upto November 29, 2015)
6. **Mr. Mahendra Vrajlal Modi**  
Independent Director  
(upto January 30, 2016)

### BANKERS

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

### CHIEF EXECUTIVE OFFICER:

**Mr. Nenshi L. Shah**  
(w.e.f. February 22, 2016)

### CHIEF FINANCIAL OFFICER

**Mr. Paresh K. Shah**

### COMPLIANCE OFFICER

**Mr. Pratik K. Shah**

### STATUTORY AUDITORS

**M/s. Deepak Maru & Co.**  
Chartered Accountants, Mumbai

### SECRETARIAL AUDITORS

**M/s. Manish Ghia & Associates**  
Company Secretaries,  
Mumbai

### REGISTERED OFFICE

208, Sangam Arcade,  
Vallabh Road,  
Opp. Railway Station,  
Vile Parle (West),  
Mumbai - 400 056  
Tel. : 022 - 4019 4019  
Fax : 022 - 4019 4020  
Email : sales@eurocl.com  
website : www.eurovitrfied.com

### 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**  
C-13, Pannalal Silk Mills  
Compound, L.B.S Marg,  
Bhandup (West),  
Mumbai - 400 078

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**EURO CERAMICS LIMITED**

(CIN: L26914MH2002PLC135548)

**Registered Office:** 208, Sangam Arcade, Vallabhnbhai Road, Opp. Railway Station, Vile Parle (West), Mumbai – 400 056**Phone:** +91-22-4019 4019; **E-mail:** sales@eurocl.com; **Website:** www.eurovitrified.com**NOTICE**

Notice is hereby given that the Fourteenth Annual General Meeting of the members of Euro Ceramics Limited will be held on Friday, September 30, 2016 at 10.15 a.m. at Gomantak Seva Sangh, 72/A, Mahant Road Extension, Vile Parle (East), Mumbai - 400 057 to transact the following businesses:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Financial Statements (including Audited Consolidated Financial Statements) for the year ended March 31, 2016 together with the Reports of the Board of Directors' and Auditors' thereon.
2. To re-appoint M/s. Deepak Maru & Co., Chartered Accountants, Mumbai having (FRN: 115678W), as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting and to fix their remuneration.

**SPECIAL BUSINESS:**

3. **Appointment of Mr. Viral T. Nandu as Director of the Company:**

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Sections 152 and all other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and in accordance with the provisions of Articles of Association of the Company and as per proposal of candidature received alongwith the requisite deposit from a member under Section 160 of Companies Act, 2013, Mr. Viral T. Nandu (DIN: 01767620) be and is hereby appointed as Director of the Company with effect from conclusion of this Annual General Meeting, who shall be liable to retire by rotation.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary to give effect to the above resolution.”

4. **Appointment of Mr. Mukund M. Modi as an Independent Director of the Company:**

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Sections 152, 149 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and in accordance with the provisions of Articles of Association of the Company and as per proposal of candidature received alongwith the requisite deposit from a member under Section 160 of Companies Act, 2013, Mr. Mukund M. Modi (DIN: 02244980) be and is hereby appointed as an Independent Director of the Company, for a period of 5 (five) years with effect from conclusion of this Annual General Meeting, to hold office as such upto September 29, 2021 who shall not be liable to retire by rotation.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary to give effect to the above resolution.”

5. **Appointment of Mr. Dhaval V. Gada as an Independent Director of the Company:**

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Sections 152, 149 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and in accordance with the provisions of Articles of Association of the Company and as per proposal of candidature received alongwith the requisite deposit from a member under Section 160 of Companies Act, 2013, Mr. Dhaval V. Gada (DIN:05340458) be and is hereby appointed as an Independent Director of the Company for a period of 5 (five) years with effect from conclusion of this Annual General Meeting, to hold office as such upto

September 29, 2021 who shall not be liable to retire by rotation.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary to give effect to the above resolution."

**6. Appointment of Mrs. Lata T. Mehta as an Independent Director of the Company:**

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 152, 149 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), and in accordance with the provisions of Articles of Association of the Company, and as per proposal of candidature received alongwith the requisite deposit from a member under Section 160 of Companies Act, 2013 Mrs. Lata T. Mehta (DIN: 02027592) be and is hereby appointed as an Independent

Director of the Company for a period of 5 (five) years with effect from conclusion of this Annual General Meeting, to hold office as such upto September 29, 2021 who shall not be liable to retire by rotation.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary to give effect to the above resolution."

**By Order of the Board of Directors**

**Pratik Shah**  
**Chairman & Whole Time Director**  
**DIN 01049516**

**Place: Mumbai**  
**Date: August 26, 2016**

**Registered Office:**  
 208, Sangam Arcade,  
 Vallabhbhair Road,  
 Opp. Railway Station,  
 Vile Parle (West),  
 Mumbai - 400 056

**NOTES:**

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE, IN CASE OF POLL ONLY, ON HIS/HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES, IN ORDER TO BE VALID, SHOULD BE DULY COMPLETED, STAMPED AND SIGNED AND MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.** A person can act on behalf of member(s) not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights provided that a member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other member.
2. Members / Proxies are requested to bring duly filled in Attendance slip along with the Annual

Report at the Annual General Meeting (AGM). Corporate members are requested to send duly certified copy of the Board Resolution pursuant to Section 113 of the Companies Act, 2013 authorizing their representative to attend and vote at the AGM.

3. The Statement pursuant to Section 102 of the Companies Act, 2013, in respect of Special Business is annexed hereto and forms part of the Notice.
4. Brief resume of Directors proposed to be appointed at the ensuing AGM in terms of Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards is annexed to the Notice. The Company is in receipt of relevant disclosures / consents from the Directors pertaining to their appointment / re-appointment.
5. The Register of Directors' and Key Managerial Personnel and their Shareholding maintained under Section 170 and the Register of

Contracts or Arrangement in which Directors are interested maintained under Section 189 of the Companies Act, 2013 will be open for inspection by the members during the AGM.

6. Members holding shares in physical form are requested to notify immediately any change in their address or bank mandates to the Company / Registrar and Share Transfer Agent (RTA) quoting their Folio Number and Bank Account Details along with self-attested documentary proofs. Members holding shares in electronic form may update such details with their respective Depository Participants.
7. In case of joint holders attending the meeting, the joint holder with highest, in order of names will be entitled to vote.
8. Members are requested to forward all share transfers and other communications to the RTA of the Company at M/s. Link Intime India Private Limited, Unit: Euro Ceramics Limited at C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai-400078 and are further requested to always quote their Folio Number in all correspondences with the Company.
9. Members desirous of obtaining any information about the accounts and operations of the Company are requested to address their queries to the Compliance Officer at the registered office of the Company at least ten days in advance of the Meeting to enable the Company to provide the required information.
10. Members having multiple folios in identical names or in joint names in the same order are requested to send the share certificate(s) to the Company's Registrar and Share Transfer Agents, M/s. Link Intime India Private Limited for consolidation of all such shareholding into one folio to facilitate better services.
11. Pursuant to Regulation 42 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Register of Members and Share Transfer Books of the Company will remain closed from September 23, 2016, to September 30, 2016 (both days inclusive).
12. Members are requested to bring their original photo ID (like PAN Card, Aadhar Card, Voting Card, etc, having photo identity) while attending the meeting.
13. The Securities and Exchange Board of India

has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are therefore requested to submit their respective PAN details to their respective Depository Participants with whom they have their demat account(s). Members holding shares in physical form can submit their PAN details to the Registrars & Share Transfer Agents of the Company – M/s. Link Intime India Private Limited.

14. Non Resident Indian members are requested to inform the Company's Registrar & Share Transfer Agents, immediately of any change in their residential status on return to India for permanent settlement, their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code, if the details are not furnished earlier.
15. To comply with the provision of Section 88 of the Companies Act, 2013 read with Rule 3 of the Companies (Management and Administration) Rules, 2014, the Company is required to update its database by incorporating some additional details of its members in its records .

Members are thus requested to kindly submit their e-mail ID and other details vide the e-mail updation form attached in this Annual Report. The same could be done by filling up and signing at the appropriate place in the said form and by returning this letter by post.

The e-mail ID provided shall be updated subject to successful verification of their signatures as per record available with the RTA of the Company.

16. Route Map for the venue of the ensuing AGM of the Company is appearing at the end of the Annual Report.

#### **17. E-Voting Process:**

In compliance with provisions of Section 108 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014, and Regulation 44 of SEBI (Listing Obligations & Disclosures Requirements) Regulations, 2015 the Company is pleased to offer remote e-voting facility to its members to cast their votes electronically on all the resolutions set forth in the Notice convening the 14<sup>th</sup> AGM to be held on Friday, September 30, 2016

through e-Voting Services provided by Central Depository Services (India) Limited (CDSL). The members shall refer to the detailed procedures on e-voting mentioned hereinafter.

The facility for voting, either through ballot / polling paper shall also be made available at the venue of the 14<sup>th</sup> AGM. The members who have already cast their vote through remote e-voting may attend the meeting but shall not be entitled to cast their vote again at the AGM.

The Company has appointed M/s. Manish Ghia & Associates, Company Secretaries, Mumbai as the Scrutinizer for conducting the remote e-voting and the voting process at the AGM in a fair and transparent manner. E-voting is optional. In terms of requirements of the Companies Act, 2013 and the relevant Rules, the Company has fixed Friday September 23, 2016 as the 'Cut-off Date'. The remote e-voting /voting rights of the shareholders/ beneficial owners shall be reckoned on the equity shares held by them as on the Cut-off Date i.e. September 23, 2016 only.

18. The remote e-voting period will commence on Tuesday September 27, 2016 (09:00 am) and ends on Thursday September 29, 2016 (05:00 pm). During e-voting period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) i.e. September 23, 2016, may cast their votes electronically. The remote e-voting module shall be disabled by CDSL for voting after 05.00 pm on September 29, 2016. Once the vote on a resolution is cast by the shareholder, he shall not be allowed to change it subsequently.

The e-voting facility is available at the link [www.evotingindia.com](http://www.evotingindia.com)

**(A) Procedure/ Instructions for e-voting are as under:**

- i. Open the web browser during the voting period and log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- ii. Now click on "Shareholders" to cast votes.
- iii. Now Enter User ID
  - For CDSL: 16 digits beneficiary ID,
  - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - Members holding shares in Physical Form should enter Folio Number registered with the Company.

- iv. Next enter the Image Verification as displayed and Click on Login.
- v. If members are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then their existing password is to be used.
- vi. If any members is a first time user follow the steps given below:

**For Members holding shares in Demat Form and Physical Form**

<b>PAN</b>	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company / Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number demat account/folio number in the PAN field. (sequence number is printed in address sticker)</li> <li>• In case the sequence number/ folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number/folio number 100 then enter RA00000100 in the PAN field.</li> </ul>
<b>Dividend Bank Details</b> <b>OR Date of Birth (DOB)</b>	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in the demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>• If the details are not recorded with the depository or company please enter the member's DP ID / Client ID / Folio number in the Dividend Bank details field as mentioned in instruction (iii) above.</li> </ul>

- vii. After entering these details appropriately, click on "SUBMIT" tab.

- viii. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in



demat form will now reach 'Password Creation' menu wherein they are required to mandatorily change their password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- ix. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- x. Members can also update their mobile number and e-mail ID in the user profile details of the folio which may be used for sending communication(s) regarding CDSL e-voting system in future. The same may be used in case the Member forgets the password same needs to be reset.
- xi. Click on the EVSN for '**Euro Ceramics Limited**' on which the members choose to vote.
- xii. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that the member assents to the Resolution and option NO implies that member dissent to the Resolution.
- xiii. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire AGM Notice.
- xiv. After selecting the resolution, members have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If they wish to confirm their vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xv. Once members "CONFIRM" their vote on the resolution, they will not be allowed to modify their vote.
- xvi. Members can also take out print of the voting done by them by clicking on "Click here to print" option on the Voting page.
- xvii. If a Demat account holder has forgotten the login password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by

the system.

- xviii. Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

- xix. Note for Institutional Shareholders and Custodians:

- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)
- After receiving the login details, a Compliance user should be created using the admin login and password. The Compliance User would be able to link the account(s) which they wish to vote on.
- The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

These details and instructions form an integral part of the Notice for the 14<sup>th</sup> AGM to be held on Friday, September 30, 2016.

#### **(B) General:**

- i. In case of any queries regarding e-voting you may refer to the Frequently Asked Questions ('FAQs') and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under 'HELP' or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)



- ii. The voting rights of the members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date of September 23, 2016.
- iii. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. September 23, 2016, may obtain the login ID and password by sending a request at [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)
- iv. However, if members are already registered with CDSL for remote e-voting then they can use their existing user ID and password for casting vote. If they forgot their password, they can reset it by using "Forgot User Details/Password" option available on [www.evotingindia.com](http://www.evotingindia.com)
- v. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- vi. The facility of voting through polling papers shall also be made available at the venue of the 14th AGM for all those members who are present at the AGM but have not cast their votes by availing the remote e- voting facility.
- vii. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- viii. In case, shareholders cast their vote through both remote e-voting and voting through polling paper, then vote casted through remote e-voting shall be considered and vote cast through polling paper shall be treated as invalid.
- ix. M/s. Manish Ghia & Associates, Company Secretaries, Mumbai has been appointed as Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- x. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Ballot Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- xi. The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall submit, not later than 48 hours of the conclusion of the AGM, a Consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- xii. The Results declared along with the Consolidated Report of the Scrutinizer shall be placed on the Company's website [www.eurovittrified.com](http://www.eurovittrified.com) and on the website of CDSL [www.evotingindia.com](http://www.evotingindia.com) immediately after the declaration of the result by the Chairman or a person authorized by him in writing. The results will also be immediately forwarded to the BSE Limited and National Stock Exchange of India Limited and the same will be available on the website of [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com)
- xiii. The Notice of 14th Annual General Meeting and instructions for remote e-voting, along with the Attendance Slip and Proxy Form, are being sent by electronic mode to all members whose email addresses are registered with the Company/Depository Participant(s) unless a member has requested for hard copy of the same. For members who have not registered their email addresses, physical copies of the aforesaid documents are being sent by courier.

**In pursuance of the Regulation 36(3) of SEBI (Listing Obligations and Disclosure**

**Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS2) issued by The Institute of Company Secretaries of India (ICSI) details of Director seeking appointment at the ensuing Annual General Meeting are as follows:**

Particulars	Mr. Viral T. Nandu	Mr. Mukund M. Modi	Mr. Dhaval V. Gada	Mrs. Lata T. Mehta
Date of Birth (Age)	January 4, 1985 (31)	January 23, 1954 (62)	July 17, 1989 (27)	March 3, 1968 (48)
DIN	01767620	02244980	05340458	02027592
Nationality	Indian	Indian	Indian	Indian
Date of appointment on the Board	NA	NA	NA	NA
Designation	Director	Independent Director	Independent Director	Independent Director
Qualifications	B Com, FMBA	S.S.C.	B. Com.	H.S.C.
Expertise and Experience in functional area	Experience of more than 12 years in Marketing	Work as social worker with various NGO since last 15 years	Experience of more than 5 years in Accounts & Aluminum Trade Business	Experience of more than 15 years in Retail Business
Number of shares held in the Company	Nil	Nil	Nil	Nil
Directorships held in other Companies	Nil	Nil	Uroneel India Private Limited	Vivazo Enterprises Private Limited
Chairman/Member of the Committees of other Companies	Nil	Nil	Nil	Nil
Relationship with existing Directors and Key Managerial Personnel of the company	-	-	-	-
Number of Board Meeting attended during 2015-16	NA	NA	NA	NA
Remuneration last drawn	₹6,00,000 p.a.	NA	NA	NA

## STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

### ITEM NO. 3 OF THE ACCOMPANYING NOTICE

Mr. Viral Nandu, has been associated as a Vice President-Sanitary Ware Division of the Company since 2007. Mr. Viral Nandu is having an Experience of more than 12 years in Marketing of Marble and Sanitary Ware products.

Brief resume of Mr. Viral Nandu pursuant to Regulation 36(3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS2) issued by The Institute of Company Secretaries of India (ICSI) is forming part of the Notice of 14th AGM of the Company.

The Company has received a proposal of candidature from a member of the Company along with the requisite deposit pursuant to Section 160 of the Companies Act, 2013 for appointment of Mr. Viral Nandu as Director of the Company w.e.f. conclusion of this AGM, who shall be liable to retire by rotation.

None of the Directors and Key Managerial Personnel of your Company or their relatives is concerned or interested in the aforesaid resolution.

**ITEM NO. 4, 5 & 6 OF THE ACCOMPANYING NOTICE**

Mr. Mukund Modi is associated with various NGO's and he is involved in various social activities, Mr. Dhaval V. Gada is having experience in accounts and aluminium trading business. Mrs. Lata T. Mehta is having rich experience in retail business and has varied marketing skills.

In terms of the provisions of Section 149 and 152 of the Companies Act, 2013, an Independent Director of a Company can be appointed for a term of 5 consecutive years and he shall not be liable to retire by rotation.

The Company has received proposals of candidatures from a member of the Company along with the requisite deposit pursuant to Section 160 of the Companies Act, 2013 for appointment of Mr. Mukund Modi, Mr. Dhaval V. Gada and Mrs. Lata T. Mehta as Independent Directors of the Company for a term of 5 (five) consecutive years w.e.f. conclusion of this AGM, who shall not be liable to retire by rotation.

Mr. Mukund Modi, Mr. Dhaval V. Gada and Mrs. Lata T. Mehta have given the requisite declarations pursuant to Section 149(7) of the Companies Act, 2013 to the effect that they meets the criteria of independence as provided in Section 149 (6) of the Companies Act, 2013 and have consented to act as Independent Directors of the Company.

Brief resume of Mr. Mukund Modi, Mr. Dhaval V. Gada and Mrs. Lata T. Mehta pursuant to Regulation 36(3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS2) issued by The Institute of Company Secretaries of India (ICSI) is forming part of the Notice of 14th AGM of the Company.

Considering the expertise and experience of Mr. Mukund Modi, Mr. Dhaval V. Gada and Mrs. Lata T. Mehta the members considered it justifiable to appoint them as Independent Directors in the interest of the Company at large.

None of the Directors and Key Managerial Personnel of your Company or their relatives is concerned or interested in the aforesaid resolutions.

**By Order of the Board of Directors**

**Place: Mumbai**  
**Date: August 26, 2016**

**Pratik Shah**  
**Chairman & Whole Time Director**  
**DIN 01049516**

**Registered Office:**  
208, Sangam Arcade,  
Vallabhbhai Road,  
Opp. Railway Station,  
Vile Parle (West),  
Mumbai – 400 056

**BOARD'S REPORT**

To  
The Members,  
**Euro Ceramics Limited**

Your Directors hereby presents the Fourteenth Annual Report together with the Audited Financial Statements of the Company for the financial year ended March 31, 2016.

**1. FINANCIAL HIGHLIGHTS:**

(₹ in Lakhs)

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
<b>Revenue from operations</b>	5,597.66	4,971.09
Other Income	168.56	271.09
<b>Total Income</b>	<b>5,766.22</b>	<b>5,242.18</b>
Less: Total Expenditure	5,745.01	4,940.93
<b>Earnings Before Interest, Depreciation and Tax</b>	<b>21.21</b>	<b>301.25</b>
Less : Interest and other finance expenses	76.30	69.95
Less: Depreciation	2,696.12	2,882.80
<b>Profit/(Loss) Before Tax and Extraordinary Item</b>	<b>(2,751.22)</b>	<b>(2,651.50)</b>
Less: Extraordinary Item	-	3,552.17
Profit/(Loss) Before Tax	(2,751.22)	(6,203.67)
Less: Deferred Tax	(1,523.92)	-
<b>Net Profit/(Loss) After Tax</b>	<b>(1,227.30)</b>	<b>(6,203.67)</b>
Add: Balance Brought forward from the previous year	(25,110.66)	(18,906.99)
<b>Balance Carried forward to Balance Sheet</b>	<b>(26,337.96)</b>	<b>(25,110.66)</b>

**2. FINANCIAL REVIEW:**

Turnover of the Company during the year is increased by ₹626.57 Lakhs, compared to previous year, achieving a growth of 12.60%.

The Loss before tax for the year is increased by ₹ 99.71 Lakhs compared to previous year, due to fixed cost burden and low margins in the business.

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

**3. OPERATIONAL REVIEW:****a. Tiles Division, Aluminium Extruded Section and Realty Division:**

The Company's vitrified tiles plant, wall tiles plant and Aluminium Extruded Sections plants were continued to be in-operative during the year under review due to working capital shortages and did not generated any revenue except for sale of old stock in hand.

There was no business in the Realty Division during the year.

**b. Calcareous Tiles/Marble Division :**

Marble division contributed around 43% in the total revenue. The operating capacity utilisation was around 11%. Due to working capital shortages, utilisation in this division was low.

**c. Sanitaryware Divisions:**

Sanitaryware Division has performed better compared to previous year, contributing turnover of ₹ 3,081.12 Lakhs during the year, higher by 25.34%. The capacity utilisation was around 53%, recording an improvement of around 5% over previous year.

**4. SHARE CAPITAL:**

There was no change in share capital of the Company during the year 2015-16.

**5. DIVIDEND:**

In view of losses during the year under review, your Directors do not recommend any dividend for the financial year 2015-16.

**6. PUBLIC DEPOSITS:**

During the year under review, the Company has not accepted any deposits within the meaning of Section 73 and 76 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014.

**7. LISTING OF SHARES:**

The Equity shares of the Company are listed on National Stock Exchange of India Limited (NSE) and BSE Limited (BSE). The Listing fees for the year 2015-16 have already been paid to BSE and NSE. During the year under review the Company received Listing approval of 51,59,705 Equity Shares of ₹10/- each arising on conversion of Compulsorily Convertible Debentures issued on Preferential basis pursuant to CDR scheme approved by the CDR Cell.

**8. REFERENCE TO BIFR:**

The Company on the basis of the audited accounts for the financial year ended as on March 31, 2013, and being mandatory, filed the reference U/s 15(1) of Sick Industrial Companies (Special Provisions) Act, 1985 before the Hon'ble Board for Industrial & Financial Reconstruction (BIFR). The above reference has duly been registered by the Registrar of Hon'ble BIFR and hearings of which are in the process for determination of sickness of the Company

**9. ACTION AGAINST THE COMPANY BY THE BANKS UNDER SECURITIZATION AND RECONSTRUCTION OF FINANCIAL ASSETS AND ENFORCEMENT OF SECURITY INTEREST ACT, 2002 (SARFAESI) AND THE RECOVERY OF DEBTS DUE TO THE BANKS AND FINANCIAL INSTITUTION ACT, 1993.**

The Company has been incurring losses since F.Y.2011-12 which has resulted in erosion of its net worth and depletion in its working capital. Eventually there were defaults in the repayment of obligations to banks and the relevant loan accounts

- Term Loans, Cash Credits and other Non-Fund Based Credits, have been classified as Non Performing Assets by the Lenders. Consequently, the Lenders have called-off their advances and issued notice to the Company for recovery of their dues under Section 19 of Recovery of Debts (DRT) and under Section 13(2) of the Securitization & Reconstruction of Financial Assets & Enforcement of Security (Second) Interest (SARFAESI) Act, 2002. Some of the lenders have taken symbolic possession of the secured assets of the Company under Section 13(4) of the SARFAESI Act, 2002 and rules thereunder. However, no order has been passed against the Company in the said matters.

Your Company is in the process of challenging the legality and validity of these notices and action of lenders and is in consultation with its legal advisors to take appropriate steps as may be advised by the legal advisors to protect your Company's interests.

**10. EXTRACT OF ANNUAL RETURN:**

An extract of Annual Return in Form MGT 9 is appended to this Report as **Annexure I**.

**11. HOLDING SUBSIDIARY, JOINT VENTURE & ASSOCIATE COMPANY:**

Euro Merchandise (India) Limited is a Wholly-owned Subsidiary of the Company. The Company does not have any Holding, Joint Venture or Associate Company. Pursuant to provisions of Section 129(3) of the Companies Act, 2013, a statement containing salient features of the financial statements of the Wholly-owned subsidiary in Form AOC-1 is enclosed as Annexure to the Financial Statements provided in this Annual Report.

**12. DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

Mr. Mahendra Vrajilal Modi, Independent Director expired on January 31, 2016 and accordingly ceased to be a Director of the Company. The Board expresses its appreciation for his valuable guidance as an Independent Director of the Company.

The tenure of Mr. Nenshi L Shah as Managing Director of the Company expired on November 30, 2015 and is not eligible for being re-appointed as such under Section 164(2)(b) of the Companies Act, 2013. However, he continued as Non-Executive Director of the Company. Mr. Nenshi L Shah, Chairman and Non-Executive Director of the Company resigned from the Directorship with effect from February 12, 2016 and was appointed as Chief Executive Officer (CEO) of the Company with effect from February 22, 2016 pursuant to the provisions of Section 203 of the Companies Act, 2013.

Mr. Pratik Kumar Shah, Whole-time Director of the Company was appointed as the Chairman of the Company with effect from February 12, 2016.

The Company has received declaration from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under Section 149(6) of the Companies Act, 2013 and Clause 49 of erstwhile Listing Agreement read with Regulation 16(1) (b) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (herein after referred as "Listing Regulations")

### 13. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the provisions of Section 134(3)(c) of the Companies Act, 2013, your Directors confirm that:

- a. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b. 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 March 31, 2016 and of the loss of the company for that period;
- c. 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;

- d. they have prepared the annual accounts on a going concern basis;
- e. they have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- f. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### 14. MEETINGS OF THE BOARD:

During the year under review, the Board met 4 (four) times, details of which are given in the Report on Corporate Governance. The intervening gap between the two consecutive meetings was within the period prescribed under the Companies Act, 2013.

### 15. PERFORMANCE EVALUATION:

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 of the Listing Regulations a formal annual evaluation needs to be made by the Board of its own performance and that of its Committees and individual Directors. Schedule IV of the Companies Act, 2013 states that the performance evaluation of the independent directors shall be done by the entire Board of Directors excluding the Director being evaluated. The Board works with the Nomination and Remuneration Committee to lay down the evaluation criteria. The evaluation framework for assessing the performance of Directors comprises of the following key areas:

- i. Attendance at the Meetings of the Board and Committee;

- ii. Quality of contribution to Board deliberations;
- iii. Strategic perspectives or inputs regarding future growth of Company and its performance;
- iv. Providing perspectives and feedback going beyond information provided by the management.
- v. Ability to contribute to and monitor corporate governance practices

During the year under review, the Nomination and Remuneration Committee reviewed the performance of all the executive and non-executive directors. The Board has carried out an evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee of the Company. The Board has devised questionnaire to evaluate the performances of each of Executive, Non-Executive and Independent Directors. Such questions are prepared considering the business of the Company and the expectations that the Board have from each of the Directors.

A separate meeting of the Independent Directors was held for evaluation of performance of non-independent Directors, performance of the Board as a whole and performance of the Chairman of the Company.

#### 16. COMMITTEES OF THE BOARD:

Subsequent to the changes in the Board of Directors during the year under review, the Board re-constituted some of its Committees in accordance with the Companies Act, 2013 and Listing Regulations. There are currently three Committees of the Board, as follows:

- a. Audit Committee
- b. Stakeholders' Relationship Committee
- c. Nomination and Remuneration Committee

Details of all the Committees along with their charters, composition and meetings held during

the year, are provided in the "Report on Corporate Governance" which forms part of this Annual Report.

#### 17. AUDIT COMMITTEE AND ITS COMPOSITION:

The Audit Committee of the Company reviews the reports to be submitted with the Board of Directors with respect to auditing and accounting matters. It also supervises the Company's internal control and financial reporting process.

The Audit Committee is duly constituted as per the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations. As on March 31, 2016, the Audit Committee comprised of Mr. Karan Rajput, Mr. Amit Nandu and Mrs. Usha Kotian, Independent Directors and Mr. Pratik Shah, Chairman and Whole Time Director of the Company.

Mr. Karan Rajput, Independent Director is the Chairman of Audit Committee of the Company. The Compliance Officer of the Company act as Secretary to the Committee.

#### 18. STATUTORY AUDITORS:

M/s. Deepak Maru & Co., Chartered Accountants, Mumbai (FRN: 115678W), the Statutory Auditors of the Company, holds office as such upto the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received a letter from them regarding their willingness to continue as Statutory Auditors of the Company. The Company has also received a certificate from them to the effect that their re-appointment, if made, would be in compliance with the conditions as prescribed under Section 139 of the Companies Act, 2013 and they satisfy the criteria as provided under Section 141 of the Act.

Your Directors recommend the re-appointment of M/s. Deepak Maru & Co., Chartered Accountants, Mumbai as the Statutory Auditors of the Company to hold office from the conclusion of the ensuing Annual General Meeting until the conclusion of



next Annual General Meeting to audit financial statements of the Company for the financial year 2016-17.

## 19. AUDITORS' REMARKS:

With reference to the observations made by the Statutory Auditors in their Standalone and Consolidated Report on the Audited Financial Statements for the year ended March 31, 2016, your Directors hereby reply as under:

- I. **The financial statement have been prepared on a "going concern" basis, inspite the fact that the Company's financial facilities/arrangements have expired and the same are overdue for repayment and the networth of the Company fully eroded and the lenders and creditors have initiated legal proceedings against the Company for recovery.**

Your Directors hereby state that the Company is operational and Manufacturing Marble and Sanitaryware Products and employed more than 200 manpower. The Company is also making serious efforts in negotiating with the banks and resolving the issues with banks. The management has taken and been taking all diligent steps under legal advice, to defend the Company in all the litigation. Considering the ample opportunities in the market and growth drivers for the industry per say, your Directors are optimistic about the turnaround of the Company with the infusion of the long term funds and with support of the lenders. The Company can derive a comprehensive package under BIFR for the secured and unsecured lenders with potential future earning plans, for resolution of its debts.

- II. **The Company has not provided for interest on financing facilities amounting to ₹10,250.96 Lakhs (as per audited standalone accounts) and ₹10,674.15 Lakhs (as per audited consolidated accounts) for the year**

**ending March 31, 2016. Had the same been provided, the loss for the year ending March 31, 2016, would have increased by ₹10,250.96 Lakhs (as per audited standalone accounts) and ₹10,674.15 Lakhs (as per audited consolidated accounts). The corresponding liabilities would also have increased by ₹10,250.96 Lakhs (as per audited standalone accounts) and ₹10,674.15 Lakhs (as per audited consolidated accounts) as at March 31, 2016.**

The Company on the basis of registration filed u/s. 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985, before the Hon'ble Board for Industrial & Financial Reconstruction, and the hearings for which are in process for determination of sickness of the Company and on the basis of negotiation with the lenders for reduction in interest, rephasing in terms of borrowings etc., has not provided for interest to the tune of ₹10,250.96 Lakhs (as per audited standalone accounts) and ₹10,674.15 Lakhs (as per audited consolidated accounts) (calculated based on last sanction letters in hand) on financing facilities, for the year ending March 31, 2016.

- III. **The Company has not provided for impairment or diminishing value of its assets/investment as per 'Accounting Standard 28 – Accounting for Impairment of Assets' as notified under the Companies (Accounting Standards) Rules, 2006 read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. The effect of such Impairment or diminishing value has not been quantified by the management and hence the same is not ascertainable.**

The Company has made the provisions for diminution in the value of its investments/assets wherever required. Management has a policy to maintain the assets and keep them

in working condition, so that its value does not get affected in long run. The management is optimistic about realizing the value of its Assets / Investments nearest to its carrying value, and there is no further diminution in the value of its assets/investment other than depreciation / amortization and provided for.

**IV. That financial statement are subject to receipt of confirmation of balances from all of the debtors, loans & advances, investments, banks, sundry creditors and other liabilities. Pending receipt of confirmation of these balances and consequential reconciliations / adjustments, if any, the resultant impact on the financial statements is not ascertainable.**

Your management hereby state that the Company is in the process of obtaining the confirmations from debtors, creditors, lenders and loans advances in routine course of business and have obtained from some of them. The reconciliations are made and the effects have been given in the books of accounts wherever required.

**V. The non-ascertainment of complete particulars of dues to Micro, Small and Medium enterprises, if any under MSMED Act, 2006, and provisions towards interest, if any, is not ascertained at this stage which is not in conformity with para14 of Accounting Standard 29-‘Provision, Contingent Liabilities and Contingent Assets’.**

The Company is in the process of identifying the creditors which are Micro, Small and Medium Enterprises under MSMED Act.

**VI. There has been delay in transferring unclaimed dividend amounting to ₹0.37 Lakhs pertaining to financial year 2007-08 into the Investor Education and Protection Fund, by the Company during the year ended March 31, 2016.**

Your management would like to state that

the delay in transferring the amounts to the Investor Education and Protection Fund was unintentional and due to some technical error.

**VII. In respect of loans, secured or unsecured, granted by the Company to Companies, firms or other parties covered in the register maintained under Section 189 of the Act, there are no stipulations made regarding repayment of principal amount and interest. Hence we are unable to comment as to regularity of repayments of principal and interest amount.**

Your directors hereby state that the Loans and Advances are given in the normal course of business to a firm where your Company is a partner with majority share.

**VIII. The Company has not appropriated within the prescribed period of 365 days from the date of receipt, the amount received by it for the supply of goods / provision of services that were received in normal course of and for the purpose of its business amounting to ₹135.06 Lakhs (as per audited standalone accounts) and ₹167.81 Lakhs (as per audited consolidated accounts). The said amount tantamount to acceptance of deposit within the meaning of Sec 73 to sec.76 of the Companies Act 2013 and the rules framed there under. The Company has not complied with Company's Acceptance of Deposits Rule as provided in sec.73 to 76 of the Companies Act, 2013 to that extent.**

The management hereby state that the advances are received in the normal course of business and the appropriation will be done in the next financial year.

**IX. The Company has given the guarantee for loans taken by its subsidiary from bank. The terms and conditions of the same are not prejudicial to the interest of the Company. The said subsidiary has been continuously incurring losses and its net worth has been**

**fully eroded and there is substantial doubt whether the said subsidiary would be able to repay its liabilities or realize its assets.**

Your directors hereby state that the management of the subsidiary Company is hopeful of reviving its business with the changing economic scenario and is negotiating with the lender for amicable settlement of its dues.

## 20. INTERNAL AUDIT:

The Company has appointed M/s. J H Ghumara & Co. Chartered Accountants, Mumbai, as its Internal Auditor for the financial year 2015-16. The Internal Auditors have given their report on quarterly basis to the Audit Committee.

Based on the report of internal audit function, the Board takes corrective action in the specific areas observed and thereby strengthen the controls.

## 21. SECRETARIAL AUDIT REPORT:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board had appointed M/s. Manish Ghia & Associates, Company Secretaries, Mumbai as the Secretarial Auditors to conduct the Secretarial Audit of the Company for the Financial Year 2015-16. The Report of the Secretarial Auditor is enclosed as Annexure II which forms part of this Report.

With regard to observations made by the Secretarial Auditors' in their Report, your Directors hereby state that:

**a) as required under section 203 of the Act, the company is yet to appoint a Company Secretary;**

The Company is in process of appointment of Whole time Company Secretary.

**b) although the loans/ advances extended by**

**the company under Section 186 of the Act, pertains to the previous financial years, but which are still continuing in the period under review, are interest free in nature and there are no stipulation as to its repayment;**

Your directors hereby state that the Loans and Advances are given in the normal course of business to a firm where your Company is a partner with majority share.

**c) the company has not complied with the provisions of Section 133 of the Act pertaining to Accounting Standards (AS-28) w.r.t Accounting for Impairment of Assets and Accounting Standards (AS-29) Provisions, Contingent Liabilities and Contingent Assets, the brief particulars of which are stated in the Statutory Auditor's Report in "point no 3 & 5" under the heading Basis for Qualified opinion;**

The Company has made the provisions for diminution in the value of its investments/ assets wherever required in compliance of AS-28. Management has a policy to maintain the assets and keep them in working condition, so that its value does not get affected in long run. The management is optimistic about realizing the value of its Assets / Investments nearest to its carrying value, and there is no further diminution in the value of its assets/investment other than depreciation / amortization and provided for.

The Company is in the process of identifying the creditors which are Micro, Small and Medium Enterprises under MSMED Act. The provision for interest to such creditors is not ascertainable at this stage.

**d) the company has not complied with the provisions of Sections 73 to 76 of the Act read with Companies (Acceptance of Deposits) Rules 2014 as the amount received by it for the supply of goods/ provision of services that were received in**

***the normal course of and for the purpose of it's business amounting to ₹ 135.06 Lakhs were not appropriated within the prescribed period of 365 days from the date of such receipt and accordingly the same qualifies as a deposit and the company has not complied with the necessary requirements for such acceptance;***

Your management hereby state that the advances are received in the normal course of business and the appropriation will be done in the next financial year.

- e) in respect of outstanding deposits as at March 31, 2015, the company was required to file Form DPT-3 latest by June 30, 2015 which has not been filed;***
  - f) in respect of unpaid/unclaimed amount of dividend/interest/matured deposits/application money etc., the company is yet to file Form 5INV relevant to the financial year ended March 31, 2015 and also to upload the same on its website; the said Form 5INV is required to be filed within 90 days from the date of Annual General Meeting which was held on September 29, 2015;***
  - g) there has been a delay of 10 days in transferring the unclaimed dividend amount of ₹ 0.37 Lakh pertaining to financial year 2007-08 into Investor Education and Protection Fund;***
- Your management would like to state that the delay in transferring the amounts to the Investor Education and Protection Fund was unintentional and due to some technical error.
- h) non filing of form DIR-9 in respect of default in payment of interest/repayment of deposit relating to financial year 2014-15; on account of the said default the directors of the company at the time of default and continuing on the board on date have incurred disqualification in terms of the***

***provisions of Sec 164(2) of the Act;***

The Company is a Sick Company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and has filed a reference under Section 15 (1) of the said Act, before the Hon'ble Board for Industrial and Financial Construction based on its Audited Financials for the year ended March 31, 2013. The Company's financial position was under stress and consequently defaulted on its obligation to secured lenders and all the lenders have classified the Company's account as Non Performing Assets (NPA). Thus, the Company was not in a position to repay the unsecured deposits as required under the provision of Companies Act, 2013 and hence the Company has filed an application with the Company Law Board on March 31, 2015 for granting extension of time for repayment. The said application is pending before the Company Law Board.

Further, the hearings with the BIFR are under process for determination of sickness of the Company and final scheme of arrangement is yet to be prepared.

In the view of the above, the management is of the opinion that the default in repayment of the deposits are regularised and none of the Directors are disqualified under Section 164 (2) (b) of the Companies Act, 2013. Hence filing of Form DIR 9 is not applicable.

- i) form DIR-12 filed beyond the stipulated time limit of 30 days specified under section 170 of the Act in respect of following:***
  - cessation of Mr. Mahendra Modi from the directorship on account of demise; and***
  - change in designation of Mr. Nenshi Shah to Director on determination of his tenure as Managing Director;***
- j) Mr. Pratik Shah, Whole Time Director of the company who retired by rotation at the Annual General Meeting held on***

***September 29, 2015 was ineligible to seek reappointment by virtue of section 164(2) of the Act and accordingly should have ceased to be director from the date of the Annual General Meeting and such cessation would also entail filing of Form DIR-12;***

- k) the company is yet to file the Annual Return on Foreign Liabilities and Assets as required under Foreign Exchange Management Act, 1999 for the Financial year 2014-15 which was to be filed latest by July 15, 2015***
- l) company has not complied with the following clauses/Regulation of Listing Agreement and LODR:***
  - i) due to the observation mentioned in the sub-para "j" above, the Company was not able to comply with Regulation 17(1) of LODR of having at least one executive director on the Board;***
  - ii) due to the observation mentioned in the sub-para "j" above, the Corporate Governance Report submitted to the Stock Exchanges for the Quarter ended December, 2015 does not reflect the correct position of the composition of the board w.r.t. executive director.***

With regard to paras(j) and (l), your management is of the view that as explained in response to para (h) above, the default in repayment of the deposits are regularised and none of the Directors are disqualified and can continue as a Whole-time Director and hence filing of Form DIR 12 is not applicable. Accordingly, the non-compliance as mentioned under para (l) shall also be not applicable.

Further, the Company is in process of obtaining a legal opinion to confirm, whether the Directors are disqualified under Section 164(2)(b) of the Companies Act, 2013.

Your management would like to state that non-compliance in regards to para no. (e),

(f), (i) and (k) are unintentional and in the absence of Whole time Company Secretary the compliances were missed out inadvertently.

## **22. VIGIL MECHANISM POLICY:**

The Company has adopted a Vigil Mechanism / Whistle Blower Policy to deal with instance of fraud and mismanagement, if any, in accordance with Section 177 of the Companies Act, 2013. The mechanism also provides for adequate safeguards against victimization of directors and employees who avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in the exceptional cases. The details of the Vigil Mechanism Policy is explained in the Report on Corporate Governance and also posted on the website of the Company i.e. [www.eurovitrified.com](http://www.eurovitrified.com). We affirm that during the financial year 2015-16, no employee or Director was denied access to the Audit Committee.

## **23. REMUNERATION POLICY:**

The Board has, on the recommendation of the Nomination and Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and determination of salary of Directors, Senior Management Personnel and any other employees of the Company. The Remuneration Policy is stated in the Report on Corporate Governance.

## **24. PARTICULARS OF REMUNERATION:**

Disclosure with respect to the ratio of remuneration of each Director to the median employees' remuneration as required under Section 197 of the Companies Act, 2013 read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is appended to this Report as **Annexure III**.

During the year under review, no employee was in receipt of remuneration exceeding the limits as prescribed under provisions of Section 197 of the Companies Act, 2013 and Rule 5(2) and 5(3)

of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

## **25. INTERNAL FINANCIAL CONTROL:**

The Company has adopted a formal Internal Financial Control policy during the financial year under review. The Board evaluates the efficacy and adequacy of the financial control system in the Company its compliance with the operation system, accounting procedures at all level and strives to maintain the standard in Internal Financial Control.

## **26. RISKS AND AREAS OF CONCERN:**

The Company has laid down a well-defined Risk Management Policy covering the risk mapping, risk analysis, risk exposure, potential impact and risk mitigation process. A detailed exercise is being carried out to identify, evaluate, manage and monitor both business and non-business risk. The Board periodically reviews the risk and suggest steps to be taken to control and mitigate the same through a properly defined framework.

## **27. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:**

All Related Party Transactions entered during the year were in the ordinary course of business and on arm's length basis. No material related party transactions were entered during the year by your Company. The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website at [www.eurovitrified.com](http://www.eurovitrified.com). Accordingly, the disclosure of related party transactions as required under Section 134(3) of the Companies Act, 2013 in Form AOC-2 is not applicable.

## **28. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:**

The details of loans, guarantees or investments made by your Company under Section 186 of the Companies Act, 2013 during the financial

year 2015-16 are given in the Notes to Financial Statements provided in this Annual Report.

## **29. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE:**

There was no significant or material order passed by any regulator or court or tribunal, which impacts the going concern status of the Company or will have bearing on company's operations in future.

## **30. REPORT ON CORPORATE GOVERNANCE:**

Pursuant to the provisions of Regulation 34 read with Schedule V of the Listing Regulations, the following have been made a part of the Annual Report:

- a. Management Discussion and Analysis
- b. Report on Corporate Governance.
- c. Certificate regarding compliance of conditions of Corporate Governance

## **31. INFORMATION UNDER THE SEXUAL HARRASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:**

The Company has zero tolerance for sexual harassment at workplace and adopted a Policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder. There was no complaint on sexual harassment reported during the year under review.

## **32. PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Details regarding Conservation of Energy,



Technology Absorption, Foreign Exchange Earnings and Outgo are given in **Annexure IV**.

### **33. 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, 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.

#### **By Order of the Board of Directors**

**Pratik K. Shah**

**Chairman & Whole time Director**

**DIN 01049516**

**Usha Kotian**

**Director**

**DIN 07140529**

**Place: Mumbai**

**Date: August 16, 2016**



**Annexures to Board's Report**

**Annexure I**  
**Form No. MGT-9**  
**Extract of Annual Return**  
(As on the financial year ended March 31, 2016)

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies  
(Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS**

1.	CIN	L26914MH2002PLC135548
2.	Registration Date	April 16, 2002
3.	Name of the Company	Euro Ceramics Limited
4.	Category/Sub-Category of the Company	Non-Government Company limited by shares
5.	Address of the Registered office and contact details	208, Sangam Arcade, Vallabhnbhai Road, Opp. Railway Station, Vile Parle (West), Mumbai, Maharashtra - 400056 Phone: 022 - 40194019, Fax: 022- 40194020 Email: sales@eurocl.com Website: <a href="http://www.eurovitrified.com">www.eurovitrified.com</a>
6.	Whether listed Company (Yes/No)	Yes
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	<b>Link Intime India Pvt. Ltd</b> C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai, Maharashtra - 400078 Phone: 022 – 25946970 / 78, 25963838, 25960320 Fax: 022 - 25946969, 25960329 Website: <a href="http://www.linkintime.co.in">www.linkintime.co.in</a>

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product	% to total turnover of the company
1.	Sanitary ware	2392	55.06
2.	Marble	2395/2396	43.67
3.	Other	NA	1.27

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sr. No.	Name and address of the Company	CIN/GLN	Holding Subsidiary/ Associate	% of shares	Applicable Section
1	M/s. Euro Merchandise (India) Limited Address: 208, Sangam Arcade, Vallabhnbhai Road, Opp. Railway Station, Vile Parle (West), Mumbai, Maharashtra-400056	U51420MH2004PLC145654	Subsidiary	100%	2(87)(ii)

## IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

## i. Category-wise Share Holding

Category of shareholders		No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters										
1. Indian										
a)	Individual/ HUF	7504557	0	7504557	22.24	3541452	0	3541452	10.50	(11.74)
b)	Central Govt.	0	0	0	0	0	0	0	0	0
c)	State Govt.	0	0	0	0	0	0	0	0	0
d)	Bodies Corp.	0	0	0	0	0	0	0	0	0
e)	Bank/ FI	0	0	0	0	0	0	0	0	0
f)	Any Other	0	0	0	0	0	0	0	0	0
Sub-total(A) (1):-		7504557	0	7504557	22.24	3541452	0	3541452	10.50	(11.74)
2. Foreign										
a)	NRI- Individual	0	0	0	0	0	0	0	0	0
b)	Other Individuals	0	0	0	0	0	0	0	0	0
c)	Body Corporate	0	0	0	0	0	0	0	0	0
d)	Bank/ FI	0	0	0	0	0	0	0	0	0
e)	Any Others	0	0	0	0	0	0	0	0	0
Sub-total(A) (2):-		0	0	0	0	0	0	0	0	0
Total Share Holders of Promoters (A)=(A1+A2)		7504557	0	7504557	22.24	3541452	0	3541452	10.50	(11.74)
B. Public Shareholding										
1. Institutions										
a)	Mutual Funds	0	0	0	0	0	0	0	0	0
b)	Bank/FI	4784000	5159705	9943705	29.47	4694388	0	4694388	13.91	(15.56)
c)	Central Govt.	0	0	0	0	0	0	0	0	0
d)	State Govt.	0	0	0	0	0	0	0	0	0
e)	Venture Capital	0	0	0	0	0	0	0	0	0
f)	Insurance Co.	0	0	0	0	0	0	0	0	0
g)	FIIs & QFI	0	0	0	0	0	0	0	0	0
h)	Foreign Venture Capital Fund	0	0	0	0	0	0	0	0	0
i)	Others	0	0	0	0	0	0	0	0	0
i-a)	Foregin Portfolio Investor	0	0	0	0	0	0	0	0	0
i-b)	Trusts	0	0	0	0	0	0	0	0	0
Sub- Total –B(1)		4784000	5159705	9943705	29.47	4694388	0	4694388	13.91	(15.56)

Category of shareholders		No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non Institutions										
a)	Bodies Corporate	1491746	0	1491746	4.42	6129485	0	6129485	18.17	13.75
b) Individual										
i)	Individual shareholders holding nominal share capital upto ₹ 1 lakh	2226172	23	2226195	6.60	3957172	23	3957195	11.72	5.13
ii)	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	9074987	0	9074987	26.90	11062180	0	11062180	32.79	5.89
c) Others (Specify)										
c-i)	Hindu Undivided Family	0	0	0	0	565084	0	565084	1.67	1.67
c-ii)	NRI (Non Repat.)	11959	0	11959	0.04	10260	0	10260	0.03	0.01
c-iii)	NRI (Repat.)	829620	2477579	3307199	9.80	907536	2477579	3385115	10.03	0.23
c-iv)	Clearing Member	177369	0	177369	0.53	392558	0	392558	1.16	0.64
	Sub-total B (2)	13811853	2477602	16289455	48.28	23024275	2477602	25501877	75.59	27.31
Total Public Shareholding (B)=( B1+B2)		18535853	7637307	26233160	77.76	27718663	2477602	30196265	89.50	11.75
C. Shares held by Custodians for GDR's and ADRs		0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)		26100410	7637307	33737717	100.00	31260115	2477602	33737717	100.00	

## ii. Shareholding of Promoters and Promoters group:

Sr. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in shareholding during the year
		No. of Shares	% of total shares of the company	% of shares Pledged/ encumbered to total shares	No. of Shares	% of total shares of the company	% of shares Pledged/ encumbered to total shares	
1	Mr. Nitesh Panchalal Shah	790000	2.34	100	790000	2.34	100	0
2	Mrs. Kasturben Talakshi	740000	2.19	100	740000	2.19	100	0
3	Mrs. Urmi Paresh Shah	460000	1.36	100	460000	1.36	100	0
4	Mr. Nenshi L Shah	1485440	4.40	100	371360	1.1	100	(3.3)
5	Mr. Talakshi Lakhamshi Nandu	1423760	4.22	100	304790	0.90	100	(3.32)
6	Mr. Paresh Kanji Shah	1183360	3.51	100	295840	0.88	100	(2.63)
7	Mr. Kumar Panchalal Shah	1123380	3.33	100	280845	0.83	100	(2.50)
8	Mr. Pratik Kumar Shah	161060	0.48	100	161060	0.48	100	0
9	Lalajibhai Khirabhai Shah – HUF	137047	0.41	100	137047	0.41	100	0
10	Mrs. Minal Paragbhai Shah	200	0.00	0	200	0.00	0	0
11	Mr. Anish Kumar Shah	100	0.00	0	100	0.00	0	0
12	Mr. Mahek Harish Shah	100	0.00	0	100	0.00	0	0
13	Mr. Pinank Nenshi Shah	100	0.00	0	100	0.00	0	0
14	Mrs. Gunvantiben N Shah	10	0.00	0	10	0.00	0	0
	<b>Total</b>	<b>7504557</b>	<b>22.24</b>	<b>100</b>	<b>3541452</b>	<b>10.50</b>	<b>100</b>	<b>(11.74)</b>

## iii. Change in Promoters' Shareholding:

Sr. No.	Promoters' Name		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	<b>Mr. Nenshi Ladhahbhai Shah</b>					
A	At the beginning of year		1485440	4.40	-	-
B	Changes during the year					
	Date	Reason				
	05.01.2016	Pledge invoked by the Bank	(1114080)	(3.30)	371360	1.10
C	At the end of year		-	-	371360	1.10

<b>2.</b>	<b>Mr. Talakshi Lakhamshi Nandu</b>				
A	At the beginning of year	1423760	4.22	-	-
B	Changes during the year				
	Date	Reason			
	05.01.2016	Pledge invoked by the Bank	(1118970)	(3.32)	304790
C	At the end of year	-	-	304790	0.90
<b>3</b>	<b>Mr. Paresh Kanji Shah</b>				
A	At the beginning of year	1183360	3.51	-	-
B	Changes during the year				
	Date	Reason			
	05.01.2016	Pledge invoked by the Bank	(887520)	(2.63)	295840
C	At the end of year	-	-	295840	0.88
<b>4</b>	<b>Mr. Kumar Panchalal Shah</b>				
A	At the beginning of year	1123380	3.33	-	-
B	Changes during the year				
	Date	Reason			
	04.09.2015	Pledge invoked by the Bank	(842535)	(2.50)	280845
C	At the end of year	-	-	280845	0.83
<b>5</b>	<b>Mr. Nitesh Panchalal Shah</b>				
A	At the beginning of year	790000	2.34	-	-
B	Changes during the year	No change during the year			
C	At the end of year	-	-	790000	2.34
<b>6</b>	<b>Mrs. Kasturben Talakshi Nandu</b>				
A	At the beginning of year	740000	2.19	-	-
B	Changes during the year	No change during the year			
C	At the end of year	-	-	740000	2.19
<b>7</b>	<b>Mrs. Urmi Paresh Shah</b>				
A	At the beginning of year	460000	1.36	-	-
B	Change during the year	No change during the year			
C	At the end of year	-	-	460000	1.36
<b>8</b>	<b>Mr. Pratik Kumar Shah</b>				
A	At the beginning of year	161060	0.48	-	-
B	Change during the year	No change during the year			
C	At the end of year	-	-	161060	0.48

9	LaljiKhirabhai Shah – HUF				
A	At the beginning of year	137047	0.41	-	-
B	Change during the year	No change during the year			
C	At the end of year	-	-	137047	0.41
10	Mr. Anish Kumar Shah				
A	At the beginning of year	100	0.00	-	-
B	Changes during the year	No change during the year			
C	At the end of year	-	-	100	0.00
11	Mr. Mahek Harish Shah				
A	At the beginning of year	100	0.00	-	-
B	Change during the year	No change during the year			
C	At the end of year	-	-	100	0.00
12	Mr. Pinank Nenshi Shah				
A	At the beginning of year	100	0.00	-	-
B	Change during the year	No change during the year			
C	At the end of year	-	-	100	0.00
13	Mrs. Minal Paragbhai Shah				
A	At the beginning of year	200	0.00	-	-
B	Change during the year	No change during the year			
C	At the end of year	-	-	200	0.00
14	Mrs. Gunvantiben N Shah				
A	At the beginning of year	10	0.00	-	-
B	Change during the year	No change during the year			
C	At the end of year	-	-	10	0.00

**iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1.	Mr. Dharmesh Kishor Gathani				
A	At the beginning of year	6826757	20.23	-	-
B	Changes during the year	No change during the year			
C	At the end of year	-	-	6826757	20.23

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
<b>2.</b>	<b>State Bank of India</b>				
A	At the beginning of year	4135954	12.26	-	-
B	Changes during the year	No change during the year			
C	At the end of year	-	-	4135954	12.26
<b>3.</b>	<b>ICICI Bank Limited</b>				
A	At the beginning of year	4783606	14.18	-	-
B	Changes during the year				
	Date	Reason			
	31.07.2015	Sell	(10385)	(0.03)	4773221 14.15
	07.08.2015	Sell	(63459)	(0.19)	4709762 13.96
	14.08.2015	Sell	(165500)	(0.49)	4544262 13.47
	21.08.2015	Sell	(8306)	(0.02)	4535956 13.44
	28 .08.2015	Sell	(3450)	(0.01)	4532506 13.43
	18.09.2015	Sell	(24206)	(0.07)	4508300 13.36
	30.09.2015	Sell	(181706)	(0.54)	4326594 12.82
	09.10.2015	Sell	(24357)	(0.07)	4302237 12.75
	16.10.2015	Sell	(61697)	(0.18)	4240540 12.57
	23.10.2015	Sell	(230885)	(0.68)	4009655 11.88
	30.10.2015	Sell	(125627)	(0.37)	3884028 11.51
	06.11.2015	Sell	(5000)	(0.01)	3879028 11.50
	13.11.2015	Sell	(7445)	(0.02)	3871583 11.48
	27.11.2015	Sell	(51515)	(0.15)	3820068 11.32
	04.12.2015	Sell	(94187)	(0.28)	3725881 11.04
	11.12.2015	Sell	(76193)	(0.23)	3649688 10.82
	18.12.2015	Sell	(2037)	(0.01)	3647651 10.81
	25.12.2015	Sell	(320000)	(0.95)	3327651 09.86
	31.12.2015	Sell	(296953)	(0.88)	3030698 08.98
	01.01.2016	Sell	(396970)	(1.18)	2633728 07.81
C	At the end of year	-	-	2633728	07.81
<b>4</b>	<b>Mr. Milankumar Dhirajlal Mehta</b>				
A	At the beginning of year	2477579	07.34	-	-
B	Changes during the year	No change during the year			
C	At the end of year	-	-	2477579	07.34



Sr. No.	Shareholder's Name		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
<b>5</b>	<b>Bank of India</b>					
A	At the beginning of year		0	0		-
B	Changes during the year					
	Date	Reason				
	04.09.2015	Purchase	842535	2.50	842535	2.49
	18.09.2015	Sell	(31595)	(0.09)	810940	2.40
	25.09.2015	Sell	(91345)	(0.27)	719595	2.13
	30.09.2015	Purchase	4010	0.01	723605	2.14
	09.10.2015	Sell	(101600)	(0.30)	622005	1.84
	30.10.2015	Purchase	500	0.00	622505	1.84
	13.11.2015	Sell	(4083)	(0.01)	618422	1.83
	20.11.2015	Sell	(15000)	(0.04)	603422	1.78
	11.12.2015	Sell	(96002)	(0.28)	507420	1.50
	18.12.2015	Sell	(501643)	(1.49)	5777	0.01
	08.01.2016	Purchase	3114793	9.23	3120570	9.24
	15.01.2016	Sell	(182602)	(0.54)	2937968	8.70
	22.01.2016	Sell	(192187)	(0.57)	2745781	8.13
	29.01.2016	Sell	(559804)	(1.66)	2185977	6.47
	05.02.2016	Sell	(485951)	(1.44)	1700026	5.03
	12.02.2016	Sell	(40517)	(0.12)	1659509	4.91
	19.02.2016	Sell	(85723)	(0.25)	1573786	4.66
	26.02.2016	Sell	(37342)	(0.11)	1536444	4.55
	04.03.2016	Sell	(108698)	(0.32)	1427746	4.23
	11.03.2016	Sell	(53562)	(0.16)	1374184	4.07
	18.03.2016	Sell	(28605)	(0.08)	1345579	3.98
	25.03.2016	Sell	(93793)	(0.28)	1251786	3.71
	31.03.2016	Purchase	808480	2.40	2060266	6.10
C	At the end of year		-	-	2060266	6.11
<b>6</b>	<b>Mr. Hemang Bhagwandas Shah</b>					
A	At the beginning of year		576000	01.71	-	-
B	Changes during the year		No change during the year			
C	At the end of year		-	-	576000	01.71

Sr. No.	Shareholder's Name		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
<b>7</b>	<b>Mr. Ganesan S.</b>					
A	At the beginning of year				0	0
B	Change during the year					
	Date	Reason				
	05.02.2016	Purchase	100000	0.30	100000	0.30
	31.03.2016	Purchase	344234	1.02	444234	1.32
C	At the end of year		-	-	444234	1.32
<b>8</b>	<b>Mr. Daksha Subhash Shah</b>					
A	At the beginning of year		325600	0.97	-	-
B	Change during the year		No change during the year			
C	At the end of year		-	-	325600	0.97
<b>9</b>	<b>M/s. Prachar Communications Limited</b>					
A	At the beginning of year		250000	0.74	-	-
B	Change during the year		No change during the year			
C	At the end of year		-	-	250000	0.74
<b>10</b>	<b>Mr. Ashish Singhania</b>					
A	At the beginning of year		0	0	-	-
B	Changes during the year					
	Date	Reason				
	31.12.2015	Purchase	84750	0.25	84750	0.25
	01.01.2016	Purchase	165833	0.49	250583	0.74
	08.01.2016	Purchase	53407	0.16	303990	0.90
	15.01.2016	Sell	(240000)	(0.71)	63990	0.19
	05.02.2016	Purchase	185000	0.55	248990	0.74
C	At the end of year		-	-	248990	0.74

## v. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP		Shareholding at the beginning of the year		Shareholding at the end of the year	
	Name of the Director/KMP		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
<b>1.</b>	<b>Mr. Pratik Kumar Shah</b>					
A	At the beginning of the year		161060	0.48		
B	Changes during the year		No change during the year			
C	At the end of year				161060	0.48
<b>2.</b>	<b>Mr. Karan Bharatkumar Rajput</b>					
A	At the beginning of the year		NIL	NIL		
B	Changes during the year		No change during the year			
C	At the end of year				NIL	NIL
<b>3.</b>	<b>Mr. Amit Nandu</b>					
A	At the beginning of the year		NIL	NIL		
B	Changes during the year		No change during the year			
C	At the end of year				NIL	NIL
<b>4.</b>	<b>Mrs. Usha Kotian</b>					
A	At the beginning of the year		NIL	NIL		
B	Changes during the year		No change during the year			
C	At the end of year				NIL	NIL
<b>5.</b>	<b>Mr. Paresh Kanji Shah</b>					
A	At the beginning of the year		1183360	3.51	-	-
B	Changes during the year					
	Date	Reason				
	05.01.2016	Pledge invoked by the Bank	(887520)	(2.63)		
C	At the end of year		-	-	295840	0.88
<b>6.</b>	<b>Mr. Nenshi Ladhahbai Shah</b>					
A	At the beginning of the year		1485440	4.40		
B	Changes during the year					
	Date	Reason				
	05.01.2016	Pledge invoked by the Bank	(1114080)	(3.30)		
C	At the end of year				371360	1.10

**V. INDEBTEDNESS:**

Indebtedness of the Company including interest outstanding / accrued but not due for payment.

(₹ In Lakhs)

Particulars	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year 01-04-2015</b>				
1) Principal Amount	45,455.72	2,564.35	2,062.08	50,082.15
2) Interest due but not paid	2,860.41	-	53.95	2,914.36
3) Interest accrued but not due	-	-	-	-
<b>Total of (1+2+3)</b>	<b>48,316.13</b>	<b>2,564.35</b>	<b>2,116.03</b>	<b>52,996.51</b>
<b>Change in Indebtedness during the financial year</b>				
+ Addition	-	2.70	-	2.70
-Reduction	351.91	-	73.57	425.48
<b>Net change</b>	<b>(351.91)</b>	<b>2.70</b>	<b>(73.57)</b>	<b>(422.78)</b>
<b>Indebtedness at the end of the financial year 31-03-2016</b>				
1) Principal Amount	45,103.81	2,567.05	1,988.51	49,659.37
2) Interest due but not paid	2,860.41	-	53.95	2,914.36
3) Interest accrued but not due	-	-	-	-
<b>Total of (1+2+3)</b>	<b>47,964.22</b>	<b>2,567.05</b>	<b>2,042.46</b>	<b>52,573.73</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:****A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:**

Sr. No	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount (in ₹)
		Mr. Nenshi Ladhahbai Shah	Mr. Pratik Kumar Shah	
		Managing Director (upto November 30, 2015)	Whole-Time Director	
1.	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act	8,00,000	Nil	8,00,000
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-
2.	Stock Option	NA	NA	NA
3.	Sweat Equity	NA	NA	NA
4.	Commission - - As % of Profit - Others, specify	-	-	-
5.	Others, please specify	NA	NA	-
	Total (A)	8,00,000	NA	8,00,000
	Ceiling as per the Act	Section 197 read with Schedule V of the Companies Act, 2013		

**B. Remuneration of other directors:**

Sr. No.	Particulars of Remuneration	Name of Directors				Total Amount (in ₹)
		Mr. Mahendra Modi	Mr. Karan Rajput	Mr. Amit Nandu	Mrs. Usha Kotian	
1	<b>Independent Directors</b>					
	-Fee for attending board committee meetings	40,000	-	-	55,000	95,000
	- Commission	-	-	-	-	-
	-Others	-	-	-	-	-
	Total (1)	40,000	-	-	55,000	95,000
2	<b>Other Non Executive Directors</b>	NIL				
	-Fee for attending board committee meetings	-	-	-	-	-
	- Commission	-	-	-	-	-
	-Others	-	-	-	-	-
	Total (2)	-	-	-	-	-
	Total Managerial Remuneration (1+2)	40,000	-	-	55,000	95,000
	Overall Ceiling as per the Act	Section 197 read with Schedule V of the Companies Act, 2013				

**C. Remuneration to Key Managerial Personnel Other Than MD/ Manager/ WTD**

Sr. No	Particulars of Remuneration	Name of the KMP	Name of the KMP	Total Amount (in ₹)
		Mr. Paresh Kanji Shah, Chief Financial Officer	Mr. Nenshi Ladhakhai Shah, Chief Executive Officer (w.e.f February 22, 2016)	
1.	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act	12,00,000	2,00,000	14,00,000
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	0	0	0
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	0	0	0
2.	Stock Option	NA	NA	0
3.	Sweat Equity	NA	NA	0
4.	Commission - As % of Profit - Others, specify			0
5.	Others, please specify -			
	Bonus	NA	2,00,000	2,00,000
	Total (A)	12,00,000	4,00,000	16,00,000

**VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL**

**Annexure II**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016**

[PURSUANT TO SECTION 204(1) OF THE COMPANIES ACT, 2013 AND RULE 9 OF THE COMPANIES  
(APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014]

To,  
**The Members,**  
**Euro Ceramics Limited**  
Mumbai

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Euro Ceramics Limited** (CIN: L26914MH2002PLC135548 ) and having its registered office at 208, Sangam Arcade, Vallabhnbhai Road, Vile Parle (west), Mumbai - 400056 (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (applicable till May 14, 2015) and The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (applicable with effect from May 15, 2015);
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;



- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 **(Not applicable to the company during the audit period);**
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not applicable to the company during the audit period);**
  - (f) The Securities and Exchange Board of India **(Registrars to an Issue and Share Transfer Agents)** Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not applicable to the company during the audit period);**
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not applicable to the company during the audit period);**
  - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR) effective from December 1, 2015;
- (vi) There are no laws that are specifically applicable to the company based on their sector/industry.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India effective from July 1, 2015 ;and
- (ii) The Listing Agreements entered into by the Company with BSE Ltd., Mumbai and National Stock Exchange of India Ltd., Mumbai (effective up to November 30, 2015).

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Standards, Guidelines, etc. as mentioned above **subject to the following observations:**

- (a) *as required under section 203 of the Act the company is yet to appoint a Company Secretary;*
- (b) *although the loans/ advances extended by the company under Section 186 of the Act, pertains to the previous financial years, but which are still continuing in the period under review, are interest free in nature and there are no stipulation as to its repayment;*
- (c) *the company has not complied with the provisions of Section 133 of the Act pertaining to Accounting Standards (AS-28) w.r.t Accounting for Impairment of Assets and Accounting Standards (AS-29) Provisions, Contingent Liabilities and Contingent Assets, the brief particulars of which are stated in the Statutory Auditor's Report in "point no 3 & 5" under the heading Basis for Qualified opinion;*
- (d) *the company has not complied with the provisions of Sections 73 to 76 of the Act read with Companies (Acceptance of Deposits) Rules 2014 as the amount received by it for the supply of goods/ provision of services that were received in the normal course of and for the purpose of it's business amounting to ₹1,35,06,000 were not appropriated within the prescribed period of 365 days from the date of such receipt and accordingly the same qualifies as a deposit and the company has not complied with the necessary requirements for such acceptance;*

- (e) *in respect of outstanding deposits as at March 31, 2015, the company was required to file Form DPT-3 latest by June 30, 2015 which has not been filed;*
- (f) *in respect of unpaid/unclaimed amount of dividend/interest/matured deposits/ application money etc., the company is yet to file Form 5INV relevant to the financial year ended March 31, 2015 and also to upload the same on its website; the said Form 5INV is required to be filed within 90 days from the date of Annual General Meeting which was held on September 29, 2015;*
- (g) *there has been a delay of 10 days in transferring the unclaimed dividend amount of ₹37,065 pertaining to financial year 2007-08 into Investor Education and Protection Fund;*
- (h) *non filing of form DIR-9 in respect of default in payment of interest/repayment of deposit relating to financial year 2014-15; on account of the said default the directors of the company at the time of default and continuing on the board on date have incurred disqualification in terms of the provisions of Sec 164(2) of the Act;*
- (i) *form DIR-12 filed beyond the stipulated time limit of 30 days specified under section 170 of the Act in respect of following:*
- *cessation of Mr. Mahendra Modi from the directorship on account of demise; and*
  - *change in designation of Mr. Nenshi Shah to Director on determination of his tenure as Managing Director;*
- (j) *Mr. Pratik Shah, Whole Time Director of the company who retired by rotation at the Annual General Meeting held on September 29, 2015 was ineligible to seek reappointment by virtue of section 164(2) of the Act and accordingly should have ceased to be director from the date of the Annual General Meeting and such cessation would also entail filing of Form DIR-12;*
- (k) *the company is yet to file the Annual Return on Foreign Liabilities and Assets as required under Foreign Exchange Management Act, 1999 for the Financial year 2014-15 which was to be filed latest by July 15, 2015;*
- (l) *company has not complied with the following clauses/Regulation of Listing Agreement and LODR:*
- i) *due to the observation mentioned in the sub-para "j" above, the Company was not able to comply with Regulation 17(1) of LODR of having at least one executive director on the Board;*
  - ii) *due to the observation mentioned in the sub-para "j" above, the Corporate Governance Report submitted to the Stock Exchanges for the Quarter ended December, 2015 does not reflect the correct position of the composition of the board w.r.t executive director.*

**We further report that**

*In view of our observation at 'sub-para (h) and (j) of the previous paragraph' above regarding the*

*disqualification of some of the directors, we are unable to express our opinion as to whether the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act subject to our observation under 'sub-para (h), (i) and (j) of the previous paragraph' above.*

Adequate notice is given to all directors to schedule the Board Meetings; agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting member's views are captured and recorded as part of the minutes.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations, standards and guidelines.

**We further report that** during the audit period Company had made an application for the listing of further issue of 51,59,705 equity shares of ₹10/- each arising on conversion of Compulsory convertible debenture issued on Preferential basis pursuant to CDR (Corporate Debt Restructuring) Scheme made by company. Equity shares of company are listed and admitted to dealing to exchange from March 16, 2016 on Bombay Stock Exchange and from March 30, 2016 on National Stock Exchange of India limited.

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

**For Manish Ghia & Associates**  
Company Secretaries

**A. N. Sarma**  
Partner

**Place : Mumbai**  
**Date: August 12, 2016**

**M. No. FCS 4557 C.P. No. 7812**

‘Annexure A’

To,  
The Members,  
**Euro Ceramics Limited**  
Mumbai

Our report of even date is to read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provided a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Book of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulation, standards is the responsibility of management. Our examination was limited to the verification of procedures on the test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Manish Ghia & Associates**  
Company Secretaries

**A. N. Sarma**  
Partner

**Place : Mumbai**  
**Date: August 12, 2016**

**M. No. FCS 4557 C.P. No. 7812**

## Annexure III

**I. Disclosure as per Section 197 (12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:**

(i)	The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year 2015-16 :-	
Name of the Director		Ratio of remuneration to the median remuneration of the employees
Mr. Nenshi Ladhahbai Shah		<b>4.87X</b>
(ii)	The percentage increase in remuneration of each director, CFO , CEO, Company Secretary or Manager, if any, in the financial year 2015-16	During the current financial year there were no increments in the remuneration of Director, CFO , CEO, Company Secretary or Manager
(iii)	The percentage increase in the median remuneration of employees in the financial year 2015-16	<b>15 to 16%</b>
(iv)	The number of permanent employees on the rolls of the company as on March 31, 2016	<b>227</b>
(v)	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Average percentile increase in the salaries of employees other than the managerial personnel in the last financial year is 15% to 16% as against the no increment in the salary of the Chairman & Whole Time Director & Executive Director (Managerial Personnel as defined under the Act). Annual increase in remuneration is based on different grades, industry pattern, qualification & experience, responsibilities shouldered and individual performance of managerial personnel and other employees.

**II. Statement showing details of Employees of the Company as per Section 197 (12) read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:**

In pursuant to the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names of top ten employees in terms of remuneration drawn is provided in a separate annexure forming part of this Report. Pursuant to the provisions of the first proviso to Section 136(1) of the Companies Act, 2013 the Annual Report excluding the aforesaid information is being sent to the members of the Company. The said information is available for inspection at the Registered Office of the Company during working hours and any member interested in obtaining such information may write to the Compliance Officer of the Company and the same will be furnished without any fee.

I hereby confirm that the remuneration paid during the year is as per the remuneration policy recommended by Nomination and Remuneration Committee of the Company and adopted by the company.

**For and on behalf of the Board of Directors**

**Place: Mumbai**  
**Date: August 16, 2016**

**Pratik Shah**  
**Chairman & Whole time Director**

**Karan Rajput**  
**Chairman of Nomination  
& Remuneration Committee**

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**Annexure IV****STATEMENT OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO PURSUANT TO THE PROVISIONS OF SECTION 134 OF THE COMPANIES ACT, 2013 READ WITH THE COMPANIES (ACCOUNTS) RULES, 2014**

The information required under Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 for the year ended March 31, 2016 is given herein below and forms part of the Board's Report.

**A. Conservation of Energy: -**

As a commitment for conserving rare resources, Company always emphasized on energy conservation and installed Kilns which are best in technology procured from Italy, with a motive to save on energy and fuel consumption.

During the year under review Company adhered to the measures earlier taken for energy conservation, including use of waste heat of kiln, use of sun light for drying process and increasing the first fired product ratio in sanitaryware division.

In marble division, Company has used high-end cutting blades for cutting the block to improve the efficiency of the machine and reducing process time and thereby saving on the energy cost.

The efforts taken by the Company has helped the Company in increasing its product output and saving on product cost.

**B. Research & Development and Technology Absorption : NIL****C. Foreign Exchange Earnings and Outgo**

The information on foreign exchange earnings and outgo is contained in Notes No.25,26 & 27 forming part of the Financial Statement.

**D. Future plan of action are as under:**

- To produce world class product with low cost of production
- To use more green energy
- To develop new moulds and designs with inhouse research.
- To reduce rejection rates in first firing in sanitaryware division.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Company performed better by achieving a growth in total revenue, over previous year, even though the market condition was bleak during the year and the liquidity crunch felt by the Company.

### Economy

The overall Indian economy out performed even though global economic scenario was not so positive, mainly due to domestic drivers coupled with stable Government and its policies. The Indian economy is expected to register a growth of 7.6% in coming year, due to manufacturing growth and national reforms undertaken by the Government such as FDI policy, GST implementation, Infrastructure investments and renewable energy.

### Industry Overview:

Tiles Industry in India has grown at fantastic CAGR of around 15% in past few years. The total market size of Tiles in India, expected to reach ₹ 30,000 Cr in 2016, which was at ₹17,000 Cr in 2012. India ranked 3<sup>rd</sup> in global market and accounted for around 6% of total global production. Vitrified tiles segment contributes more than 50% of the total tiles market. Revolution in the Vitrified tiles in past few years has given robust growth. Introduction of nanotechnology, digital printing, double charge, 3D tiles, etc has changed the Industry scenario.

Global Sanitaryware Industry is expected to grow at an impressive CAGR of around 7%.The increasing sales and construction of housing projects across the US, China, India, South Korea, and the Middle Eastern countries is driving the growth of construction sector, which in turn, establishing the demand for ceramic sanitary ware. Further developing countries, specially Asia Pacific Countries has helped sanitaryware industry to increase functionality.

In India, sanitaryware industry has been growing at fantastic CAGR of around 12% since last few years, with key players doubling their capacity. With strong growth potential in India, many international players have entered in the market. The significant emphasis on sanitation facility by the Government, increasing purchasing power and disposable income, increase in education level, India is set to be largest consumer of Sanitaryware.

Global Marble market is growing due to increased construction activity and healthy industrialization in emerging markets. Asia Pacific represents fastest growing and largest market of marble worldwide, with a healthy CAGR of 6%. The main growth drivers are urbanization, industrialization, increasing housing demand, change of consumer preferences and increasing disposable income.

Indian Marble Market is growing year on year as the emphasis on high end product and interior design is increased. Awareness for Artificial marble is also one of the growth factor for the marble industry in India.

### Growth Drivers:

Even though world economy is not encouraging, the demand for the ceramic Industry and Marble Industry in India is growing due to various factors.

*Replacement Demand:* About 40% of the total business value of bath and sanitaryware business is through replacement market and its growing faster at CAGR of around 30%. As the upgradation in the form of new concepts and new designs is fast taking place in India, the average life of the bathroom is reduced, in turn replacement demand increased.

*Industrialization:* India being developing country, the industrialization rate is very high compared to other countries. The ample opportunities for growth, made India as preferred destination for investment. All this has given rise to demand for housing and office space and in a way to tiles and sanitaryware industry.

*Population growth:* India's population is very high and which has made India as one of the largest consumer worldwide. The increasing population has created demand for housing.

*Growing disposable Income:* The role of tiles, sanitaryware and marble in the household has advanced from being necessity to style statement, thereby impacting the spending structure of individuals. Lifestyles of the people are changing as the disposable income has increased.

*Government's support to improve sanitation:* Present Government in India is creating awareness for basic sanitation, especially in the rural India. Government has launched mission such as Swachh Bharat Abhiyan for hygienic life to every

individual whereby sanitation is one of the area. This has created demand for sanitaryware and tiles products in India.

*Real estate boom and housing demand:* The real estate sector even though shown slower growth in recent years, the sector is expected to boom again as the housing demand is increasing due to increase in the population, urbanization, industrialization, and movement from joint families to nuclear families, single dwelling house to flats.

## SWOT Analysis

### Strengths

- State of the art manufacturing facilities
- Emphasize on Quality Products
- Established Brand
- Infrastructure and Locational Advantages to Plant
- Retained trained and skilled Human Resources

### Weakness

- Liquidity Crunch and shortages of Working capital
- Low Capacity utilization affecting the cost.

### Opportunities

- Government's initiative for basic sanitation with Swachh Bharat Abhiyan
- Opportunities with the growth in Real Estate segment
- Urbanization and Industrialization
- Export Opportunities
- Increase disposable income and change in lifestyle

### Threats

- Slow down in housing sector
- changing technology
- Brand recall due to low spending on branding and sales promotion
- Competition from New entrants and established players

### Future Outlook:

Considering various growth drivers of the industry and demand for sanitaryware product and marble, the Company expecting to increase its capacity utilization in both the division. The quality emphasis will help in achieving its target, with the support of existing OEM clients as well as dealers.

With more marketing efforts and effective use of limited working capital, will help the Company to run its plant smoothly and grab the opportunities in future.

### Risk and concerns:

Risk identification and its mitigation is a continuous process in the Company which is necessary for achieving business goals and objectives. Some of the possible risk to the company are identified as under :

#### 1. New entrants

Considering the growth potential many international players are entering in sanitaryware market which may affects sales of the Company.

**Mitigation:** Quality product and cordial relationship with customers will help Company to sustain its sales.

#### 2. Brand recall

Low spending on branding and sales promotion may hamper brand recall

#### Mitigation

Company's presence in the market as well one on one meet with customers will recall brand in the mind of the customers. With ease of cashflows in future spending on Brand will increase visibility of the Brand.

#### 3. Constraint Cashflow

Limited working capital and liquidity crunch may affect operation of the Company

#### Mitigation

Making effective use of limited working capital and increasing efficiency and capacity utilization, controlling cost and increase in sales will give positive cash flows to the Company.



#### 4. Technology Change:

Changin technology may affect the revenues of the Company.

#### Mitigation

The Company has maintained its ISO 9001 2008 certification, establishing its focus on quality. The Company has state of the art plant which can produce quality products. Sanitaryware and Marble plant are of latest technology and self sufficient to generate revenues without any capex. Company can upgrade its tiles plant with minimum capex as and when required.

#### Internal Control :

The Company has effective and adequate internal control system and internal audit, commensurate with the size, scale and complexities of the Business. All the transactions are recorded in proper manner duly authorized and verified by the concern authorities and reported accordingly. Internal audit is carried out by the professional firm of Chartered Accountant and Audit Committee reviews the same on regular basis to ensure its effectiveness.

#### Human Resource, Health and Safety and Environment :

The Company always maintain cordial relationship with the employees and retain the talented manpower. The Company trains the employees for efficiency improvisation and rewards for the work.

The Company gives equal weightage to health and safety of the employees. It conducts program for health and safety awareness among the employees. The Company has also taken initiatives for clean and green environment by planting trees, using ETP plants for proper discharge of waste and reusing waste heat.

#### Financial Statement Analysis:

##### Key Financial Information

During the year the revenue were generated from Sanitaryware and Marble Division of the Company. The Vitrified Tiles, Wall Tiles and Aluminum Section plants were non operative during the year due to shortages of working Capital. There was no business from Realty Division.

#### Revenue

Net sales during the financial year 2015-16 was ₹5,597.66 lakhs against the previous year's net sales of ₹4,971.09 Lakhs, recording an increase by ₹626.57 Lakhs on account of increase in sale of sanitaryware products.

More than 97% of the business of the Company is through domestic sales during the year, which is almost in the same ratio of previous year. The total export turnover for financial year 2015-16, was ₹133.11 Lakhs against ₹139.78 Lakhs in the previous year.

Other Income of ₹168.56 Lakhs during the financial year 2015-16, comprises of Interest on fixed deposits kept as margin money, Rental Income, and reversal of provisions made in earlier years. The other income for the year was lower by ₹101.07 Lakhs compared to previous year due to lower of interest income on fixed deposits and liabilities no longer payable written back.

#### Expenditure

The total expenditure was at ₹8,517.44 Lakhs in financial year 2015-16 as against ₹7,893.68 Lakhs in the previous year, increased by ₹623.76 Lakhs due to increase in cost of material consumed in line with the increase in production.

Staff Cost of ₹613.39 Lakhs during the financial year 2015-16, is increased by ₹36.62 Lakhs compared to previous year's cost of ₹576.77 Lakhs mainly on account of salary increments made in normal course of business

In cost of production, major cost is Power and Fuel cost which amounts to ₹867.90 Lakhs in the financial year 2015-16 against ₹1,085.51 Lakhs, reduced due to reduction in gas prices during the year and energy efficient production in sanitaryware.

#### Operational Margins

The Company made an EBDITA of ₹21.21 Lakhs during the financial year 2015-16 against the EBDITA of ₹301.25 Lakhs during the previous year. The fall in EBDITA is mainly due to change in carrying value of old inventories in tiles division, low capacity utilization in marble division and reduction in other income.

**Finance Cost**

The Company's finance cost for the financial year 2015-16 was ₹76.30 Lakhs, against ₹69.95 Lakhs of previous year, which mainly consist of interest on some of the borrowings, interest on late payment of statutory dues, bank charges etc.

**Depreciation**

There is no change in the rates of Depreciation in financial year 2015-16. The Company has provided the depreciation of ₹2,696.12 Lakhs for the financial year 2015-16 against the previous year's ₹2,882.80 Lakhs, based on estimated useful life of the fixed assets.

**Sources of Funds****Share Capital**

There is no change in the capital structure of the Company during the financial year 2015-16.

**Reserves and Surplus**

The Reserves and Surplus as at March 31, 2016 was negative at ₹20,708.54 Lakhs, Increased by ₹1,227.30 Lakhs during the year due to loss after tax for the financial year.

**Long Term Borrowings**

The long term borrowings are reduced in absolute number by ₹71.36 Lakhs as on March 31, 2016 mainly on account of repayment of some of the deposits and loans.

**Deferred Tax Liability**

The Company has not provided for Deferred Tax Liability / Assets for the financial year 2015-16 on account of absence of virtual certainty of future taxable profit. Further the Deferred Tax Liability already provided before and standing as on March

31, 2015 amounting ₹1,523.92 Lakhs has been reversed during the financial year 2015-16, on account of huge unabsorbed Business Losses and brought forward Depreciation allowances.

**Application of Funds****Fixed Assets**

The Gross Block of fixed assets stood at ₹ 59,317.28 Lakhs with marginal net decrease by ₹ 5.87 Lakhs on account of sale of old vehicle which has exhausted its useful life.

**Investment**

There is no change in the carrying value of the Investment as at March 31, 2016 amounting to ₹ 134.10 Lakhs.

**Current Assets & Current Liabilities**

Current Assets of the Company as on March 31, 2016 was ₹ 10,304.41 Lakhs increased by ₹ 676.18 Lakhs, mainly on account of increase in trade receivables.

Current Liabilities of the Company as on March 31, 2016 was ₹ 54,147.00 Lakhs against ₹ 53,406.04 Lakhs as on March 31, 2015, increased by ₹ 740.96 Lakhs on account of increase in trade payable and other current liabilities.

**Cautionary Statement**

The statement in the Management Discussion and Analysis cannot be construed as holding out any forecasts, projections, expectations, invitations, offers, etc. within the meaning of applicable securities, laws and regulations. This Report basically seeks to furnish information, as laid down within the Listing Agreement / Listing Regulations different headings to meet the Listing Agreement / Listing Regulations requirements.

## Report on Corporate Governance

### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate Governance 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 provides strategic direction and thrust to the operations of the Company. As on March 31, 2016, the Board of Directors comprises of total four Directors out of which three are Independent Directors. The Chairman of the Board is an Executive Director. The composition of the Board of Directors as on March 31, 2016 is in conformity with the

provisions of the Companies Act, 2013 and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as 'Listing Regulations').

#### b) Board Procedure

Board meetings are generally held at the registered office of the Company. The agenda is prepared in consultation with the Chairman of the Board of Directors and the Chairman of the other Committees. The agenda for the meetings of the Board and its Committees, together with the appropriate supporting documents, are circulated well in advance of the meeting.

Matter discussed at Board meetings generally relate to Company's business operations, periodical results of the Company, approval of related party transactions, general notice of interest of Directors, review of the reports of the Audit Committee and compliance with their recommendations, suggestions, non-compliance of any regulatory provisions and status of complaints, statutory or listing requirements, etc.

#### c) Attendance at Board meetings:

During the year under review, the Board of Directors met four (4) times on May 30, 2015, August 14, 2015, November 7, 2015 and February 12, 2016. As stipulated, the gap between two meetings did not exceed one hundred and twenty days.

Details of composition and category of the Directors, their attendance at each Board Meetings held during the financial year 2015-16 and at the last Annual General Meeting, their directorships in other Companies and membership / chairmanship in committees are as follows:

Name of Director	Category	No. of Board meetings held		Whether attended the last AGM	No. of other Directorship in other Public Companies# (refer note 1)	Membership / Chairmanship of Committees in other Companies# (refer note 2 & 3)	
		Held	Attended			Member	Chairman
*Mr. Pratik Kumar Shah	Chairman /Whole-time Director/ Promoter	4	4	Present	1	-	-
**Mr. Nenshi L. Shah	Chairman Managing Director/ Promoter	3	3	Present	N.A.	N.A.	N.A.
***Mr. Mahendra V. Modi	Independent Director	3	3	Present	N.A.	N.A.	N.A.
Mr. Karan Rajput	Independent Director	4	4	Present	-	-	-
Mr. Amit Nandu	Independent Director	4	4	Present	-	-	-
Mrs. Usha Kotian	Independent Director	4	4	Present	-	-	-

\* Mr. Pratik Kumar Shah was appointed as the Chairman of the Company with effect from February 12, 2016.

\*\* Mr. Nenshi L. Shah vacated from the office of Managing Director with effect from November 30, 2015 and resigned as Director of the Company with effect from February 12, 2016.

\*\*\* Due to death of Mr. Mahendra V. Modi, he ceased to be a Director with effect from January 31, 2016.

#### # Note:

1. Directorships in respect of private limited companies, Section 8 companies and foreign companies have not been included.
2. Position in Audit Committee and Stakeholders' Relationship Committee are considered for the purpose.
3. None of the directors hold directorships in more than 10 public limited companies, membership in more than 10 committees and chairmanship in more than 5 committees.
4. No director is related to any other Director on the Board, except Mr. Pratik Kumar Shah is son-in-law of Mr. Nenshi L. Shah

#### d) Separate Meeting of Independent Directors:

As stipulated by the Code of Independent Directors under Schedule IV of the Companies Act, 2013 and Regulation 25(3) of the Listing Regulations, a separate meeting of the Independent Directors of the Company was held on February 12, 2016 to review the performance of Non-independent Directors (including the Chairman) and the Board as whole and also regular information between the board and the management of the Company.

#### e) Directors' Familiarisation Programme:

The Company undertakes and makes

necessary provision of an appropriate induction programme for new Directors and ongoing training for existing Directors. The new directors are introduced to the Company culture, through appropriate training programmes. Such kind of training programmes helps develop relationship of the directors with the Company and familiarise them with Company processes. The management provides such information and training either at the meeting of Board of Directors or otherwise.

The induction process is designed to:

- build an understanding of the Company processes and

- fully equip Directors to perform their role on the Board effectively

Upon appointment, Directors receive a Letter of Appointment setting out in detail, the terms of appointment, duties, responsibilities and expected time commitments. The details of Director's induction and familiarization are available on the Company's website at [www.eurovitrified.com](http://www.eurovitrified.com).

**f) Agenda:**

All the meetings are conducted as per well designed and structured agenda. All the agenda items are backed by necessary supporting information and documents (except for the critical price sensitive information, which is circulated in the meeting) to enable the Board to take informed decisions. Agenda papers are circulated seven days prior to the Board Meeting. In addition, for any business exigencies, the resolutions are passed by circulation and later placed in the ensuing Board Meeting.

**g) Code of Conduct:**

The Board of Directors has laid down a Code of Conduct for Business and Ethics (the Code) for all the Board members and all the employees in the management grade of the Company. The Code covers things, such as the Company's commitment to honest and ethical personal conduct, fair competition, corporate social responsibility, sustainable environment, health and safety, transparency and compliance of laws and regulations etc. The Company has laid down a code of conduct for the Directors, Senior Management of the Company. The code has been posted on Company's website [www.eurovitrified.com](http://www.eurovitrified.com). All the Board members and senior management personnel have confirmed compliance with the code. A declaration by Mr. Nenshi L. Shah, Chief Executive Officer of the Company affirming the compliance of the same in respect of the financial year ended on March 31, 2016 by the members of the Board and Senior

Management Personnel, as applicable to them, is also annexed to this Annual Report.

As per SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has adopted a Code of Conduct for Prevention of Insider Trading. All the Directors, employees at Senior Management and other employees who could have access to the unpublished price sensitive information of the Company are governed by this code. The trading window is closed during the time of declaration of results and occurrence of any material events as per the code.

**3. COMMITTEES OF THE BOARD**

The Board Committees focus on certain specific areas and make informed decisions about the same. Each Committee of the Board functions according to its charter that defines its composition, scope, power and role in accordance with Companies Act, 2013 and the Listing Regulation. Presently, the Board has the following three Committees:

- Audit Committee
- Stakeholders' Relationship Committee
- Nomination and Remuneration Committee

The roles and responsibilities assigned to these Committees are covered under the term of reference approved by the Board and are subject to review by the Board from time to time. The minutes of the meetings of Audit Committee, Stakeholders Relationship Committee and Nomination and Remuneration Committee are placed before the Board for its discussions and noting. The details of the composition, terms of reference, number of meetings and attendance of these Committees are provided below:

**a. Audit Committee**

The Board has constituted a well-qualified Audit Committee in accordance with the provision of Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations.

The Committee comprises of three

Independent Directors and one Executive Director of the Company. All the members of the Audit Committee are financially literate and Mr. Karan Rajput, Chairman of the Committee has the relevant accounting and related financial management expertise. The Statutory Auditors are also invited to the meetings where the financials of the Company are discussed. 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 (4) times during the year under review on May 30, 2015, August 14, 2015, November 7, 2015 and February 12, 2016. The number of meetings attended by each member during the year ended March 31, 2016 is as under:

Name of the member	Designation	No. of Committee Meetings	
		Held	Attended
*Mr. Mahendra V. Modi	Chairman	3	3
**Mr. Karan Rajput	Chairman/ Member	4	4
***Mr. Nenshi L. Shah	Member	3	3
#Mr. Pratik Shah	Member	1	1
#Mr. Amit Nandu	Member	1	1
#Mrs. Usha Kotian	Member	1	1

\* Due to death of Mr. Mahendra V. Modi he ceased to be a Chairman of the Audit Committee with effect from January 31, 2016.

\*\* Mr. Karan Rajput was appointed as the Chairman of the Audit Committee vide Circular resolution being number BM/01/2015-16 passed by the Board on February 8, 2016.

\*\*\* Mr. Nenshi L. Shah ceased to be a member of Audit Committee, as the Committee was reconstituted vide Circular resolution being number BM/01/2015-16 passed by the Board on February 8, 2016.

# Mr. Pratik Kumar Shah, Mr. Amit Nandu and Mrs. Usha Kotian were appointed as the Member of the Audit Committee vide Circular resolution being number BM/01/2015-16 passed by the Board on February 8, 2016.

The Compliance officer acts as the Secretary to the Committee.

#### ➤ Terms of reference

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 Broad terms of reference of Audit Committee are as follows:

- 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/re-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.
- Matter to be included in the Director's Responsibility Statement
- Reviewing with the management, Statutory Auditors and the Internal Auditors about 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 Statutory 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.
- 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.

#### b. Stakeholders' Relationship Committee:

The Committee is primarily responsible 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 monitors the implementation and compliance with the Company's Code of Conduct for prohibition of Insider Trading.

The Stakeholders' Relationship Committee comprises of one Executive and three Non-Executive/ Independent Directors. As on March 31, 2016, Mr. Karan Rajput is the Chairman of the Committee. The Committee met four times during the year under review on 4 (four) times on May 30, 2015, August 14, 2015, November 7, 2015

and February 12, 2016. The number of meetings attended by each member during the year ended March 31, 2016 is as under:

Name of the member	Designation	No. of Committee Meetings	
		Held	Attended
*Mr. Mahendra V. Modi	Chairman	3	3
**Mr. Nenshi L. Shah	Member	3	3
***Mr. Karan Rajput	Chairman/ Member	4	4
#Mr. Pratik Shah	Member	1	1
#Mr. Amit Nandu	Member	1	1
#Mrs. Usha Kotian	Member	1	1

\* Due to death of Mr. Mahendra V. Modi he ceased to be a Chairman of the Stakeholders' Relationship Committee with effect from January 31, 2016.

\*\* Mr Karan Rajput was appointed as the Chairman of the Stakeholders' Relationship Committee vide Circular resolution being number BM/01/2015-16 passed by the Board on February 8, 2016.

\*\*\* Mr. Nenshi L. Shah ceased to be a member of Stakeholders' Relationship Committee, as the Committee was reconstituted vide Circular resolution being number BM/01/2015-16 passed by the Board on February 8, 2016.

# Mr. Pratik Shah, Mr. Amit Nandu and Mrs. Usha Kotian were appointed as the Member of the Stakeholders' Relationship Committee vide Circular resolution being number BM/01/2015-16 passed by the Board on February 8, 2016.

#### ➤ Status of Investors' Complaint:

The following is the status of the complaints received from the Investors, during the FY 2015-2016.

Opening at the beginning of the year	Received during the year	Resolved during the year	Pending at the end of the year
NIL	NIL	NIL	NIL

The Compliance Officer acts as the Secretary to the Stakeholders' Relationship Committee. Mr. Pratik Shah is the Compliance Officer of the Company.

#### c. Nomination & Remuneration Committee:

The constitution and terms of reference of the Nomination and Remuneration Committee are in compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations. The Committee comprises of three Non-Executive / Independent Directors.



During the year under review, the Nomination and Remuneration Committee met twice on May 30, 2015 and February 12, 2016. The number of meetings attended by each member during the year ended March 31, 2016 is as under:

Name of Member	Designation	No. of Meetings	
		Held	Attended
*Mr. Mahendra V. Modi	Chairman	1	1
Mr. Amit Nandu	Member	2	2
**Mr. Karan Rajput	Chairman/ Member	2	2
***Mrs. Usha Kotian	Member	1	1

\* Due to death of Mr. Mahendra V. Modi he ceased to be a Chairman of the Nomination & Remuneration Committee with effect from January 31, 2016.

\*\* Mr Karan Rajput was appointed as the Chairman of the Nomination & Remuneration Committee vide Circular resolution being number BM/01/2015-16 passed by the Board on February 8, 2016.

\*\*\* Mrs. Usha Kotian was appointed as the Member of the Nomination & Remuneration Committee vide Circular resolution being number BM/01/2015-16 passed by the Board on February 8, 2016.

#### ➤ **Terms of reference of the Nomination & Remuneration Committee:**

##### **The Committee is empowered to –**

- Formulate criteria for determining qualifications, positive attributes and independence of Directors and evaluating the performance of the Board of Directors.
- Identification and assessing potential individuals with respect to their expertise, skills, attributes, personal and professional standing for appointment and re-appointment as Directors / Independent Directors on the Board and as Key Managerial Personnel.
- Formulate a policy relating to remuneration for the Directors, Committee and also the Senior Management Employees

#### ➤ **Performance Evaluation criteria of Independent Directors:**

The Nomination & Remuneration Committee has approved the Policy on Board evaluation, evaluation of Board Committees' functioning and individual Director evaluation; synopsis of which is provided in the Board's Report.

#### ➤ **Remuneration Policy:**

The Company follows a comprehensive policy for selection, recommendation, appointment of Directors and other senior managerial employees and also on the remuneration, and such other related provisions as applicable. 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.

#### **(a) Remuneration to Executive Directors:**

- At the time of appointment or re-appointment, the Managing Director shall be paid such remuneration as may be mutually agreed between the Company (which includes the Nomination & Remuneration Committee and the Board of Directors) and the Managing Director within the overall limits prescribed under the Companies Act, 2013.
- The remuneration shall be subject to the approval of the Members of the Company in General Meeting.
- The remuneration of the Executive Director comprises of fixed salary, allowances, perquisites, amenities and retiral benefits.
- In determining the remuneration the Nomination & Remuneration Committee shall consider the following:
  1. The relationship of remuneration and performance benchmarks is clear;
  2. Balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;
  3. Responsibility of the Managing Director's and the industry benchmarks and the current trends;
  4. The Company's performance vis-à-vis the annual budget achievement and individual performance.

#### **(b) Remuneration of Non-Executive Directors:**

The Non-Executive Directors shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the



Board / Committee meetings. A Non-Executive Director shall be entitled to receive sitting fees for each meeting of the Board or Committee of the Board attended by him of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and The Companies Managerial Remuneration Rules, 2014.

The Independent Directors of the Company shall not be entitled to participate in Stock Option Scheme of the Company, if any, introduced by the Company.

#### (c) Remuneration of Senior Management Employees:

In determining the remuneration of the Senior Management employees (i.e. KMPs and Executive Committee Members) the Nomination & Remuneration Committee shall consider the following:

1. The relationship of remuneration and performance benchmark is clear;
  2. The fixed pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals;
  3. The components of remuneration includes salaries, perquisites and retirement benefits;
  4. The remuneration including annual increment and performance incentive is decided based on the criticality of the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, industry benchmark and current compensation trends in the market.
- (d) Details of remuneration and sitting fees paid to the Directors and No. of Equity Shares held by them during the year ended March 31, 2016 is as follows :

(Amount in ₹)

Name of the Directors	Salary & Perquisites	Performance/ Incentive/ Bonus	Commission	Sitting Fees	Total	No. of Shares held
*Mr. Nenshi L. Shah	8,00,000	-	-	-	8,00,000	3,71,360
Mr. Pratik Kumar Shah	-	-	-	-	-	1,61,060
Mr. Mahendra V. Modi	-	-	-	40,000	40,000	-
Mr. Karan Rajput	-	-	-	-	-	-
Mr. Amit Nandu	-	-	-	-	-	-
Mrs. Usha Kotian	-	-	-	55,000	55,000	-

\* Mr. Nenshi L. Shah received salary upto November 30, 2015 as the Managing Director of the Company.

Presently, the Company does not have any scheme to grant stock options either to the Executive Directors or Employees of the Company.

No remuneration/compensation is paid to Non-executive Directors except sitting fees.

The Compliance officer acts as the Secretary to the Committee.

#### 4. VIGIL MECHANISM POLICY/ WHISTLE BLOWER MECHANISM:

The Company promotes ethical behavior in all its business activities and has put a mechanism of reporting illegal or unethical behavior. The Company has a whistle blower policy wherein the employees are free to report violations of laws, rules, regulations or unethical conduct to their immediate supervisor or such other person as may be notified by the management

to the employees / workers. The confidentiality of those reporting violation is maintained and they are not subjected to any discriminatory practice. However, no violation of laws or unethical conduct etc was brought to the notice of the Management or Audit Committee during the year ended March 31, 2016. We affirm that during the financial year 2015-16, no employee or director of the Company was denied access to the Audit Committee.

Vigil Mechanism/Whistle Blower Policy is also available on the website of the Company at [www.eurovitrified.com](http://www.eurovitrified.com).

## 5. SUBSIDIARY COMPANY

As on March 31, 2016, the Company has one subsidiary Company i.e. 'Euro Merchandise

India Limited' which is not a "Material Subsidiary" as per the definition under Regulation 16(1)(c) of the Listing Regulations.

## 6. GENERAL BODY MEETINGS

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

Financial Year	Date	Time	Venue	Special Resolution passed
2012-13	August 22, 2013	11.30 a.m.	Swagat Bageecha, Bageecha Complex, Marve Road, Malad (West), Mumbai – 400095	-
2013-14	September 30, 2014	10.00 a.m.	Gomantak Seva Sangh, 72/A, Mahant Road Extension, Vile Parle (East), Mumbai- 400 057	1. Increase in the borrowing power of the Company under Section 180(1)(c) of the Companies Act, 2013; 2. Giving authority to create charge /mortgage on the assets of the Company under section 180(1)(a) of the Companies Act, 2013; 3. Adoption of new set of Articles of Association of the Company;
2014-15	September 29, 2015	10.00 a.m.	Gomantak Seva Sangh, 72/A, Mahant Road Extension, Vile Parle (East), Mumbai- 400 057	-

During the year under review, no resolution was passed through Postal Ballot. None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing a resolution through Postal Ballot.

## 7. OTHER 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.

The transactions with the related parties, as per the requirements of the Accounting Standard (AS) 18, are disclosed in the Notes on Accounts, forming part of the Annual Report. The policy on dealing with Related Party Transaction is available on Company's website at [www.eurovitrified.com](http://www.eurovitrified.com), Web link <http://www.eurovitrified.com/pdf/Policy%20on%20Related%20Person%20Transaction.pdf>

### b) Compliance related to Capital Market:

The Company has complied with the requirements of the Stock Exchanges, Securities and Exchange Board of India (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) Auditors' Certificate on compliance with the provisions relating to Corporate Governance:

Auditors' Certificate on compliance of conditions of the Listing Regulations relating to Corporate Governance by the Company is annexed to this Report.

### d) Disclosure of Accounting Treatment

In the preparation of financial statement, the Company has followed the Accounting Standards issued by the Institute of the Chartered Accountants of India to the extent applicable.

**e) Disclosure of Risk Management**

The Company has framed the risk assessment and minimization procedure, which is periodically reviewed by the Audit Committee and the Board.

**f) CEO / CFO Certification**

In terms of Regulation 17(8) of the Listing Regulation, Mr. Nenshi L. Shah, CEO and Mr. Paresh Kanji Shah, CFO of the Company have submitted a certificate to the Board of Directors in the prescribed format in respect of financial year ended March 31, 2016.

**g) Details of compliance with mandatory requirements and adoption of non-mandatory requirements**

The Company has complied with the mandatory requirements as stipulated under Regulation 27 read with Schedule V of Listing Regulations. except Non appointment of Comapany Secretary The details of adoption of the non-mandatory requirements by the Company are mentioned hereunder:

- Reporting of Internal Auditor: The Internal Auditor reports to the Audit Committee.
- h) The company has complied with all the requirements of Corporate Governance has specified in Regulations 17 to 27 and clauses

(b) to (i) of sub regulation (ii) of regulation 46 of the listing regulations except has mentioned in point 'g' above.

**8. MEANS OF COMMUNICATION****• Publication of quarterly results:**

The quarterly/half yearly and Annual Financial Results are published in accordance with the provisions of the Listing Regulations in English Newspapers viz. Business Standard and in Marathi newspapers viz. Mahanayak. The results are also available on Company's website [www.eurovitrified.com](http://www.eurovitrified.com)

**• Website:**

The Company's website [www.eurovitrified.com](http://www.eurovitrified.com) contains a separate dedicated section- "Investor Relationship" where shareholders information is available. Periodical Financial results, Shareholding Pattern and 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.

**• Presentations / Press Releases:**

The Company has not made any presentations/ press release to institutional investors or to the analysts and has not given any press release during the year under review.

**9. GENERAL INFORMATION FOR SHAREHOLDERS**

a)	Date Time and Venue of Annual General Meeting	Date: Friday, September 30, 2016 Time: 10.15 a.m. Venue: Gomantak Seva Sangh, 72/A, Mahant Road Extension, Vile Parle (East), Mumbai - 400 057	
b)	Financial Year	April 1, 2015 to March 31, 2016	
c)	Book Closure dates	Friday, September 23, 2016 to Friday September 30, 2016 (both days inclusive)	
d)	Cut-off date for remote e-voting:	The remote e-voting/voting rights of the shareholders/beneficial owners shall be reckoned on the equity shares held by them as on the cut-off date i.e. Friday, September 23, 2016.	
e)	Financial Calendar (2016-17)	Result for the quarter ended June 30, 2016	– on August 12, 2016
		Result for the quarter ending September 30, 2016	– by November 14, 2016
		Result for the quarter ending December 31, 2016	– by February 14, 2017
		Audited Result for the year/ quarter ending March 31, 2017	– by May 30, 2017.
f)	Dividend Payment Date	Not applicable	
g)	Listing on Stock Exchanges	BSE Limited (BSE) & National Stock Exchange of (India) Limited (NSE)	
h)	Stock Code / Symbol	BSE - 532823 NSE – EUROCERA	
i)	ISIN with CDSL and NSDL	INE649H01011	

**j) Market Price Data:**

The monthly high and low quotations of shares traded on the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) during each month in 2015-16 are as follows:

Month	BSE*		BSE Sensex*		NSE**		NSE Nifty** (Points)	
	High (in ₹)	Low (in ₹)	High	Low	High (in ₹)	Low (in ₹)	High	Low
Apr-15	7.45	5.68	29094.61	26897.54	7.7	6.35	8844.8	6242.71
May-15	6.8	4.89	28071.16	26423.99	6.5	0	8489.55	5555.29
Jun-15	5.81	4.1	27968.75	26307.07	5.75	4.1	8467.15	5848.78
Jul-15	8.52	5.28	28578.33	27416.39	8.25	5.4	8654.75	8315.4
Aug-15	5.37	3.95	28417.59	25298.42	5.4	4.15	8621.55	5780.49
Sep-15	4.4	3.51	26471.82	24833.54	4.6	3.5	8055	7539.5
Oct-15	4	3.1	27618.14	26168.71	4.5	3.1	8336.3	7930.65
Nov-15	4.22	3	26824.3	25451.42	4.1	2.75	8116.1	1123.44
Dec-15	5.83	2.64	26256.42	24867.73	6.05	2.3	7979.3	7551.05
Jan-16	7.28	3.16	26197.27	23839.76	7.25	3.2	7972.55	7241.5
Feb-16	3.65	2.65	25002.32	22494.61	3.6	2.7	7600.45	6825.8
Mar-16	3.19	2.61	25479.62	23133.18	3.15	2.65	7749.4	7035.1

Source: \* www.bseindia.com, \*\* www.nseindia.com

**k) Shareholding Pattern as on March 31, 2016:**

Sr. No.	Category	Number of shares held	Percentage of Shareholding (%)
1	Promoters	35,41,452	10.50
2	Foreign Institutional Investors	-	0.00
3	Bodies Corporate	61,29,485	18.17
4	Financial Institutions/Banks	46,94,388	13.91
5	Clearing Member	3,92,558	1.16
6	Hindu Undivided family	5,65,084	1.68
7	Non Resident Indians	33,95,375	10.06
8	Resident Individuals (Public)	1,50,19,375	44.52
	<b>Total</b>	<b>3,37,37,717</b>	<b>100.00</b>

**l) Distribution of shareholding as on March 31, 2016:**

Shareholding (No. of Shares)	Number of shareholders	% of total number of shareholders	Total Number of Shares	% of Total Number of Shares
1 to 500	6,054	77.06	8,01,906	2.38
501 to 1000	665	8.46	5,80,064	1.72
1001 to 2000	432	5.50	6,94,470	2.06
2001 to 3000	160	2.04	4,19,752	1.24
3001 to 4000	85	1.08	3,09,101	0.92
4001 to 5000	120	1.53	5,73,656	1.70
5001 to 10000	155	1.97	11,78,895	3.49
10001 and above	185	2.35	2,91,79,873	86.50
<b>Total</b>	<b>7,856</b>	<b>100.00</b>	<b>3,37,37,717</b>	<b>100.00</b>

**m) Share Transfer System:**

All shares sent or transferred in physical form are registered by the Registrar and Share Transfer Agent within stipulated time. 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 21 days. The Company obtains, from a Practicing Company Secretary, a half-yearly certificate of compliance with the share transfer formalities as required under Regulation 40(9) of the Listing Regulation and files a copy of the certificate with the concerned Stock Exchanges.

**n) Dematerialization of shares and liquidity:**

As on March 31, 2016 the total number of Equity Shares of the Company in dematerialization form, stood at 3,12,60,115 Shares (representing 92.66% of the Company's Paid-up Equity Share Capital of the Company).

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

As on March 31, 2016, the Company does not have any outstanding ADRs, GDRs, Warrants or any convertible instruments.

**p) Plant Location:**

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

**q) Registrar & Share Transfer Agent:**

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](mailto:helpline@linkintime.co.in)

**r) Address for Investor Correspondence:**

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

Mr. Pratik Shah  
Compliance Officer  
Euro Ceramics Limited  
208, Sangam Arcade, Vallabhbbhai Road,  
Opp. Railway Station, Vile Parle (West),  
Mumbai - 400056  
E-mail: [investors@eurovitriified.com](mailto:investors@eurovitriified.com)  
Tel No.: 91 22 4019 4019  
Fax No.: 91 22 4019 4020

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**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 financial year 2015-16.

**For Euro Ceramics Limited**

**Place:** Mumbai  
**Date:** May 30, 2016

**Nenshi L Shah**  
**Cheif Executive Officer**

**Auditors Certificate on Compliance of the Corporate Governance**

To ,  
The Members of  
**EURO CERAMICS LIMITED**

We have examined the records concerning compliance of the conditions of Corporate Governance by EURO CERAMICS LIMITED for the year ended March 31, 2016, as stipulated in

- i) Clause 49 [excluding clause 49(VII) (E)] of the Listing Agreements of the Company with stock exchange(s) for the period from April 1, 2015 to November 30, 2015.
- ii) Clause 49(VII)(E) of the Listing Agreements of the Company with the stock exchange(s) for the period from April 1, 2015 to September 30, 2015.
- iii) Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the period from September 2, 2015 to March 31, 2016 and
- iv) Regulations 17 to 27 [excluding Regulation 23(4)] and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the period from December 1, 2015 to March 31, 2016.

(hereinafter together referred to as “the Listing Regulations”).

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 Regulations **except** the Company is yet to appoint a Company Secretary.

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  
ICAI Firm Registration No. 115678W

**CA. Jaymin P. Shah**  
**Membership No. 118113**  
**Partner**

**Independent Auditor's Report**

To  
The members of  
**Euro Ceramics Limited**

**Report on the Standalone Financial Statements**

1. We have audited the accompanying standalone financial statements of Euro Ceramics Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the standalone financial statements**

2. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.

4. We have taken into account the provisions of the Act and the Rules made there under including the Accounting Standards and matters which are required to be included in the audit report.
5. We have conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over the financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on standalone financial statements.

**Qualified Opinion**

8. In our opinion and to the best of our information and according to the explanations given to us, **except** for the matters illustrated and described in the **Basis for Qualified Opinion** herein below, the aforesaid standalone financial



statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its loss and its cash flows for the year ended on that date.

#### Basis for Qualified Opinion

1. The attention is invited to note no.3 to the financial statements, towards the fact that the Company's financial facilities/ arrangements including Term Loans, Working Capital Facilities and Non Fund Based Credit Facilities have expired and the accounts with the Banks have turned into Non Performing Assets since more than 3 years.

The Company is unable to renegotiate, restructure or obtain replacement of financing arrangements and the banks have initiated legal proceedings for the recovery from the Company u/s. 19 of the Debt Recovery Tribunal (DRT), u/s. 13(2) of the Securitization & Reconstruction of Financial Assets & Enforcement of Security (Second) Interest (SARFAESI) Act, 2002 and winding up petition at Mumbai High Court. In addition to this, the Company has been continuously incurring substantial losses since past few years and as on March 31, 2016, the Company's current liabilities exceed its current assets by ₹43,842.60 lakhs. Further, the networth of the Company has fully eroded and the Company has filed for registration u/s. 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985, before the Hon'ble Board for Industrial & Financial Reconstruction.

All the above events indicate a material uncertainty that casts a significant doubt on the Company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business. The financial results do not disclose the fact that the fundamental accounting assumption of going concern has not been followed.

2. Attention is also drawn to note no.34 to the financial statements, the Company on the basis of registration filed u/s. 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985, before the Hon'ble Board for Industrial & Financial Reconstruction, and the hearings for which are in process for determination of sickness; has not provided for interest on financing facilities amounting to ₹10,250.96 lakhs for the year ending March 31, 2016, subject to reconciliation with banks. Had the same been provided, the loss for the year ending March 31, 2016, would have increased by ₹10,250.96 lakhs. The corresponding liabilities would also have increased by ₹10,250.96 lakhs as at March 31, 2016.
3. Attention is also drawn to the fact that the Company has not provided for impairment or diminishing value of its assets/ investment as per 'Accounting Standard 28 – Accounting for Impairment of Assets' as notified under the Companies (Accounting Standards) Rules, 2006 read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. The effect of such Impairment or diminishing value has not been quantified by the management and hence the same is not ascertainable.
4. We draw attention to the fact that financial statements are subject to receipt of confirmation of balances from all of the debtors, loans & advances, investments, banks, sundry creditors and other liabilities. Pending receipt of confirmation of these balances and consequential reconciliations / adjustments, if any, the resultant impact on the financial statements is not ascertainable.
5. We draw attention to the facts that the non-ascertainment of complete particulars of dues to Micro, Small and Medium enterprises, if any under MSMED Act, 2006, and provisions towards interest, if any, is not ascertained at this stage which is not in conformity with para14 of Accounting Standard 29-'Provision, Contingent Liabilities and Contingent Assets.

**Report on other legal and regulatory requirements**

9. As required by 'the Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as 'the Order'), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure-'B' a statement on the matters specified in paragraphs 3 and 4 of the Order.

**10. As required by Section 143(3) of the Act, we report that:**

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c) The Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014, except for as stated in basis for qualifications above.
- e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as director in terms of section 164 (2) of the Act.

- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure-'A'.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
  - i) The Company has disclosed the impact, if any, of pending litigations as at March 31, 2016, on its financial position in its standalone financial statements;
  - ii) The Company has made provision as at March 31, 2016 as required under the applicable law or Accounting Standards for material foreseeable losses, if any, on long-term contracts including derivative contracts **except as stated in basis for qualifications above;**
  - iii) **There has been delay in transferring unclaimed dividend amounting to ₹0.37 lakhs pertaining to financial year 2007-08 into the Investor Education and Protection Fund, by the Company during the year ended March 31, 2016.**

**For Deepak Maru & Co.**

Chartered Accountants

ICAI Firm Regn. No.:115678W

**CA. Jaymin P. Shah**

Partner

Mem.No.118113

**Place: Mumbai**

**Date: May 30, 2016**

**Annexure – ‘A’ to the Independent Auditors’ Report**

Referred to in paragraph 10(f) of the Independent Auditor’s Report of even date to the Members of Euro Ceramics Ltd on standalone financial statement for the year ended March 31, 2016.

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

We have audited the internal financial controls over financial reporting of Euro Ceramics Ltd. (“the Company”) as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (“ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an

audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

**Meaning of Internal Financial Controls over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company;

and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

#### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate

internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

#### **For Deepak Maru & Co.**

Chartered Accountants

ICAI Firm Regn. No.:115678W

#### **CA. Jaymin P. Shah**

Partner

Mem.No.118113

**Place: Mumbai**

**Date: May 30, 2016**

**Annexure-‘B’ to the Independent Auditors’ Report**

(Referred to in paragraph 9 of the Independent Auditors’ Report of even date to the members of Euro Ceramics Limited on the standalone financial statements as of and for the year ended March 31, 2016)

- (i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- b) 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.
- c) According to the information and explanations given to us and the records examined by us and based on the examination of the conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings, are held in the name of the Company as at the balance sheet date, except As follows:
  - (1) 21.20 Acres of Land (₹49.31 lakhs) are yet pending to be registered with Government Authorities.
  - (2) 48.24 Acres of Land (₹34.89 lakhs) are either yet to be converted into Non-Agricultural from Agricultural purpose or there are discrepancies in respect of measurement as compared to Government Records.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanation given to us, the Company has granted unsecured loans to party covered in the register maintained under section 189 of the Companies Act.

**(a) In our opinion and according to the**

information and explanations given to us, the terms and conditions of the grant of such loan have not been specifically defined and hence we are unable to comment as to whether the same are prejudicial to the interest of the Company or not.

- b) In our opinion and according to the information and explanations given to us, there are no stipulations made regarding repayment of principal amount and interest in respect of loans granted by the Company to parties covered in the register maintained under section 189 of the Companies Act, 2013. Hence we are unable to comment as to regularity of repayments of principal and interest amount.
- c) In absence of specific stipulations for repayment of principal and interest we are unable to comment on the overdue amounts in respect thereof and steps taken for their recovery.
- (iv) In our opinion and according to the information and explanation given to us, the Company has neither granted any loans nor provided any guarantees nor any securities in respect of any loans to any party covered under section 185 or section 186 of the Act.
- (v) In our opinion and according to the information and explanations given to us, the Company during the year has not accepted any deposits from the public within the meaning of section 73 & 76 of the Companies Act, 2013 and the Rules framed there under to the extent notified. Further in respect of deposits accepted by the company before the commencement of this Act, within the meaning of section 74 & 75 of the Companies Act, 2013 and the Rules framed there under to the extent notified, the principal amount of such deposits and interest due thereon remained unpaid even after expiry of one year from such commencement. However, the Company duly filed an application within the meaning of section 74(2) with the Company Law Board requesting to allow further time for

compliance. However the final decision of the Tribunal as required under section 75 (1) of the Companies Act, 2013 is still awaited.

**However in our opinion and according to the information and explanations given to us, the Company has not appropriated within the prescribed period of 365 days from the date of receipt, the amount received by it for the supply of goods / provision of services that were received in normal course of and for the purpose of its business amounting to ₹135.06 lakhs. The said amount tantamount to acceptance of deposit within the meaning of sec.73 to sec.76 of the Companies Act 2013 and the rules framed there under. The Company has not complied with Company's Acceptance of Deposits Rule as provided in sec.73 to 76 of the Companies Act, 2013 to that extent.**

(vi) The Central Government of India has not specified the maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 for any of the products of the Company.

(vii) In respect of Statutory Dues:

a) According to the information and explanation given to us and the records of the Company examined by us, in our opinion the Company has been facing liquidity stress since past few years due to which there were delays in depositing various undisputed statutory dues with appropriate authorities including provident fund, employee's state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable to it and there are no arrears of outstanding statutory dues as at the yearend for a period of more than six months from the date they became payable.

b) According to the information and explanation given to us and the records of

the Company examined by us, there are no dues of income tax, sales tax, service tax, duty of excise, value added tax, as at March 31, 2016, which have not been deposited on account of any dispute. However there are dues of duty of customs which have not been deposited on account of a dispute which are as under:

Name of the Statute	Nature of Dues	Amount ₹	Period to which the amount relates	Forum where the dispute is pending
The Customs Act, 1962	Custom Duty and Penalty thereon	1,185.11 lakhs	Financial Year 2005-2013	Commissioner of Customs (Appeals)
		1,782.77 lakhs	Financial Year 2006-2014	Commissioner of Customs (Appeals)

c) There has been delay in transferring unclaimed dividend amounting to ₹ 0.37 lakhs pertaining to financial year 2007-08 into the Investor Education and Protection Fund, by the Company during the year ended March 31, 2016.

(viii) In our opinion and according to the information and explanations given to us the Company has defaulted in repayment of loans and interests dues to the banks and financial institution as under:

Name of the Bank	Principal Outstanding (₹ in Lakhs)	Interest Outstanding (₹ in Lakhs)	Default since
State Bank of India	25,598.96	14,383.08	December 2012
The Cosmos Co-Op Bank Ltd	5,805.03	4,552.31	April 2012
ICICI Bank Ltd	8,919.33	6,625.90	October 2012
Bank of India	4,239.69	2,425.20	April 2012
Indusind Bank	540.27	271.57	October 2012
<b>Total</b>	<b>45,103.28</b>	<b>28,258.06</b>	

(ix) The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments). The term loans were applied for the purposes for which those are raised.

- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- (xi) The Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3 (xii) of the Order are not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its Directors and hence provisions of Section 192 of the Act are not applicable.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934

**For Deepak Maru & Co.**

Chartered Accountants

ICAI Firm Registration No:115678W

**CA. Jaymin P. Shah**

Partner

Mem.No.118113

**Place: Mumbai****Date: May 30, 2016**



**BALANCE SHEET AS AT MARCH 31, 2016**

Particulars	Note No.	As at March 31, 2016 (Amount in ₹)	As at March 31, 2015 (Amount in ₹)
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	1	337,377,170	337,377,170
(b) Reserves and surplus	2	(2,070,853,638)	(1,948,123,950)
		(1,733,476,468)	(1,610,746,780)
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings	3	315,067,665	322,204,147
(b) Deferred tax liabilities (net)		-	152,392,056
		315,067,665	474,596,203
<b>3 Current liabilities</b>			
(a) Short-term borrowings	4	145,883,477	145,833,477
(b) Trade payables	5	366,330,891	303,719,638
(c) Other current liabilities	6	4,894,539,646	4,883,559,040
(d) Short-term provisions	7	7,946,477	7,491,849
		5,414,700,491	5,340,604,004
<b>TOTAL</b>		<b>3,996,291,689</b>	<b>4,204,453,426</b>
<b>B ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	8	2,864,679,523	3,134,144,603
(b) Non-current investments	9	13,410,750	13,410,750
(c) Long-term loans and advances	10	87,760,022	94,075,144
		2,965,850,295	3,241,630,497
<b>2 Current assets</b>			
(a) Inventories	11	319,327,962	320,882,205
(b) Trade receivables	12	184,046,264	131,102,584
(c) Cash and Bank Balances	13	56,033,963	31,517,794
(d) Short-term loans and advances	14	470,869,374	479,204,187
(e) Other current assets	15	163,832	116,159
		1,030,441,394	962,822,929
<b>TOTAL</b>		<b>3,996,291,689</b>	<b>4,204,453,426</b>
<b>Significant Accounting Policies and Notes on Financial Statements forming part of the financial statements 1 to 36</b>			

In terms of our report attached  
**For DEEPAK MARU & CO.**  
Chartered Accountants  
ICAI Firm Regn. No.:115678W

**For and on behalf of the Board of Directors**

**CA. Jaymin P. Shah**  
**Partner**  
Mem. No.118113

**Pratik K. Shah**  
Chairman &  
Whole Time Director  
DIN : 01049516

**Paresh K. Shah**  
Chief Financial  
Officer

**Place : Mumbai**  
**Date : May 30, 2016**

**Place : Mumbai**  
**Date : May 30, 2016**



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

Particulars	Note No.	For the year ended March 31, 2016 (Amount in ₹)	For the year ended March 31, 2015 (Amount in ₹)
<b>A CONTINUING OPERATIONS</b>			
1 Revenue from operations (gross)	16	609,540,588	541,959,517
Less: Excise duty		49,774,615	44,850,836
		559,765,973	497,108,681
2 Other Income	17	16,856,123	27,109,414
<b>3 Revenue from operations (net)</b>		<b>576,622,096</b>	<b>524,218,095</b>
<b>4 Expenses</b>			
(a) Cost of materials consumed	18	272,790,982	238,851,851
(b) Purchases of stock-in-trade	18.1	10,628,103	13,914,697
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	18.2	58,175,207	925,318
(d) Employee benefits expense	19	61,338,821	57,677,106
(e) Finance Cost	21	7,630,237	6,995,102
(f) Depreciation and amortisation expense	8	269,612,089	288,279,945
(g) Other expenses	20	171,568,399	182,723,976
<b>Total Expenses</b>		<b>851,743,839</b>	<b>789,367,995</b>
<b>5 Profit / (Loss) before exceptional and extraordinary items and tax</b>		<b>(275,121,743)</b>	<b>(265,149,900)</b>
6 Exceptional items		-	-
<b>7 Profit / (Loss) before extraordinary items and tax</b>		<b>(275,121,743)</b>	<b>(265,149,900)</b>
8 Extraordinary items		-	355,217,347
<b>9 Profit / (Loss) before tax</b>		<b>(275,121,743)</b>	<b>(620,367,247)</b>
<b>10 Tax expense:</b>			
(a) Current tax expense for current year		-	-
(b) (Less): MAT credit (where applicable)		-	-
(c) Current tax expense relating to prior years		-	-
(d) Net current tax expense		-	-
(e) Deferred tax		(152,392,056)	-
		(152,392,056)	-
<b>11 Profit / (Loss) for the period from continuing operations</b>		<b>(122,729,687)</b>	<b>(620,367,247)</b>
<b>12 Profit / (Loss) for the year</b>		<b>(122,729,687)</b>	<b>(620,367,247)</b>
<b>13 Earnings per share (of ₹ 10/- each):</b>			
(a) Basic		(3.64)	(18.39)
(b) Diluted		(3.64)	(18.39)
<b>Significant Accounting Policies and Notes on Financial Statements forming part of the financial statements 1 to 36</b>			

In terms of our report attached

For **DEEPAK MARU & CO.**

Chartered Accountants

ICAI Firm Regn. No.:115678W

For and on behalf of the Board of Directors

CA. Jaymin P. Shah

Partner

Mem. No.118113

Pratik K. Shah

Chairman &amp;

Whole Time Director

DIN : 01049516

Paresh K. Shah

Chief Financial

Officer

Place : Mumbai

Date : May 30, 2016

Place : Mumbai

Date : May 30, 2016

**CASH FLOW STATEMENT FOR THE YEAR ENED MARCH 31, 2016**

Particulars	As at March 31, 2016 (Amount in ₹)		As at March 31, 2015 (Amount in ₹)	
<b>A. Cash flow from operating activities</b>				
Net Profit / (Loss) before extraordinary items and tax		(275,121,743)		(265,149,900)
<u>Adjustments for:</u>				
Depreciation and amortisation	269,612,089		288,279,945	
(Profit) / loss on sale / write off of assets & Investments	(11,385)		372,714	
Finance costs	7,630,237		6995,102	
Interest income	(1,659,222)		(3,108,605)	
Sale of Trademark	-		(3,000,000)	
Rental income from investment properties	(1,969,847)		(1,139,870)	
Share of (profit)/Loss from partnership firms	2,531,614	276,133,487	321,316	288,720,602
Net unrealised exchange (gain) / loss				
Operating profit / (loss) before working capital changes		1,011,743		23,570,702
<u>Changes in working capital:</u>				
Adjustments for (increase) / decrease in operating assets:				
Inventories	1,554,244		(282,737)	
Trade receivables	(52,943,681)		16,707,358	
Short-term loans and advances	8,334,814		439,640	
Long-term loans and advances	6,315,122		1,224,359	
Other current assets	(47,673)		(47,736)	
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	62,611,256		(19,883,788)	
Other current liabilities	10,980,606		(9,012,357)	
Short-term provisions	454,628		2,345,401	
Long-term provisions	-	37,259,314	-	(8,509,860)
		38,271,058		15,060,842
Cash flow from extraordinary items		-		-
Cash generated from operations		38,271,058		15,060,842
Net income tax (paid) / refunds		-		-
<b>Net cash flow from / (used in) operating activities (A)</b>		<b>38,271,058</b>		<b>15,060,842</b>
<b>B. Cash flow from investing activities</b>				
Capital expenditure on fixed assets, incl. capital advances	(185,626)		(466,290)	
Proceeds from sale of fixed assets	50,000		123,052	
Sale of Trademark			3,000,000	
Interest received	1,659,222		3,108,605	
Rental income from investment properties	1,969,847		1,139,870	
(Increase)/Decrease in Investment			100,000	
Amounts received from partnership firms	(2,531,614)	961,829	(321,316)	6,683,921
		961,829		6,683,921
Cash flow from extraordinary items		-		-
		961,829		6,683,921
Net income tax (paid) / refunds		-		-
<b>Net cash flow from / (used in) investing activities (B)</b>		<b>961,829</b>		<b>6,683,921</b>
<b>C. Cash flow from financing activities</b>				
Repayment of long-term borrowings	(7,136,482)		(9,351,681)	
Repayment of other short-term borrowings	50,000		(2,100,000)	
Finance cost	(7,630,237)		(6,995,102)	
		(14,716,719)		(18,446,783)

**CASH FLOW STATEMENT FOR THE YEAR ENED MARCH 31, 2016**

Particulars	As at March 31, 2016 (Amount in ₹)	As at March 31, 2015 (Amount in ₹)
<b>Cash flow from extraordinary items</b>	-	
<b>Net cash flow from / (used in) financing activities (C)</b>	<b>(14,716,719)</b>	<b>(18,446,783)</b>
<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>	<b>24,516,168</b>	<b>3,297,980</b>
Cash and cash equivalents at the beginning of the year	31,517,787	28,219,807
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents	-	-
Cash and cash equivalents at the end of the year	56,033,955	31,517,787
Reconciliation of Cash and cash equivalents with the Balance Sheet:		
<b>Cash and cash equivalents as per Balance Sheet (Refer Note 13)</b>	<b>56,033,955</b>	<b>31,517,787</b>
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements	-	-
Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements)	56,033,955	31,517,787
Add: Current investments considered as part of Cash and cash equivalents (as defined in AS 3 Cash Flow Statements)	-	-
<b>Cash and cash equivalents at the end of the year *</b>	<b>56,033,955</b>	<b>31,517,787</b>
* Comprises:		
(a) Cash on hand	855,239	2,191,589
(b) Cheques, drafts on hand	-	-
(c) Balances with banks		
(i) In current accounts	54,700,516	3,889,377
(ii) In earmarked accounts (Refer Note (ii) below)	-	139,619
(d) Others - Fixed Deposits Kept as Margin Money	478,201	25,297,201
	<b>56,033,955</b>	<b>31,517,787</b>

Note : (i) The Cash Flow statement reflects the Combined Cash Flow pertaining to continuing and discontinuing operations.  
(ii) This earmarked account balances with Banks can be utilized only for the specific identified purposes.

In terms of our report attached

**For DEEPAK MARU & CO.**

Chartered Accountants

ICAI Firm Regn. No.:115678W

**For and on behalf of the Board of Directors**

**CA. Jaymin P. Shah**

**Partner**

Mem. No.118113

**Pratik K. Shah**

Chairman &

Whole Time Director

DIN : 01049516

**Paresh K. Shah**

Chief Financial

Officer

**Place : Mumbai**

**Date : May 30, 2016**

**Place : Mumbai**

**Date : May 30, 2016**

**Notes forming part of the Financial Statements for the Year Ended March 31, 2016**

**SIGNIFICANT ACCOUNTING POLICIES**

**A Basis of accounting and preparation of financial statements**

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. Pursuant to section 133 of the Companies Act, 2013 read with rule 7 of Companies (Accounts) Rules, 2014, till the standards of accounting or any addendum thereto are prescribed by the Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply.

**B System of accounting and Use of estimates**

- (i) The Company follows the mercantile system of accounting and recognises income and expenditure on an accrual basis except in case of significant uncertainties.
- (ii) Financial statements are prepared under the historical cost convention. These costs are not adjusted to reflect the impact of changing value in the purchasing power of money.
- (iii) Estimates and assumptions used in the preparation of the financial statements and disclosures are based upon Management's evaluation of the relevant facts and circumstances as of the date of the financial statements, which may differ from the actual results at a subsequent date.

**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**

- (i) Depreciation is provided on a pro rata basis on the straight line method (SLM method) over the useful lives of the respective assets as defined in Schedule II-Part 'C' of the Companies Act, 2013.
- (ii) 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.
- (iii) Depreciation on additions is being provided on a pro-rata basis from the date of such additions.
- (iv) Depreciation on assets sold, discarded or demolished during the year is being provided at their rates upto the date on which such assets are sold, discarded or demolished.

**G Revenue recognition**

- (i) 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.
- (ii) Export Incentives on Advance License are recognised on accrual basis.
- (iii) 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**

- (i) Fixed assets are stated at cost net of tax / duty credits availed if any less accumulated depreciation.

- (ii) 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.
- (iii) Exchange differences arising on restatement / settlement of long-term foreign currency borrowings relating to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets.
- (iv) 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.
- (v) 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**

- (i) 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.
- (ii) Non-monetary foreign currency items are carried at cost.
- (iii) Monetary Items of Current 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.
- (iv) 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**

Non-Current 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**

##### **(i) 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.

##### **(ii) 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.

##### **(iii) 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 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.

#### **M Segment reporting**

- (i) 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.

- (ii) 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.
- (iii) Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.
- (iv) 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 extra-ordinary/ 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. The number of shares and potentially dilutive equity shares are adjusted for any stock splits and bonus shares issues.

## **O Taxes on income**

- (i) Provision for taxation comprises of Current tax and Deferred Tax. Current tax Provision has

been made in accordance with the Income Tax Act, 1961.

- (ii) 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.
- (iii) Deferred tax assets arising from timing differences are recognized to the extent there is reasonable certainty that these would be realized in future.
- (iv) 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.

## Notes forming part of the financial statements

## Note 1:- SHARE CAPITAL

Particulars	As at March 31, 2016		As at March 31, 2015	
	Number of shares	₹	Number of shares	₹
<b>(a) Authorised</b> Equity shares of ₹ 10 each	35,000,000	350,000,000	35,000,000	350,000,000
<b>(b) Issued, Subscribed and fully paid up</b> Equity shares of ₹ 10 each	33,737,717	337,377,170	33,737,717	337,377,170
<b>Total</b>	<b>33,737,717</b>	<b>337,377,170</b>	<b>33,737,717</b>	<b>337,377,170</b>

## 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 2015-2016 / 2014-2015. 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	Closing Balance
<b>Equity shares with voting rights Year ended March 31, 2016</b>			
- Number of shares	33,737,717	-	33,737,717
- Amount (₹)	337,377,170	-	337,377,170
<b>Year ended March 31, 2015</b>			
- Number of shares	33,737,717	-	33,737,717
- Amount (₹)	337,377,170	-	337,377,170

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

Class of shares / Name of shareholder	As at March 31, 2016		As at March 31, 2015	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
<b>Equity shares with voting rights</b>				
Dharmesh Kishor Gathani Jointly with Deena Kishor Gathani	6,826,757	20.23%	6,826,757	20.23%
State Bank of India	4,135,954	12.26%	4,135,954	12.26%
ICICI Bank Ltd	2,633,728	7.81%	4,783,606	14.18%
Milankumar Dhirajlal Mehta	2,477,579	7.34%	2,477,579	7.34%
Bank of India	2,060,266	6.11%	-	-

**Notes forming part of the financial statements**

**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, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012
<b>Equity shares with voting rights</b>					
Shares issued on conversion of Compulsorily Convertible Debentures of even numbers pursuant to completion of its tenure, without its payments being received in cash.	-	-	5,159,705	-	-
Shares out of the issued, subscribed and paid-up share capital were allotted pursuant to Scheme of Corporate Debt Restructuring (CDR) without payments being received in cash.	-	-	-	2,149,878	-
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

**Note 2:- RESERVES & SURPLUS**

Particulars	As at March 31, 2016	As at March 31, 2015
	(₹)	(₹)
(a) Capital reserve (on Demerger)		
Opening balance	49,728,952	49,728,952
Add: Additions during the year	-	-
Less: Utilised / transferred during the year	-	-
Closing balance	49,728,952	49,728,952
(b) Securities premium account		
Opening balance	1,096,659,721	1,096,659,721
Add : Premium on shares issued during the year	-	-
Less : Utilised during the year	-	-
Closing balance	1,096,659,721	1,096,659,721
(c) General reserve		
Opening balance	(583,446,056)	10,000,000
Add: Transferred from surplus in Statement of Profit and Loss	-	-
Less: Utilised / transferred during the year	-	(593,446,056)
Closing balance	(583,446,056)	(583,446,056)
(d) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	(2,511,066,567)	(1,890,699,320)
Add: Profit / (Loss) for the year	(122,729,687)	(620,367,247)
Less: Appropriations	-	-
Closing balance	(2,633,796,254)	(2,511,066,567)
<b>Total (a + b + c + d)</b>	<b>(2,070,853,638)</b>	<b>(1,948,123,950)</b>



## Notes forming part of the financial statements

## Note 3:- LONG TERM BORROWINGS

Particulars	Long Term Debts	Current Maturities of Long Term Debt	Long Term Debts	Current Maturities of Long Term Debt
	As at March 31, 2016	As at March 31, 2016	As at March 31, 2015	As at March 31, 2015
	(₹)	(₹)	(₹)	(₹)
<b>SECURED:</b>				
(a) Term loans				
(i) From banks	-	3,528,924,068	-	3,529,202,977
(ii) From others	-	-	-	-
	-	3,528,924,068	-	3,529,202,977
(b) Vehicle Loans	-	53,093	-	235,656
<b>Total</b>	-	<b>3,528,977,162</b>	-	<b>3,529,438,633</b>
<b>UNSECURED:</b>				
(a) Zero Coupon Bonds	38,500,000	-	38,500,000	
(b) Deposits	61,908,922	-	65,769,165	
(c) Loans and advances from related parties	214,658,743	-	217,934,982	
<b>Total</b>	<b>315,067,665</b>	<b>3,528,977,162</b>	<b>322,204,147</b>	<b>3,529,438,633</b>
<b>Less : Transfer to Other Current Liability</b>	-	<b>(3,528,977,162)</b>	-	<b>(3,529,438,633)</b>
<b>Total (Secured + Unsecured)</b>	<b>315,067,665</b>	-	<b>322,204,147</b>	-

- 3.1 The Company has been incurring losses since F.Y.2011-12 onwards which has resulted in erosion of its net worth and depletion in its working capital. Eventually there were defaults in the repayment of obligations to banks and the relevant loan accounts - Term Loans, Cash Credits and other Non-Fund Based Credits classified as Non Performing Assets by the Lenders. Consequently the Lenders have called-off their advances and issued notice for recovery under section 19 of Recovery of Debts (DRT) and under section 13(2) of the Securitization & Reconstruction of Financial Assets & Enforcement of Security (Second) Interest (SARFAESI) Act, 2002 to the Company.
- 3.2 The Company on the basis of audited accounts for the financial year ended March 31, 2013 has filed the reference under section 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985 before the Hon'ble Board For Industrial And Financial Reconstruction (BIFR). The above reference has been duly registered by the Learned Registrar of Hon'ble BIFR and hearings of the same are in process for determination of sickness.
- 3.3 In the light of the above scenario, all the term loans from banks are no longer treated as Long Term Borrowings, but have been classified as Current maturities of Loans & Credit Facilities from Banks under Other Current Liabilities in Note No.6.
- 3.4 All the Term Loans from Banks are secured against the first charge on Fixed Assets of the Company by mortgage of all movable and immovable assets and second charge on the current assets of the Company by hypothecation and against personal guarantees of the Directors. Some of the term loans are also further secured against collateral securities and pledge of promoter shares.
- 3.5 385 Zero Coupon Bonds are issued to lender in pursuant to scheme of CDR, having face value of ₹1,00,000/- each, redeemable after March 31, 2021.
- 3.6 There is no specific repayment schedule has been prescribed by the Lenders for the borrowing under the head Deposits and Loans and Advances from related parties.

## Notes forming part of the financial statements

**Note 4:- SHORT TERM BORROWINGS**

Particulars	As at March 31, 2016	As at March 31, 2015
	₹	₹
<b>UNSECURED:</b>		
(a) Deposits	145,883,477	145,833,477
<b>Total</b>	<b>145,883,477</b>	<b>145,833,477</b>

**Note 5:- TRADE PAYABLES**

Particulars	As at March 31, 2016	As at March 31, 2015
	₹	₹
Micro, Small and Medium Enterprises	3,705,761	3,965,761
Other	362,625,130	299,753,877
<b>Total</b>	<b>366,330,891</b>	<b>303,719,638</b>

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, 2016	As at March 31, 2015
	₹	₹
(a) Current maturities of Loans & Credit Facilities from Banks	4,510,381,054	4,545,572,428
(b) Interest accrued and due on borrowings	286,041,222	286,041,222
(c) Unclaimed dividends	-	167,087
(d) Other payables		
(i) Statutory remittances (Contributions to PF and ESIC, Excise Duty, VAT, Service Tax, etc.)	15,371,350	18,967,102
(ii) Payables on purchase of fixed assets	3,960,591	-
(iii) Trade / security deposits received	1,808,207	1,808,207
(iv) Advances from customers & Others	71,721,627	31,002,994
(v) Employees Benefits	5,255,595	-
<b>Total</b>	<b>4,894,539,646</b>	<b>4,883,559,040</b>

## Notes forming part of the financial statements

- 6.1 As explained in Note No. 3.1, Lenders have cllaed off their advances granted by way of Term Loans, Cash Credit Facilities and other Non fund Base Limits, and in light of such senario all the Term Loans and working capital borrowings have been classified as Current Maturities of Loans and Credit Facilities from Banks under Other Current Liabilities
- 6.2 Working capital 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.

## Note 7:- SHORT TERM PROVISIONS

Particulars	As at March 31, 2016	As at March 31, 2015
	₹	₹
Provision for employee benefits:		
(i) Provision for bonus	1,854,371	1,550,818
(ii) Provision for leave encashments	1,464,669	1,728,455
(iii) Provision for gratuity (net) (Refer Note 31)	4,627,437	4,212,576
<b>Total</b>	<b>7,946,477</b>	<b>7,491,849</b>

## Note 8:- FIXED ASSETS

Particulars	Gross Block				Depreciation				Net Block	
	Cost as on Mar 31, 2015	Additions	Deletions / Adjustment	Cost as on Mar 31, 2016	Upto Mar 31, 2015	For the Y.E. Mar 31, 2016	On deletions	As on Mar 31, 2016	As on Mar 31, 2016	As on Mar 31, 2015
	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)
<b>Tangible Assets :</b>										
I Land - Freehold	94,544,616	-	-	94,544,616	-	-	-	-	94,544,616	94,544,616
II Building	874,050,661	-	-	874,050,661	198,365,164	24,533,	-	222,898,540	651,152,121	675,685,497
III Plant & Machinery	4,603,601,799	-	-	4,603,601,799	2,293,368,086	239,390,534	-	2,532,758,620	2,070,843,179	2,310,233,713
IV Furniture & Fixtures	47,794,865	-	-	47,794,865	42,016,513	2,922,500	-	44,939,013	2,855,852	5,778,352
V Office Equipments	13,229,040	44,276	-	13,273,316	12,487,553	84,767	-	12,572,320	700,996	741,487
VI Vehicles	20,807,601	-	772,291	20,035,310	15,242,616	1,616,332	733,676	16,125,272	3,910,038	5,564,985
VII Computers	10,242,958	141,350	-	10,384,308	10,186,925	48,770	-	10,235,695	148,613	56,033
VIII Power Project	268,032,690	-	-	268,032,690	226,492,772	1,015,811	-	227,508,583	40,524,107	41,539,918
<b>Intangible Assets :</b>										
I Trademarks	10,000	-	-	10,000	10,000	-	-	10,000	-	-
<b>Grand Total</b>	<b>5,932,314,230</b>	<b>185,626</b>	<b>772,291</b>	<b>5,931,727,565</b>	<b>2,798,169,629</b>	<b>269,612,089</b>	<b>733,676</b>	<b>3,067,048,042</b>	<b>2,864,679,523</b>	<b>3,134,144,601</b>
Previous Year	5,932,619,751	466,290	771,814	5,932,314,227	1,916,719,667	881,726,001	276,044	2,798,169,624	3,134,144,603	4,015,900,084

## Notes forming part of the financial statements

## Note 9:- NON-CURRENT INVESTMENTS

Particulars		As at March 31, 2016	As at March 31, 2015
		₹	₹
<b>Investments (At cost):</b>			
A. Other investments			
<b>(a) Investment in equity instruments-Unquoted, fully paid up</b>			
(i) of subsidiaries			
1,90,000 (As at March 31, 2015: 1,90,000) shares of ₹ 10 each in Euro Merchandise (India) Limited	14,250,000		
Less : Provision for diminution in investment	(14,250,000)	-	-
(ii) of other entities			
13,00,000 (As at March 31, 2015: 13,00,000) shares of ₹ 10 each in Euro Glass Private Limited		13,00,000	13,00,000
35,075 (As at March 31, 2015: 35,075) Shares of ₹ 10 each in The Cosmos Co-Operative Bank Ltd. (Pledged with Bank)		350,750	350,750
		13,350,750	13,350,750
<b>(b) Investment in government or trust securities</b>			
6 Years National Savings Certificate (Deposited with Sales Tax Department)		10,000	10,000
<b>(c) Investment in partnership firms</b>			
M/s. Euro Realtors (Fixed Capital)		50,000	50,000
Share of Profit/Loss - 95% and Other Partner Dharmesh Gathani 5%			
<b>Total</b>		<b>13,410,750</b>	<b>13,410,750</b>

## Note 10:- LONG TERM LOANS AND ADVANCES

Particulars	As at March 31, 2016	As at March 31, 2015
	₹	₹
<b>Unsecured, considered good</b>		
(a) Capital advances	-	-
(b) Security deposits	11,093,798	11,950,613
(c) Prepaid expenses	21,388,892	25,666,668
(d) Advance income tax ( Net of Provisions )	2,013,649	3,194,180
(e) MAT Credit Entitlement	53,263,683	53,263,683
<b>Total</b>	<b>87,760,022</b>	<b>94,075,144</b>

**Notes forming part of the financial statements****Note 11:- INVENTORIES***(As Valued and Certified by Management)*

Particulars	As at March 31, 2016	As at March 31, 2015
	₹	₹
(a) Raw Materials & Consumables	175,984,859	119,738,676
(b) Work-in-progress	27,323,746	20,950,311
(c) Finished goods (other than those acquired for trading)	54,059,102	118,758,238
(d) Stock-in-trade (acquired for trading)	16,646,495	16,496,000
(e) Stores and spares	40,813,827	40,139,330
(f) Power & Fuel	116,078	162,622
(g) Packing Materials	4,383,855	4,637,028
<b>Total</b>	<b>319,327,962</b>	<b>320,882,205</b>

**Note 12:- TRADE RECEIVABLES**

Particulars	As at March 31, 2016	As at March 31, 2015
	₹	₹
Unsecured and considered good		
Outstanding for a period exceeding six months from the date they were due for payment	134,543,481	138,775,364
Less : Provision for Doubtful Debts	47,446,739	47,446,739
	87,096,742	91,328,625
Others	96,949,522	39,773,958
<b>Total</b>	<b>184,046,264</b>	<b>131,102,584</b>

**Note 13:- CASH AND BANK BALANCES**

Particulars	As at March 31, 2016	As at March 31, 2015
	₹	₹
(a) Cash and cash equivalents		
(i) Balances with banks		
- In current accounts	54,700,516	3,889,377
(ii) Cash on hand	855,2456	2,191,596
	55,555,762	6,080,974
(b) Other Bank Balances		
In earmarked accounts		
(i) Balances held as margin money or security against borrowings, guarantees and other commitments.	478,201	25,297,201
(ii) Unclaimed Dividend Account	-	139,619
<b>Total</b>	<b>56,033,963</b>	<b>31,517,794</b>

**Notes forming part of the financial statements****Note 14:- SHORT TERM LOANS AND ADVANCES**

Particulars	As at March 31, 2016	As at March 31, 2015
	₹	₹
Unsecured, considered good		
(a) Loans and advances to related parties	777,111,144	779,113,791
Less : Provi. for Diminish in Investment / Loans & Adv.	(340,967,347)	(340,967,347)
	<b>436,143,797</b>	<b>438,146,444</b>
(b) Loans and advances to employees	3,060,293	3,085,669
(c) Prepaid expenses	1,743,898	1,856,269
(d) Balances with government authorities		
(i) CENVAT credit receivable	(8,252)	124,051
(ii) VAT credit receivable	2,041,695	6,801,077
(iii) Service Tax credit receivable	3,936,277	3,233,573
(iv) Advance Custom Duty	205,680	-
(e) Others	23,745,986	25,957,104
<b>Total</b>	<b>470,869,374</b>	<b>479,204,187</b>

**14.1 Disclosure as per clause of Listing Agreement****(a) Loans and Advances in the nature of loan given to Related Parties or Subsidiaries**

Particulars	As at March 31, 2016	As at March 31, 2015	Maximum Amount due at any time during the Year Ended March 31, 2016	Maximum Amount due at any time during the Year Ended March 31, 2015
Euro Realtors	773,667,163	775,992,577	776,198,777	776,313,892

**(b) Loans and Advances in the nature of loan given to Employees**

Particulars	As at March 31, 2016	As at March 31, 2015	Maximum Amount due at any time during the Year Ended March 31, 2016	Maximum Amount due at any time during the Year Ended March 31, 2015
Employee Loan given in the ordinary course of the business and as per the service rules of the Company, where there are no repayment schedule and no interest or at an interest rate below which is specified in Section 186 of the Companies Act, 2013	1,753,567	1,504,899	2,613,535	1,996,438

14.2 The Company has not granted any Inter Corporate Deposits during the year.

**Note 15:- OTHER CURRENT ASSETS**

Particulars	As at March 31, 2016	As at March 31, 2015
	₹	₹
(i) Interest Accrued On Fixed Deposits	163,832	116,159
<b>Total</b>	<b>163,832</b>	<b>116,159</b>

## Notes forming part of the financial statements

## Note 16:- REVENUE FROM OPERATIONS

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
	₹	₹
(a) Sale of products (Refer Note 16.1 below)	607,856,728	536,300,307
(b) Sale of services (Refer Note 16.2 below)	1,683,860	5,407,023
(c) Other operating revenues (Refer Note 16.3 below)	-	252,187
	609,540,588	541,959,517
(d) Less: Excise duty	49,774,615	44,850,836
<b>Total</b>	<b>559,765,973</b>	<b>497,108,681</b>

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
	₹	₹
<b>16.1 Sale of products comprises:</b>		
<u>Manufactured goods</u>		
Tiles	261,734,316	260,921,454
Others	333,883,197	260,406,742
<b>Total - Sale of manufactured goods</b>	<b>595,617,513</b>	<b>521,328,196</b>
<u>Traded goods</u>		
Others	12,239,214	14,972,112
<b>Total - Sale of traded goods</b>	<b>12,239,214</b>	<b>14,972,112</b>
<b>Total - Sale of products</b>	<b>607,856,728</b>	<b>536,300,307</b>
<b>16.2 Sale of services comprises:</b>		
Others	1,683,860	5,407,023
<b>Total - Sale of services</b>	<b>1,683,860</b>	<b>5,407,023</b>
<b>16.3 Other operating revenues comprise:</b>		
Sale of scrap	-	208,054
Export incentives on Advance Licenses and Focus Licenses	-	44,133
<b>Total - Other operating revenues</b>	<b>-</b>	<b>252,187</b>

## Note 17:- OTHER INCOME

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
	₹	₹
(a) Interest income (Refer Note 17.1 below)	1,659,222	3,108,605
(b) Commission Received	-	145,827
(c) Other non-operating income (net of expenses directly attributable to such income)(Refer Note 17.2 below)	15,196,901	23,854,982
<b>Total</b>	<b>16,856,123</b>	<b>27,109,414</b>

## Notes forming part of the financial statements

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
	₹	₹
<b>17.1 Interest income comprises:</b>		
(a) Interest from banks on:		
- Margin Money deposits	1,230,337	2,281,452
(b) Interest on overdue trade receivables	411,068	827,153
(c) Interest on income tax refund	17,817	-
<b>Total - Interest income</b>	<b>1,659,222</b>	<b>3,108,605</b>

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
	₹	₹
<b>17.2 Other non-operating income comprises:</b>		
(a) Rental income from properties	1,969,847	1,139,870
(b) Sale of Brandname with Goodwill	-	3,000,000
(c) Profit on Sale of Fixed Assets	11,385	-
(d) Liabilities / provisions no longer required written back	13,215,669	19,715,112
<b>Total - Other non-operating income</b>	<b>15,196,901</b>	<b>23,854,982</b>

## Note 18:- COST OF MATERIAL CONSUMED

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
	₹	₹
Opening stock	124,375,705	116,659,952
Add: Purchases	328,783,992	246,567,604
	453,159,697	363,227,555
Less: Closing stock	180,368,715	124,375,705
<b>Cost of material consumed</b>	<b>272,790,982</b>	<b>238,851,851</b>
Material consumed comprises:		
Clay	12,213,985	9,505,711
Feldspar	8,636,016	5,009,989
Quartz	1,663,933	1,516,109
Marble & Stone	147,940,897	146,668,901
Resin	3,719,120	12,315,080
Powder Chemicals for Resin	19,406,277	17,818,842
Binders & Others	26,430,225	22,914,811
Others	52,780,529	23,102,408
<b>Total</b>	<b>272,790,982</b>	<b>238,851,851</b>



**Notes forming part of the financial statements****18.1 Purchase of traded goods**

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
	₹	₹
Sanitaryware	9,795,756	11,655,668
Tiles	832,347	2,259,029
Display Stand	-	-
<b>Total</b>	<b>10,628,103</b>	<b>13,914,697</b>

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

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
	₹	₹
<b>Inventories at the end of the year:</b>		
Finished goods	54,059,102	118,758,238
Work-in-progress	27,323,746	20,950,311
Stock-in-trade	16,646,495	16,496,000
	98,029,342	156,204,549
<b>Inventories at the beginning of the year:</b>		
Finished goods	118,758,238	122,277,149
Work-in-progress	20,950,311	19,224,977
Stock-in-trade	16,496,000	15,627,741
	156,204,549	157,129,867
<b>Net (increase) / decrease</b>	<b>58,175,207</b>	<b>925,318</b>

**Note 19:- EMPLOYEE BENEFIT EXPENSES**

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
	₹	₹
Salaries and Wages	58,084,583	54,636,846
Contributions to provident and other funds	1,725,529	1,415,530
Staff welfare expenses	1,528,709	1,624,730
<b>Total</b>	<b>61,338,821</b>	<b>57,677,106</b>

**Notes forming part of the financial statements****Note 20:- OTHER EXPENSES**

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
	₹	₹
Consumption of stores and spare parts	7,477,633	10,717,332
Increase / (decrease) of excise duty on inventory	(4,429,043)	(1,559,906)
Power and fuel	86,790,206	108,551,024
Processing Charges	41,980,324	31,709,397
Repairs and maintenance - Machinery	565,111	352,506
Repairs and maintenance - Others	1,012,221	989,274
Insurance	3,583,368	3,921,641
Rent, Rates and taxes	6,145,582	54,277
Freight and forwarding	1,029,290	1,472,814
Donations and contributions	41,000	-
Payments to auditors (Refer Note 20.1 below)	540,000	540,000
Loss on fixed assets sold / scrapped / written off	-	372,714
Share of Profit / Loss from Partnership Firm	2,531,614	321,316
Selling and Distribution Expenses	3,811,335	3,149,235
Investment Written off	-	100,000
Legal Expenses	6,886,575	7,280,204
Miscellaneous expenses	13,603,184	14,752,148
<b>Total</b>	<b>171,568,399</b>	<b>182,723,976</b>

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

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
	₹	₹
As auditors - statutory audit	360,000	360,000
For taxation matters - considered as Professional fees	180,000	180,000
<b>Total</b>	<b>540,000</b>	<b>540,000</b>

**NOTE 21:- FINANCE COSTS**

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
	₹	₹
(i) Interest expense on Borrowings	4,291,595	4,972,712
(ii) Interest expense on Others	752,877	2,241,659
(iii) Other borrowing costs	939,873	608,660
(iv) Net (gain) / loss on foreign currency transactions and translation (considered as finance cost)	1,645,893	(827,928)
<b>Total</b>	<b>7,630,237</b>	<b>6,995,102</b>

## Notes forming part of the financial statements

**Note 22 CONTINGENT LIABILITIES**

	Particulars	As at March 31, 2016	As at March 31, 2015
		₹	₹
a.	Bank Guarantees	255,000	255,000
b.	Guarantees given to the Banks for the loans taken by the Euro Merchandise (India) Ltd., (100 % Subsidiary)	162,000,000	162,000,000
c.	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. Pending Export Obligation on the Custom Duty so saved amounts to ₹ 1,69,19,04,058 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 corresponding balance of 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. The time limit for completion of export obligation has already expired as on Balance Sheet date.		

**Note 23 CAPITAL COMMITMENTS**

	Particulars	As at March 31, 2016	As at March 31, 2015
		₹	₹
	Estimated amount of contracts remaining to be executed on capital account and not provided for.	-	-

**Note 24 VALUES OF IMPORTED AND INDIGENOUS RAW MATERIALS, CONSUMABLES, STORES & SPARES, ETC. CONSUMED**

	Particulars	As at March 31, 2016	As at March 31, 2015
		₹	₹
a.	Raw Materials & Consumables		
	-Imported	176,029,965	152,845,347
		<b>64.53%</b>	<b>63.99%</b>
	-Indigenous	96,761,017	86,006,504
		<b>35.47%</b>	<b>36.01%</b>
		<b>272,790,982</b>	<b>238,851,851</b>
b.	Stores and Spares		
	-Imported	257,297	1,029,186
		<b>3.44%</b>	<b>9.60%</b>
	-Indigenous	7,220,336	9,688,146
		<b>96.56%</b>	<b>90.40%</b>
		<b>7,477,633</b>	<b>10,717,332</b>

**Note 25 VALUES OF IMPORTS ON CIF BASIS IN RESPECT OF :**

	Particulars	As at March 31, 2016	As at March 31, 2015
		₹	₹
a.	Raw Materials & Consumables	203,599,661	133,686,090
b.	Stores & Spares	-	164,410
c.	Trading Goods	1,752,440	2,264,374

## Notes forming part of the financial statements

Note 26 EXPENDITURE IN FOREIGN CURRENCY			
	Particulars	As at March 31, 2016	As at March 31, 2015
		₹	₹
a.	Foreign Traveling Expenses	152,927	188,931
Note 27 EARNINGS IN FOREIGN CURRENCY			
	Particulars	As at March 31, 2016	As at March 31, 2015
		₹	₹
a.	FOB value of Exports (excluding sales to SEZ)	4,551,464	5,745,754
Note 28 DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE			
	Particulars	As at March 31, 2016	As at March 31, 2015
(a)	<b>Unhedged Foreign Currency Exposure :</b>		
I	Outstanding Creditors for Purchase of Raw Material, Consumables & Spares	USD 1,424,672.57	USD 561,648.57
II	Outstanding Creditors for Purchase of Raw Material, Consumables & Spares	EURO 85,751.28	EURO 85,751.28
III	Outstanding Creditors for Capital Goods	EURO 49,000.00	EURO 49,000.00
IV	Outstanding Debtors	USD 218,393.81	USD 217,012.92
V	Advance to Creditors for Purchase of Raw Material, Consumables & Spares	USD 54,237.78	USD 21,814.38
VI	Advance to Creditors for Purchase of Raw Material, Consumables & Spares	EURO -	EURO 31,000.00
VII	Advance from Debtors	USD 9,692.24	USD 13,674.24
VIII	Advance from Debtors	GBP 3,922.03	GBP -
Note 29 EARNINGS PER SHARE			
	Particulars	As at March 31, 2016	As at March 31, 2015
		₹	₹
(a)	<b>Basic</b>		
	Net profit / (loss) for the year	(122,729,687)	(620,367,247)
	Weighted average number of equity shares	33,737,717	33,737,717
	Par value per share	10/-	10/-
	Earnings per share - Basic	<b>(3.64)</b>	<b>(18.39)</b>
(b)	<b>Diluted</b>		
	Net profit / (loss) for the year	(122,729,687)	(620,367,247)
	Weighted average number of equity shares	33,737,717	33,737,717
	Par value per share	10/-	10/-
	Earnings per share - Basic	<b>(3.64)</b>	<b>(18.39)</b>

## Notes forming part of the financial statements

## Note 30 MAJOR COMPONENT OF DEFERRED TAX LIABILITY

	Particulars	As at March 31, 2016	As at March 31, 2015
		₹	₹
	Depreciation	-	146,794,651
	Expenditure / Provisions Disallowable	-	5,597,405
		-	<b>152,392,056</b>

The Company has not provided for Deferred Tax Liability / Assets for the financial year 2015-16 on account of absence of virtual certainty of future taxable profit. Further the Deferred Tax Liability already provided before and standing as on March 31, 2015 has been reversed on account of huge unabsorbed Business Losses and brought forward Depreciation allowances.

## Note 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, 2016	As at March 31, 2015
		₹	₹
	Employer's Contribution to Provident Fund	1,574,839	1,258,802
	Employer's Contribution to Employees' State Insurance	29,549	32,737

## 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, 2016	As at March 31, 2015
		₹	₹
<b>a.</b>	<b>Changes in the present value of obligations</b>		
	Present value of obligations as at Beginning of the year	5,153,246	3,148,960
	Interest cost	3,957,69	2,884,45
	Current Service Cost	818,402	772,818
	Benefits Paid	-	-
	Actuarial (Gain)/Loss on obligations	(773,484)	943,023
	Present value of obligations as at End of the year	5,593,933	5,153,246
<b>b.</b>	<b>Changes in the fair value of plan assets</b>		
	Fair value of plan assets at Beginning of the year	940,670	875,166
	Expected return on plan assets	72,293	72,752
	Employer's Contributions	-	22,884
	Benefits paid	-	-
	Actuarial Gain / (Loss) on Plan assets	(46,467)	(30,132)
	Fair value of plan assets at End of the year	966,496	940,670

## Notes forming part of the financial statements

	Particulars	As at March 31, 2016	As at March 31, 2015
		₹	₹
<b>c.</b>	<b>Table showing fair value of plan assets</b>		
	Fair value of plan assets at Beginning of the year	940,670	875,166
	Actual return on plan assets	25,826	42,620
	Contributions	-	22,884
	Benefits Paid	-	-
	Fair value of plan assets at End of the year	966,496	940,670
	Funded status	(4,627,437)	(4,212,576)
	Excess of Actual over estimated return on plan assets (Actual rate of return = Estimated rate of return as ARD falls on March 31)	NIL	NIL
<b>d.</b>	<b>Actuarial Gain/Loss recognized</b>		
	Actuarial Gain/(Loss) for the year –Obligation	773,484	(943,023)
	Actuarial Gain/(Loss) for the year - plan assets	(46,467)	(30,132)
	Total Gain/(Loss) for the year	727,017	(973,155)
	Actuarial Gain/(Loss) recognized in the year	727,017	(973,155)
<b>e.</b>	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	5,593,933	5,153,246
	Fair value of plan assets as at the end of the year	966,496	940,670
	Funded status	4,627,437	4,212,576
	Net Asset/(Liability) to be recognized in balance sheet	(4,627,437)	(4,212,576)
	-Current Liability	-	-
	-Non Current Liability	(4,627,437)	(4,212,576)
<b>f.</b>	Expenses Recognized in statement of Profit & Loss	4,627,437	4,235,460
<b>g.</b>	Principal Actuarial Assumptions used at the Balance Sheet Date		
	Discount Rate	7.68%	7.82%
	Salary Escalation	7.00%	7.00%

## Note 32 DISCLOSURE IN RESPECT OF RELATED PARTIES PURSUANT TO ACCOUNTING STANDARD 18:

<b>(a)</b>	<b>Subsidiary</b>		
	Euro Merchandise (India) Limited		
<b>(b)</b>	<b>Name of the enterprises having same Key Management Personnel and/or their relatives as the Reporting enterprises:</b>		
	Eurobond Industries Private Limited	Euro Polaad Minerals & Steel LLP	Subhnen Ply Pvt. Ltd.
	Euro Renewable Energy Pvt. Ltd.	Euro Solo Energy Systems Pvt. Ltd.	Euro India Cylinders Ltd.
	Euro Realtors	Euro Glass Pvt. Ltd.	Kanch Ghar
	Neelam Metal	Maxim Enterprises	Euro Solar Power Pvt. Ltd.
	Neelam Ply & Laminates	Gala Enterprises	Monex Stationers
	Euro Foundation		

## Notes forming part of the financial statements

(c)	<b>Relatives of Key Management Personnel:</b>		
	Nenshi L. Shah H.U.F.	Shantilal L. Shah H.U.F.	Rekhaben Nishar
	Manjari H. Shah	Hitesh S. Shah H.U.F.	Kasturben T. Nandu
	Nitesh P. Shah	Hitesh S. Shah	Viral T. Nandu
	Shantaben L. Shah	Urmi P. Shah	Gunvantiben N. Shah
	Pinank N. Shah	Parag K. Shah	Dimple A. Shah
	Parita V. Nandu	Shantilal L. Shah	Mahek H. Shah
	Dhruti P. Shah	Anish K. Shah	Hiral M. Shah
(d)	<b>Key Management Personnel:</b>		
	Nenshi L. Shah	Kumar P. Shah	Talakshi L. Nandu
	Pratik K. Shah	Paresh K. Shah	

(e) During the year following transactions were carried out with the related parties in the ordinary course of business.

Nature Of Transactions	Subsidiary	Enterprises having common Key Management Personnel	Relative of the Key Management Personnel	Key Management Personnel
Sales Service and other income	1,039,765 (134,818)	148,500 (114,830)	----- (-----)	----- (-----)
Purchase of goods and services	----- (344,578)	----- (-----)	----- (-----)	4,600,000 (4,800,000)
Director's Remuneration/Sitting Fees	----- (-----)	----- (-----)	----- (750,000)	800,000 (1,200,000)
Loans/Advances Taken	----- (-----)	1,650,000 (-----)	----- (-----)	----- (-----)
Loans/Advance Repaid	----- (-----)	1,284,500 (3,692,000)	----- (-----)	531,000 (-----)
<b>Outstanding balance as at March 31, 2016:</b>				
Loans Payable	----- (-----)	92,911,241 (92,545,741)	----- (-----)	69,125,183 (69,856,183)
Loans Receivable	----- (-----)	----- (-----)	----- (-----)	----- (-----)
Amount Receivable	9,923,365 (8,660,465)	64,726 (8,310)	----- (-----)	----- (-----)
Amount Payable	----- (-----)	941,481 (941,481)	----- (-----)	----- (-----)

33 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.

34 The Company suffered losses on account of economic slow down and global recession post 2009, which has affected the operation of the Company and its cashflows. Its newly launched products could not capture the estimated market and consequently the Company made a reference to Corporate Debt Restructuring (CDR) Cell in April 2011 for comprehensive restructuring of its loan liabilities and accordingly CDR cell sanctioned a scheme of restructuring in October 2011, and the lenders executed Master Restructuring Agreement (MRA). However due to various internal and external factors including adverse market conditions, delay in implementation of CDR package and shortage in working capital, the CDR package of the Company failed and Company exited from CDR mechanism. Consequently the Company defaulted on its obligation to its lenders and all the lenders have classified the Company's account as Non Performing Asset (NPA). Since the net worth of the Company has been fully eroded and being mandatory requirement, a reference was filed under section 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985 before the Hon'ble Board For Industrial and Financial Reconstruction (BIFR) and the same was registered with BIFR in October 2013. In view of the above position, the Company has not provided for interest after the date the loan has become NPA with the respective Banks. Had the interest as per Loan Agreements been provided for, the interest for the year would have been higher by ₹ 10,250.96 lakhs and Losses would have been higher by ₹ 10250.96 lakhs and corresponding bank liability would have increased by ₹ 10,250.96 lakhs. The total interest upto March 31, 2015 which was not provided is amounts to ₹ 15,184.52 Lakhs.

35 Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

## Note 36 SEGMENTWISE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

I) PRIMARY SEGMENTS - BUSINESS	Tiles Division			Aluminium Division			Sanitaryware Division			Realty Division			Total
	2015-16 (₹)	2014-15 (₹)	2015-16 (₹)	2015-16 (₹)	2014-15 (₹)	2015-16 (₹)	2015-16 (₹)	2014-15 (₹)	2015-16 (₹)	2014-15 (₹)	2015-16 (₹)	2014-15 (₹)	
a) Segmental Revenue													
Sales to External Customers	264,422,679	268,015,488	-	-	-	345,117,709	273,944,029	-	-	-	605,540,588	541,859,517	
Less : Excise Duty	12,868,597	16,103,846	-	-	-	36,906,018	28,046,990	-	-	-	48,774,615	44,650,835	
	251,554,282	251,211,642	-	-	-	308,211,691	245,897,039	-	-	-	559,765,973	497,108,681	
Inter-Segmental Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Segmental Revenue	251,554,282	251,211,642	-	-	-	308,211,691	245,897,039	-	-	-	559,765,973	497,108,681	-
b) Segmental Results (PBIT)	(236,502,099)	(189,826,948)	(624,456)	(437,180)	(28,222,496)	(364,578)	(364,578)	-	-	-	(209,304,049)	(190,630,706)	-
Less: Interest & Finance Charges											7,630,237	6,995,102	
											(216,534,286)	(197,625,808)	
Less: Unallocable Expenses Net of Unallocable Income											58,587,457	67,524,992	
Profit Before Tax & Exceptional Items											(122,729,687)	(265,149,300)	
Loss / (Gain) due to Exceptional Items											(275,121,743)	-	
Profit Before Tax											(275,121,743)	-	
Less: Provision for Current Tax											-	355,217,347	
Add: MAT Credit											-	(620,367,247)	
Less: Earlier Years Excess/Short Provision											-	-	
Less: Deferred Tax Expenses											-	-	
Profit After Tax											(152,392,056)	-	
c) Carrying amount of Segmental Assets	4,512,286,457	4,472,137,177	25,831,484	26,018,760	1,205,402,253	1,193,281,309	433,241,931	435,567,345	6,176,732,124	6,127,004,591	886,607,806	875,618,459	
Unallocated Assets											7,063,339,731	7,002,623,060	
Total Assets											2,962,672,958	2,899,560,354	
d) Carrying amount of Segmental Liabilities	2,912,892,042	2,849,804,399	1,709,108	1,709,108	47,971,809	47,046,847	-	-	2,767,195,198	2,916,639,652	5,729,766,156	5,815,200,206	
Unallocated Liabilities											-	435,980	
Total Liabilities											185,626	30,310	
e) Cost incurred to acquire Segment Fixed Assets during the year	-	435,980	-	-	-	-	-	-	-	-	259,391,316	271,302,965	
Unallocated Assets											11,220,774	17,076,959	
f) Depreciation / Amortization	189,353,140	202,069,610	437,180	437,180	68,593,996	68,593,996	-	-	-	-	-	-	
Unallocated depreciation											-	-	

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, 2016	For the year ended March 31, 2015
	₹	₹
The Company's operating facilities are located in India		
Domestic Revenues	546,454,686	483,130,332
Export Revenues	13,311,287	13,978,349
TOTAL	559,765,973	497,108,681



**Form AOC-1**

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

**Statement containing salient features of the financial statement of Subsidiaries/ Associate Companies/Joint Ventures**

**Part “A”: Subsidiaries**

(Information in respect of each subsidiary to be presented with amounts in Lakhs)

Sl. No.	Particulars	Details
1.	Name of the subsidiary	Euro Merchandise (India) Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	March 31, 2016
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Indian Rupees
4.	Share capital	19.00
5.	Reserves & surplus	(2,368.33)
6.	Total Assets	547.16
7.	Total Liabilities	2,896.50
8.	Investments	1.00
9.	Turnover	22.25
10.	Profit before taxation	(493.82)
11.	Provision for taxation	0.71
12.	Profit after taxation	(494.54)
13.	Proposed Dividend	Nil
14.	Extent of shareholding (in percentage)	100%

**Notes:**

- Names of subsidiaries which are yet to commence operations : Not Applicable
- Names of subsidiaries which have been liquidated or sold during the year : Not Applicable

**Part “B”: Associates and Joint Ventures**

Not Applicable as the Company does not have any Associate and Joint Venture

**For and on behalf of the Board of Directors**

**Place: Mumbai**

**Date: May 30, 2016**

**Pratik K. Shah**

**Chairman & Whole Time Director**

**DIN 01049516**

**Paresh Shah**

**Chief Financial Officer**

## INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENT

To  
The Members of  
**EURO CERAMICS LIMITED**

Report on Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of EURO CERAMICS LIMITED ('the Company') and its subsidiary (the Company and its subsidiary together referred to as 'the Group'), which comprise the Consolidated Balance Sheet as at March 31, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information ('the Consolidated Financial Statements')

### Management's Responsibility for the Consolidated Financial Statements

2. The Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as 'the Act') that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India including the Accounting Standards specified under section 133 of the Act as applicable. The respective Board of Directors of the Company and its subsidiary companies are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of these consolidated financial statements by the

Board of Directors of the Company.

### Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
4. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal financial controls relevant to the Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the consolidated financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Opinion

8. In our opinion and to the best of our information and according to the explanations given to us,

except for the matters illustrated and described in the **Basis for Qualified Opinion** herein below, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group as at March 31, 2016, and their consolidated loss and their consolidated cash flows for the year ended on that date.

#### Basis for Qualified Opinion

- i. The attention is invited to note no.3 to the consolidated financial statements, towards the fact that the Group's financial facilities/arrangements including Term Loans, Working Capital Facilities and Non Fund Based Credit Facilities have expired and the accounts with the Banks have turned into Non Performing Assets since more than 2 years.

The Group is unable to renegotiate, restructure or obtain replacement of financing arrangements and the banks have initiated legal proceedings for the recovery from the Companies u/s. 19 of the Debt Recovery Tribunal (DRT) and u/s. 13(2) of the Securitization & Reconstruction of Financial Assets & Enforcement of Security (Second) Interest (SARFAESI) Act, 2002. In addition to this, the Group has been continuously incurring substantial losses since past few years and as on March 31, 2016, the consolidated current liabilities exceed its current assets by ₹46,198.89 Lakhs. Further, the consolidated networth has fully eroded.

All the above events indicate a material uncertainty that casts a significant doubt on the Group's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business. The consolidated financial results do not disclose the fact that the fundamental accounting assumption of going concern has not been followed.

- ii. Further attention is also invited to note no.28 to the consolidated financial statements, the Group has not provided for interest on financing facilities amounting to ₹10,674.15 lakhs for the year ending March 31, 2016. Had the same been provided, the consolidated loss for the year ending March 31, 2016,

would have increased by ₹10,674.15 lakhs. The corresponding consolidated liabilities would also have increased by ₹10,674.15 lakhs as at March 31, 2016.

- iii. The Group has not provided for impairment or diminishing value of consolidated assets/ investment as per 'Accounting Standard 28 – Accounting for Impairment of Assets' as notified under the Companies (Accounting Standards) Rules, 2006 read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. The effect of such Impairment or diminishing value has not been quantified by the management and hence the same is not ascertainable.
- iv. We draw attention to the fact that the Consolidated Financial Statements are subject to receipt of confirmation of balances from all of the debtors, loans & advances, investments, banks, sundry creditors and other liabilities. Pending receipt of confirmation of these balances and consequential reconciliations / adjustments, if any, the resultant impact on the financial statements is not ascertainable.
- v. We draw attention to the facts that the non-ascertainment of complete particulars of dues to Micro, Small and Medium enterprises, if any under MSMED Act, 2006, and provisions towards interest, if any, is not ascertained at this stage which is not in conformity with para 14 of Accounting Standard 29- 'Provision, Contingent Liabilities and Contingent Assets'.

#### Report on other legal and regulatory requirements

9. As required by section 143(3) of the Act, we report, to the extent applicable, that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - b) In our opinion, proper books of account as required by law, including relevant records relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and records.
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated

Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

- d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, as applicable.
- e) On the basis of the written representations received from the directors of the Company and its Subsidiary as on March 31, 2016 taken on record by the Board of Directors of the Company, none of the directors of the Group is disqualified as on March 31, 2016 from being appointed as a director in terms of section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls; refer to our report in "Annexure A", which is based on the Auditors' Reports of the Company and its subsidiary company. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Company and its subsidiary company.
- g) With respect to the other matters to be included in the Auditors' Report in accordance with rule 11 of the Companies (Audit and Auditors') Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The consolidated financial statements disclose the impact, if any, of pending litigations as at March 31, 2016 on the consolidated financial position of the Group **except as stated in basis for qualifications above;**
- ii. Provision has been made in the consolidated financial statements, as required under the applicable law or Accounting Standards, for material foreseeable losses, if any, on long-term contracts as at March 31, 2016 in respect of such items as it relates to the Group **except as stated in basis for qualifications above;**
- iii. **The Holding Company has delayed in transferring unclaimed dividend amounting to ₹ 0.37 lakhs pertaining to financial year 2007-08 into the Investor Education and Protection Fund, during the year ended March 31, 2016.**

**For Deepak Maru & Co.**

Chartered Accountants

ICAI Firm Registration No:115678W

**CA Jaymin P. Shah**

Partner

Mem.No.118113

**Place: Mumbai**

**Date: May 30, 2016**

## **Annexure - 'A' to the Independent Auditors' Report**

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

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

We have audited the internal financial controls over financial reporting of **Euro Ceramics Limited** ('the Company') and its subsidiary as at March 31, 2016 in conjunction with our audit of the consolidated financial statements of the Company for the year ended and as on that date.

### **Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Company and its subsidiary, are responsible for establishing

and maintaining internal financial controls based on the respective internal control over financial reporting criteria established by the Company and its subsidiary company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the 'Guidance Note'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Standards on Auditing prescribed under Section 143(10) of the Act and the Guidance Note, to the extent applicable to an audit of internal financial controls over financial reporting. Those Standards and the Guidance Note require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

**Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable

assurance that transactions are recorded as necessary

to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

**Opinion**

In our opinion to the best of our information and according to the explanations given to us, the Company and its subsidiary, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company and its subsidiary considering the essential components of internal control stated in the Guidance Note.

**For Deepak Maru & Co.**

Chartered Accountants  
ICAI Firm Registration No:115678W

**CA. Jaymin P. Shah**

Partner  
Mem.No.118113

**Place: Mumbai**

**Date: May 30, 2016**

## CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2016

Particulars	Note No.	For the year ended March 31, 2016 (Amount in ₹)	For the year ended March 31, 2015 (Amount in ₹)
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share Capital	1	337,377,170	337,377,170
(b) Reserves and Surplus	2	(2,320,037,059)	(2,148,163,195)
		<u>(1,982,659,889)</u>	<u>(1,810,786,025)</u>
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings	3	329,079,417	336,215,899
(b) Deferred tax liabilities (net)		-	152,392,056
		<u>329,079,417</u>	<u>488,607,955</u>
<b>3 Current liabilities</b>			
(a) Short-term borrowings	4	155,889,967	155,839,967
(b) Trade payables	5	385,975,647	323,176,912
(c) Other current liabilities	6	5,130,615,075	5,127,681,142
(d) Short-term provisions	7	22,196,477	21,815,792
		<u>5,694,677,166</u>	<u>5,628,513,813</u>
<b>TOTAL</b>		<b><u>4,041,096,694</u></b>	<b><u>4,306,335,743</u></b>
<b>B ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	8	2,865,007,510	3,134,773,163
(ii) Capital work-in-progress		-	-
		<u>2,865,007,510</u>	<u>3,134,773,163</u>
(b) Non-current investments	9	13,510,750	13,510,750
(c) Long-term loans and advances	10	87,790,047	94,105,169
		<u>2,966,308,307</u>	<u>3,242,389,082</u>
<b>2 Current assets</b>			
(a) Inventories	11	327,006,339	374,379,734
(b) Trade receivables	12	184,550,989	129,953,430
(c) Cash and Bank Balances	13	56,257,724	36,274,352
(d) Short-term loans and advances	14	506,809,503	519,386,397
(e) Other current assets	15	163,832	3,952,748
		<u>1,074,788,386</u>	<u>1,063,946,661</u>
<b>TOTAL</b>		<b><u>4,041,096,694</u></b>	<b><u>4,306,335,743</u></b>
<b>Significant Accounting Policies and Notes on Financial Statements forming part of the financial statements</b>	1-32		

In terms of our report attached  
**For DEEPAK MARU & CO.**  
Chartered Accountants  
ICAI Firm Regn. No.:115678W

For and on behalf of the Board of Directors

**CA. Jaymin P. Shah**  
**Partner**  
Mem. No.118113

**Pratik K. Shah**      **Paresh K. Shah**  
Chairman &              Chief Financial  
Whole Time Director      Officer  
DIN : 01049516

**Place : Mumbai**  
**Date : May 30, 2016**

**Place : Mumbai**  
**Date : May 30, 2016**

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

Particulars	Note No.	For the year ended March 31, 2016 (Amount in ₹)	For the year ended March 31, 2015 (Amount in ₹)
<b>A CONTINUING OPERATIONS</b>			
1 Revenue from operations (gross)	16	610,364,631	549,984,838
Less: Excise duty		49,774,615	44,850,836
		560,590,016	505,134,002
2 Other income	17	17,428,079	28,813,463
<b>3 Revenue from operations (net)</b>		<b>578,018,095</b>	<b>533,947,466</b>
<b>4 Expenses</b>			
(a) Cost of materials consumed	18	272,790,982	238,851,851
(b) Purchases of stock-in-trade	18.1	10,863,498	15,787,177
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	18.2	103,994,358	4,527,638
(d) Employee benefits expense	19	61,649,746	58,404,510
(e) Finance Cost	20	7,409,471	7,009,956
(f) Depreciation and amortisation expense	8	269,640,061	288,631,169
(g) Other expenses	21	175,864,571	185,720,991
<b>Total</b>		<b>902,212,688</b>	<b>798,933,291</b>
<b>5 Profit / (Loss) before exceptional and extraordinary items and tax</b>		<b>(324,194,594)</b>	<b>(264,985,825)</b>
6 Exceptional items		-	-
<b>7 Profit / (Loss) before extraordinary items and tax</b>		<b>(324,194,594)</b>	<b>(264,985,825)</b>
8 Extraordinary items	27	-	355,217,347.00
<b>9 Profit / (Loss) before tax</b>		<b>(324,194,594)</b>	<b>(620,203,172)</b>
<b>10 Tax expense:</b>			
(a) Current tax expense for current year		-	-
(b) (Less): MAT credit (where applicable)		-	-
(a) Current tax expense relating to prior years		71,326	6,000
(d) Net current tax expense		71,326	6,000
(e) Deferred tax		(152,392,056)	-
		(152,320,730)	6,000
<b>11 Profit / (Loss) for the period from continuing operations</b>		<b>(171,873,864)</b>	<b>(620,209,172)</b>
<b>12 Profit / (Loss) for the period from discontinuing operations</b>		-	-
<b>13 Tax expense for discontinuing operations</b>		-	-
<b>14 Profit / (Loss) from discontinuing operations after tax</b>		-	-
<b>15 Profit / (Loss) for the year</b>		<b>(171,873,864)</b>	<b>(620,209,172)</b>
<b>16 Earnings per share (of ₹10/- each) :</b>			
Basic & Diluted			
(i) Continuing operations	25.a	(5.09)	(23.05)
(ii) Total operations	25.b	(5.09)	(23.05)
<b>Significant Accounting Policies and Notes on Financial Statements forming part of the financial statements</b>	1-32		

In terms of our report attached  
For **DEEPAK MARU & CO.**  
Chartered Accountants  
ICAI Firm Regn. No.:115678W

For and on behalf of the Board of Directors

**CA. Jaymin P. Shah**  
Partner  
Mem. No.118113

**Pratik K. Shah**      **Paresh K. Shah**  
Chairman &              Chief Financial  
Whole Time Director      Officer  
DIN : 01049516

Place : Mumbai  
Date : May 30, 2016

Place : Mumbai  
Date : May 30, 2016



## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MAR 31, 2016

Particulars	As at March 31, 2016 (Amount in ₹)		As at March 31, 2015 (Amount in ₹)	
<b>A. Cash flow from operating activities</b>				
Net Profit / (Loss) before extraordinary items and tax		(324,194,594)		(264,985,825)
<b>Adjustments for:</b>				
<b>Depreciation and amortisation</b>	<b>269,640,061</b>		<b>288,631,169</b>	
(Profit) / loss on sale / write off of assets and Investments	261,215		154,314	
Finance costs	7,409,471		7,009,956	
Interest income	(2,231,178)		(3,509,905)	
Sale of Trademark	-		(3,000,000)	
Rental income from investment properties	(1,969,847)		(1,139,870)	
Dividend Income	-		(12,000)	
Share of (profit)/Loss from partnership firms	2,531,614	275,641,337	321,316	288,454,980
Operating profit / (loss) before working capital changes		(48,553,257)		23,469,155
Changes in working capital:				
Adjustments for (increase) / decrease in operating assets:				
Inventories	47,373,395		3,319,582	
Trade receivables	(54,597,559)		14,459,761	
Short-term loans and advances	12,505,571		2,940,163	
Long-term loans and advances	6,315,122		1,224,359	
Other current assets	3,788,916		(449,036)	
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	62,798,735		(24,874,928)	
Other current liabilities	2,933,933		(8,250,175)	
Short-term provisions	380,685	81,498,797	2,390,676	(9,239,598)
		<b>32,945,540</b>		<b>14,229,557</b>
Cash flow from extraordinary items		-		-
Cash generated from operations		32,945,540		14,229,557
Net income tax (paid) / refunds		-		-
<b>Net cash flow from / (used in) operating activities (A)</b>		<b>32,945,540</b>		<b>14,229,557</b>
<b>B. Cash flow from investing activities</b>				
Capital expenditure on fixed assets, including capital advances	(185,626)		(466,290)	
Proceeds from sale of fixed assets	50,000		341,452	
Interest received	2,231,178		3,509,905	
Sale of Trademark	-		3,000,000	
Rental income from investment properties	1,969,847		1,139,870	
Dividend Income	-		12,000	
Amenity Income				
Amounts received from partnership firms	(2,531,614)	1,533,785	(321,316)	7,215,621
<b>Net cash flow from / (used in) investing activities (B)</b>		<b>1,533,785</b>		<b>7,215,621</b>
<b>C. Cash flow from financing activities</b>				
Proceeds from issue of equity shares	-		-	
Repayment of long-term borrowings	(7,136,482)		(9,625,820)	
Repayment of short-term borrowings	50,000		(2,100,000)	
Finance cost	(7,409,471)	(14,495,953)	(7,009,956)	(18,735,776)
<b>Net cash flow from / (used in) financing activities (C)</b>		<b>(14,495,953)</b>		<b>(18,735,776)</b>



**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MAR 31, 2016**

Particulars	As at March 31, 2016 (Amount in ₹)	As at March 31, 2015 (Amount in ₹)
<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>	<b>19,983,372</b>	<b>2,709,402</b>
Cash and cash equivalents at the beginning of the year	36,274,352	33,564,950
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents	-	-
<b>Cash and cash equivalents at the end of the year</b>	<b>56,257,724</b>	<b>36,274,352</b>
<b>Reconciliation of Cash and cash equivalents with the Balance Sheet:</b>		
Cash and cash equivalents as per Balance Sheet (Refer Note 13)	56,257,724	36,274,352
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements (give details)	-	-
<b>Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements)</b>	<b>56,257,724</b>	<b>36,274,352</b>
Add: Current investments considered as part of Cash and cash equivalents (as defined in AS 3 Cash Flow Statements)	-	-
<b>Cash and cash equivalents at the end of the year *</b>	<b>56,257,724</b>	<b>36,274,352</b>
* Comprises:		
(a) Cash on hand	948,647	2,248,832
(b) Cheques, drafts on hand	-	-
(c) Balances with banks		
(i) In current accounts	54,790,875	3,985,422
(ii) In earmarked accounts (give details) (Refer Note (ii) below)	-	139,619
(d) Others - Fixed Deposits Kept as Margin Money	518,201	29,900,480
	<b>56,257,724</b>	<b>36,274,352</b>
<b>Notes:</b>		
(i) The Cash Flow Statement reflects the combined cash flows pertaining to continuing and discounting operations.		
(ii) These earmarked account balances with banks can be utilised only for the specific identified purposes.		

In terms of our report attached  
**For DEEPAK MARU & CO.**  
Chartered Accountants  
ICAI Firm Regn. No.:115678W

**For and on behalf of the Board of Directors**

**CA. Jaymin P. Shah**  
**Partner**  
Mem. No.118113

**Pratik K. Shah**      **Paresh K. Shah**  
Chairman &      Chief Financial  
Whole Time Director      Officer  
DIN : 01049516

**Place : Mumbai**  
**Date : May 30, 2016**

**Place : Mumbai**  
**Date : May 30, 2016**

**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 :

<b>Name</b>	<b>Incorporated in</b>	<b>% of holding</b>
Euro Merchandise (Inida) Ltd.	India	100 %

iii These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. Pursuant to section 133 of the Companies Act, 2013 read with rule 7 of Companies (Accounts) Rules, 2014, till the standards of accounting or any addendum thereto are prescribed by the Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. The financial statements of the Company and its Subsidiary Company 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 Euro Merchandise (India) Ltd., is a wholly owned subsidiary 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 subsidiary, over the net assets at the time of acquisition of shares in the subsidiary 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

## Note 1:- SHARE CAPITAL

Particulars	As at March 31, 2016		As at March 31, 2015	
	Number of shares	₹	Number of shares	₹
<b>(a) Authorised</b> Equity shares of ₹ 10 each	35,000,000	350,000,000	35,000,000	350,000,000
<b>(b) Issued, Subscribed and fully paid up</b> Equity shares of ₹ 10 each	33,737,717	337,377,170	33,737,717	337,377,170
<b>Total</b>	<b>33,737,717</b>	<b>337,377,170</b>	<b>33,737,717</b>	<b>337,377,170</b>

## 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 2015-2016 / 2014-2015. 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	Closing Balance
Equity shares with voting rights			
Year ended March 31, 2016			
- Number of shares	33,737,717	-	<b>33,737,717</b>
- Amount (₹)	337,377,170	-	<b>337,377,170</b>
Year ended March 31, 2015			
- Number of shares	33,737,717	-	<b>33,737,717</b>
- Amount (₹)	337,377,170	-	<b>337,377,170</b>

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

Class of shares / Name of shareholder	As at March 31, 2016		As at March 31, 2015	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
<b>Equity shares with voting rights</b>				
Dharmesh Kishor Gathani Jointly with Deena Kishor Gathani	6,826,757	20.23%	6,826,757	20.23%
Milankumar Dhirajlal Mehta	2,477,579	7.34%	2,477,579	7.34%
ICICI Bank Ltd	2,633,728	7.81%	4,783,606	14.18%
State Bank of India	4,135,954	12.26%	4,135,954	12.26%
Bank of India	2,060,266	6.11%	-	-

## Notes forming part of the consolidated financial statements

**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, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012
<b>Equity shares with voting rights</b>					
Shares issued on conversion of Compulsorily Convertible Debentures of even numbers pursuant to completion of its tenure, without its payments being received in cash.	-	-	5,159,705	-	-
Shares out of the issued, subscribed and paid-up share capital were allotted pursuant to Scheme of Corporate Debt Restructuring (CDR) without payments being received in cash.	-	-	-	2,149,878	-
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

## Note 2:- RESERVES &amp; SURPLUS

Particulars	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
<b>(a) Capital reserve (on Demerger)</b>		
Opening balance	49,728,952	49,728,952
Add: Additions during the year	-	-
Less: Utilised / transferred during the year	-	-
Closing balance	49,728,952	49,728,952
<b>(b) Capital reserve (on Consolidation)</b>		
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
<b>(c) Securities premium account</b>		
Opening balance	1,096,659,721	1,096,659,721
Add : Premium on shares issued during the year	-	-
Less : Utilised during the year	-	-
Closing balance	1,096,659,721	1,096,659,721
<b>(d) General reserve</b>		
Opening balance	(578,718,514)	10,000,000
Add: Transferred from surplus in Statement of Profit and Loss	-	-
Less: Depreciation on Assets	-	(588,718,514)
Closing balance	(578,718,514)	(578,718,514)
<b>(e) Surplus / (Deficit) in Statement of Profit and Loss</b>		
Opening balance	(2,717,932,181)	(2,097,723,009)
Add: Profit / (Loss) for the year	(171,873,864)	(620,209,172)
Less: Appropriations	-	-
Closing balance	(2,889,806,045)	(2,717,932,181)
<b>Total (a + b + c + d + e)</b>	<b>(2,320,037,059)</b>	<b>(2,148,163,195)</b>

## Notes forming part of the consolidated financial statements

## Note 3:- LONG TERM BORROWINGS

Particulars	Long Term Debts	Current Maturities of Long Term Debt	Long Term Debts	Current Maturities of Long Term Debt
	As at March 31, 2016	As at March 31, 2016	As at March 31, 2015	As at March 31, 2015
	(₹)	(₹)	(₹)	(₹)
<b>SECURED:</b>				
(a) Term loans				
(i) From banks	-	3,528,924,068	-	3,529,202,977
(ii) From others	-	-	-	-
(b) Vehicle Loans	-	3,528,924,068	-	3,529,202,977
	-	53,093	-	235,656
<b>Total</b>	-	<b>3,528,977,162</b>	-	<b>3,529,438,633</b>
<b>UNSECURED:</b>				
(a) Zero Coupon Bonds	38,500,000	-	38,500,000	
(b) Deposits	64,991,659	-	65,769,165	
(c) Loans and advances from related parties	225,587,758	-	231,946,734	
<b>Total</b>	<b>329,079,417</b>	<b>3,528,977,162</b>	<b>336,215,899</b>	<b>3,529,438,633</b>
<b>Less : Transfer to Other Current Liability</b>	-	<b>(3,528,977,162)</b>	-	<b>(3,529,438,633)</b>
<b>Total (Secured + Unsecured)</b>	<b>329,079,417</b>	-	<b>336,215,899</b>	-

- 3.1 The Company has been incurring lossess since F.Y.2011-12 onwards which has resulted in erosion of its net worth and depletion in its working capital. Eventually there were defaults in the repayment of obligations to banks and the relevant loan accounts - Term Loans, Cash Credits and other Non-Fund Based Credits classified as Non Performing Assets by the Lenders. Consequently the Lenders have called-off their advances and issued notice for recovery under section 19 of Recovery of Debts (DRT) and under section 13(2) of the Securitization & Reconstruction of Financial Assets & Enforcement of Security (Second) Interest (SARFAESI) Act, 2002 to the Company.
- 3.2 The Company on the basis of audited accounts for the financial year ended March 31, 2013 has filed the reference under section 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985 before the Hon'ble Board For Industrial And Financial Reconstruction (BIFR). The above reference has been duly registered by the Learned Registrar of Hon'ble BIFR and hearings of the same are in process for determination of sickness.
- 3.3 In the light of the above scenario, all the term loans from banks are no longer treated as Long Term Borrowings, but have been classified as Current maturities of Loans & Credit Facilities from Banks under Other Current Liabilities in Note No.6.
- 3.4 All the Term Loans from Banks are secured against the first charge on Fixed Assets of the Company by mortgage of all movable and immovable assets and second charge on the current assets of the Company by hypothication and against personal guarantees of the Directors. Some of the term loans are also further secured against collateral securities and pledge of promoter shares.
- 3.5 385 Zero Coupon Bonds are issued to lender in pursuant to scheme of CDR, having face value of ₹1,00,000/- each, redeemable after March 31, 2021.
- 3.6 There is no specific repayment schedule has been prescribed by the Lenders for the borrowing under the head Deposits and Loans and Advances from related parties.

## Notes forming part of the consolidated financial statements

## Note 4:- SHORT TERM BORROWINGS

Particulars	As at March 31, 2016	As at March 31, 2015
	₹	₹
<b>UNSECURED:</b>		
(a) Loans and advances from related parties	10,006,490	10,006,490
(b) Deposits	145,883,477	145,833,477
<b>Total</b>	<b>155,889,967</b>	<b>155,839,967</b>

## Note 5:- TRADE PAYABLES

Particulars	As at March 31, 2016	As at March 31, 2015
	₹	₹
Micro, Small and Medium Enterprises	3,705,761	3,965,761
Other	382,269,886	319,211,151
<b>Total</b>	<b>385,975,647</b>	<b>323,176,912</b>

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, 2016	As at March 31, 2015
	₹	₹
(a) Current maturities of Loans & Credit Facilities from Banks (Refer Note No. 3 to 3.6, 6.1, 6.2)	4,728,291,374	4,772,365,416
(b) Interest accrued and due on borrowings	286,041,222	286,041,222
(c) Unclaimed dividends	-	167,087
(d) Other payables		
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	29,511,815	33,112,247
(ii) Trade / security deposits received	1,808,207	1,918,263
(iii) Advances from customers	75,507,934	34,076,908
(iv) Book Overdraft	238,338	-
(v) Employees Benefits	5,255,595	-
(vi) Payables on purchase of fixed assets	3,960,591	
<b>Total</b>	<b>5,130,615,075</b>	<b>5,127,681,142</b>

**Notes forming part of the consolidated financial statements**

- 6.1 As explained in Note No. 3.1, Lenders have claied off their advances granted by way of Term Loans, Cash Credit Facilities and other Non fund Base Limits, and in light of such senario all the Term Loans and working capital borrowings have been classified as Current Maturities of Loans and Credit Facilities from Banks under Other Current Liabilities
- 6.2 Working capital 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.

**Note 7:- SHORT TERM PROVISIONS**

Particulars	As at March 31, 2016	As at March 31, 2015
	₹	₹
Provision for employee benefits:		
(i) Provision for bonus	1,854,371	1,563,981
(ii) Provision for leave encashments	1,464,669	1,728,455
(iii) Provision for gratuity (net)	4,627,437	4,273,356
Provision for Diminution in Value of Investment	14,250,000	14,250,000
<b>Total</b>	<b>22,196,477</b>	<b>21,815,792</b>

**Note 8:- FIXED ASSETS**

Particulars	Gross Block			Depreciation			Net Block		
	Holding	Subsidiary	Consolidated as on March 31, 2016	Holding	Subsidiary	Consolidated as on March 31, 2016	Holding	Subsidiary	Consolidated as on March 31, 2016
	₹	₹	₹	₹	₹	₹	₹	₹	₹
<b>Tangible Assets :</b>									
I Land - Freehold	94,544,616	-	94,544,616	-	-	-	94,544,616	-	94,544,616
II Building	874,050,661	-	874,050,661	222,898,540	-	222,898,540	651,152,121	-	651,152,121
III Plant & Machinery	4,603,601,799	198,640	4,603,800,439	2,532,758,620	188,708	2,532,947,328	2,070,843,179	9,932	2,070,853,111
IV Furniture & Fixtures	47,794,865	3,385,071	51,179,936	44,939,013	3,155,260	48,094,273	2,855,852	229,811	3,085,663
V Office Equipments	13,273,316	385,412	13,658,728	12,572,320	366,141	12,938,461	700,996	19,271	720,266
VI Vehicles	20,035,310	912,314	20,947,624	16,125,272	843,342	16,968,614	3,910,038	68,972	3,979,010
VII Computers	10,384,308	-	10,384,308	10,235,695	-	10,235,695	148,613	-	148,613
VIII Power Project	268,032,690	-	268,032,690	227,508,583	-	227,508,583	40,524,107	-	40,524,107
<b>Intangible Assets :</b>									
I Trademarks	10,000	-	10,000	10,000	-	10,000	-	-	-
<b>Grand Total</b>	<b>5,931,727,565</b>	<b>4,881,437</b>	<b>5,936,609,002</b>	<b>3,067,048,042</b>	<b>4,553,451</b>	<b>3,071,601,493</b>	<b>2,864,679,523</b>	<b>327,986</b>	<b>2,865,007,510</b>
Previous Year	5,932,314,227	5,154,037	5,937,468,264	2,798,169,624	4,525,480	2,802,695,104	3,134,144,603	628,557	3,134,773,163

## Notes forming part of the consolidated financial statements

## Note 9:- NON-CURRENT INVESTMENTS

Particulars	As at March 31, 2016	As at March 31, 2015
	₹	₹
<b>Investments (At cost):</b>		
<b>A. Other investments</b>		
<b>(a) Investment in equity instruments - Unquoted, fully paid up</b>		
(i) of other entities		
13,00,000 (As at March 31, 2015: 13,00,000) shares of ₹ 10 each in Euro Glass Private Limited	13,000,000	13,000,000
45,075 (As at March 31, 2015: 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>(b) Investment in government or trust securities</b>		
6 Years National Savings Certificate (Deposited with Sales Tax Department)	10,000	10,000
<b>(c) Investment in partnership firms</b>		
M/s. Euro Realtors (Fixed Capital) Share of Profit/Loss - 95% and Other Partner Dharmesh Gathani 5%	50,000	50,000
<b>Total</b>	<b>13,510,750</b>	<b>13,510,750</b>

## Note 10:- LONG TERM LOANS AND ADVANCES

Particulars	As at March 31, 2016	As at March 31, 2015
	₹	₹
<b>Unsecured, considered good</b>		
(a) Capital advances	-	-
(b) Security deposits	11,123,823	11,980,638
(d) Prepaid expenses	21,388,892	25,666,668
(e) Advance income tax ( Net of Provision )	2,013,649	3,194,180
(f) MAT Credit Entitlement	53,263,683	53,263,683
<b>Total</b>	<b>87,790,047</b>	<b>94,105,169</b>



**Notes forming part of the consolidated financial statements****Note 11:- INVENTORIES** *(As Valued and Certified by Management)*

Particulars	As at March 31, 2016	As at March 31, 2015
	₹	₹
(a) Raw Materials & Consumables	175,984,859	119,738,676
(b) Work-in-progress	27,323,746	20,950,311
(c) Finished goods (other than those acquired for trading)	54,059,102	118,758,238
(d) Stock-in-trade (acquired for trading)	24,324,872	69,993,529
(e) Stores and spares	40,813,827	40,139,330
(f) Power & Fuel	116,078	162,622
(g) Packing Materials	4,383,855	4,637,028
<b>Total</b>	<b>327,006,339</b>	<b>374,379,734</b>

**Note 12:- TRADE RECEIVABLES**

Particulars	As at March 31, 2016	As at March 31, 2015
	₹	₹
<b>Unsecured and considered good</b>		
Outstanding for a period exceeding six months from the date they were due for payment	133,511,331	134,241,668
Less : Provision for Doubtful Debts	47,446,739	47,446,739
	86,064,592	86,794,929
Others	98,486,397	43,158,500
<b>Total</b>	<b>184,550,989</b>	<b>129,953,430</b>

**Note 13:- CASH AND BANK BALANCES**

Particulars	As at March 31, 2016	As at March 31, 2015
	₹	₹
<b>(a) Cash and cash equivalents</b>		
(i) Balances with banks		
- In current accounts	54,790,875	3,985,422
(ii) Cash on hand	948,647	2,248,832
	55,739,522	6,234,253
<b>(b) Other Bank Balances</b>		
- In earmarked accounts		
(i) Balances held as margin money or security against borrowings, guarantees and other commitments.	518,201	29,900,480
(ii) Unclaimed Dividend Account	-	139,619
<b>Total</b>	<b>56,257,723</b>	<b>36,274,352</b>

## Notes forming part of the consolidated financial statements

## Note 14:- SHORT TERM LOANS AND ADVANCES

Particulars	As at March 31, 2016	As at March 31, 2015
	₹	₹
Unsecured, considered good		
(a) Loans and advances to related parties	777,111,144	786,287,471
Less : Provision for Diminish in Investment / Loans & Advances	(340,967,347)	(340,967,347)
	436,143,797	445,320,124
(b) Loans and advances to Others	7,173,680	-
(c) Loans and advances to employees	3,060,293	3,122,769
(d) Prepaid expenses	1,764,013	1,876,095
(e) Balances with government authorities		
(i) CENVAT credit receivable	(8,252)	124,051
(ii) VAT credit receivable	13,344,194	20,298,179
(iii) Service Tax credit receivable	3,936,277	3,233,573
(iv) Advance custom duty	16,565,648	16,359,968
(f) Advance income tax (net of provisions)	426,177	553,447
(g) Others	24,403,676	28,498,191
<b>Total</b>	<b>506,809,503</b>	<b>519,386,397</b>

## 14.1 Disclosure as per clause of Listing Agreement

## (a) Loans and Advances in the nature of loan given to Related Parties or Subsidiaries

Particulars	As at March 31, 2016	As at March 31, 2015	Maximum Amount due at any time during the Year Ended March 31, 2016	Maximum Amount due at any time during the Year Ended March 31, 2015
Euro Realtors	773,667,163	775,992,577	776,198,777	776,313,892

## (b) Loans and Advances in the nature of loan given to Employees

Particulars	As at March 31, 2016	As at March 31, 2015	Maximum Amount due at any time during the Year Ended March 31, 2016	Maximum Amount due at any time during the Year Ended March 31, 2015
Employee Loan given in the ordinary course of the business and as per the service rules of the Company, where there are no repayment schedule and no interest or at an interest rate below which is specified in Section 186 of the Companies Act, 2013	1,753,567	1,504,899	2,613,535	1,996,438

14.2 The Company has not granted any Inter Corporate Deposits during the year.

## Notes forming part of the consolidated financial statements

## Note 15:- OTHER CURRENT ASSETS

Particulars	As at March 31, 2016	As at March 31, 2015
	₹	₹
(i) Interest Accrued On Fixed Deposits	163,832	3,952,748
<b>Total</b>	<b>163,832</b>	<b>3,952,748</b>

## Note 16:- REVENUE FROM OPERATIONS

Particulars	As at March 31, 2016	As at March 31, 2015
	₹	₹
(a) Sale of products	608,680,771	544,325,628
(b) Sale of services	1,683,860	5,407,023
(c) Other operating revenues	-	252,187
	610,364,631	549,984,838
(d) <b>Less:</b> Excise duty	49,774,615	44,850,836
<b>Total</b>	<b>560,590,016</b>	<b>505,134,002</b>

Particulars	As at March 31, 2016	As at March 31, 2015
	₹	₹
<b>16.1 Sale of products comprises:</b>		
<u>Manufactured goods</u>		
Tiles	261,707,888	260,848,786
Others	333,883,197	260,344,592
<b>Total - Sale of manufactured goods</b>	<b>595,591,085</b>	<b>521,193,378</b>
<u>Traded goods</u>		
Tiles	743,605	6,534,803
Others	12,346,080	16,597,448
<b>Total - Sale of traded goods</b>	<b>13,089,685</b>	<b>23,132,251</b>
<b>Total - Sale of products</b>	<b>608,680,771</b>	<b>544,325,628</b>
<b>16.2 Sale of services comprises:</b>		
Others	1,683,860	5,407,023
<b>Total - Sale of services</b>	<b>1,683,860</b>	<b>5,407,023</b>
<b>16.3 Other operating revenues comprise:</b>		
Sale of scrap	-	208,054
Export incentives on Advance Licenses and Focus Licenses	-	44,133
<b>Total - Other operating revenues</b>	<b>-</b>	<b>252,187</b>

## Notes forming part of the consolidated financial statements

## Note 17:- OTHER INCOME

Particulars	As at March 31, 2016	As at March 31, 2015
	₹	₹
(a) Interest income (Refer Note 17.1 below)	2,231,178	3,509,905
(b) Dividend Received	-	12,000
(c) Commission Received	-	359,832
(d) Other non-operating income (net of expenses directly attributable to such income)(Refer note 17.2 below)	15,196,901	24,931,726
<b>Total</b>	<b>17,428,079</b>	<b>28,813,463</b>

Particulars	As at March 31, 2016	As at March 31, 2015
	₹	₹
17.1 Interest income comprises:		
Interest from banks on Deposits	1,796,710	2,682,752
Interest on others	411,068	827,153
Interest on income tax refund	23,400	-
<b>Total - Interest income</b>	<b>2,231,178</b>	<b>3,509,905</b>

Particulars	As at March 31, 2016	As at March 31, 2015
	₹	₹
17.2 Other non-operating income comprises:		
Rental income from properties	1,969,847	1,139,870
Sale of Trademark	-	3,000,000
Liabilities / provisions no longer required written back	13,215,669	20,573,456
Profit on Sale of Fixed Assets	11,385	218,400
<b>Total - Other non-operating income</b>	<b>15,196,901</b>	<b>24,931,726</b>

## Notes forming part of the consolidated financial statements

## Note 18:- COST OF MATERIAL CONSUMED

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
	₹	₹
Opening stock	124,375,705	116,659,952
Add: Purchases	328,783,992	246,567,604
	453,159,697	363,227,555
Less: Closing stock	180,368,715	124,375,705
<b>Cost of material consumed</b>	<b>272,790,982</b>	<b>238,851,851</b>

## 18.1 Purchase of traded goods

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
	₹	₹
Sanitaryware	9,795,756	11,311,090
Tiles	1,067,742	3,222,426
Others	-	1,253,661
<b>Total</b>	<b>10,863,498</b>	<b>15,787,177</b>

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

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
	₹	₹
<b>Inventories at the end of the year:</b>		
Finished goods	54,059,102	118,758,238
Work-in-progress	27,323,746	20,950,311
Stock-in-trade	24,324,872	69,993,529
	105,707,720	209,702,078
<b>Inventories at the beginning of the year:</b>		
Finished goods	118,758,238	122,277,149
Work-in-progress	20,950,311	19,224,977
Stock-in-trade	69,993,529	72,727,590
	209,702,078	214,229,716
<b>Net (increase) / decrease</b>	<b>103,994,358</b>	<b>4,527,638</b>

## Notes forming part of the consolidated financial statements

## Note 19:- EMPLOYEE BENEFIT EXPENSES

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
	₹	₹
Salaries and Wages	58,395,508	55,362,150
Contributions to provident and other funds	1,725,529	1,415,530
Staff welfare expenses	1,528,709	1,626,830
<b>Total</b>	<b>61,649,746</b>	<b>58,404,510</b>

## Note 20:- FINANCE COSTS

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
	₹	₹
(i) Interest expense on Borrowings	4,291,595	4,972,712
(ii) Interest expense on Others	752,877	2,241,659
(iii) Other borrowing costs	941,366	623,513
(iv) Net (gain) / loss on foreign currency transactions and translation (considered as finance cost)	1,423,633	(827,928)
<b>Total</b>	<b>7,409,471</b>	<b>7,009,956</b>

## Notes forming part of the consolidated financial statements

## Note 21:- OTHER EXPENSES

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
	₹	₹
Consumption of stores and spare parts	7,477,633	10,717,332
Increase / (decrease) of excise duty on inventory	(4,429,043)	(1,559,906)
Power and fuel	86,790,206	108,551,024
Processing Charges	41,980,324	31,709,397
Repairs and maintenance - Machinery	565,111	352,506
Repairs and maintenance - Others	1,012,221	1,004,314
Sundry Balances w/off	1,444,917	-
Rent, Rates and taxes	8,259,861	2,160,216
Insurance	3,583,368	3,921,641
Freight and forwarding	1,042,916	1,524,347
Donations and contributions	41,000	-
Payments to auditors	583,525	568,090
Loss on fixed assets sold / scrapped / written off	272,600	372,714
Share of Loss From Partnership Firm - M/s.Euro Realtors	2,531,614	321,316
Selling and Distribution Expenses	3,823,242	3,314,162
Legal Expenses	6,886,575	7,280,204
Miscellaneous expenses	13,998,502	15,483,634
<b>Total</b>	<b>175,864,571</b>	<b>185,720,991</b>

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

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
	₹	₹
As auditors - statutory audit	403,525	388,090
For taxation matters - Considered as Professional Fees	194,900	180,000
For other services - Considered as Professional Fees	-	-
<b>Total</b>	<b>598,425</b>	<b>568,090</b>

## Notes forming part of the consolidated financial statements

## Note 22 CONTINGENT LIABILITIES

Sr No.	Particulars	As at March 31, 2016	As at March 31, 2015
		₹	₹
a.	Bank Guarantees	255,000	255,000
b.	Custome Duty	36,988,372	36,988,372
c.	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. Pending Export Obligation on the Custom Duty so saved amounts to ₹ 1,69,19,04,058 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 corresponding balance of 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. The time limit for completion of export obligation has already expired as on Balance Sheet date.		

## Note 23 CAPITAL COMMITMENTS

Particulars	As at March 31, 2016	As at March 31, 2015
	₹	₹
Estimated amount of contracts remaining to be executed on capital account and not provided for.	-	-

## Note 24 DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

	Particulars	As at March 31, 2016	As at March 31, 2015
(a)	<b>Unhedged Foreign Currency Exposure :</b>		
I	Outstanding Creditors for Purchase of Raw Material, Consumables & Spares	USD 1,424,672.57	USD 561,648.57
II	Outstanding Creditors for Purchase of Raw Material, Consumables & Spares	EURO 85,751.28	EURO 85,751.28
III	Outstanding Creditors for Capital Goods	EURO 49,000.00	EURO 49,000.00
IV	Outstanding Debtors	USD 218,393.81	USD 217,012.92
V	Advance to Creditors for Purchase of Raw Material, Consumables & Spares	USD 54,237.78	USD 21,814.38
VI	Advance to Creditors for Purchase of Raw Material, Consumables & Spares	EURO -	EURO 31,000.00
VII	Advance from Debtors	USD 9,692.24	USD 13,674.24
VIII	Advance from Debtors	GBP 3,922.03	GBP -



## Notes forming part of the consolidated financial statements

## Note 25 EARNINGS PER SHARE

Particulars	As at March 31, 2016	As at March 31, 2015
	₹	₹
<b>(a.) Basic</b>		
Net profit / (loss) for the year	(171,873,864)	(620,209,172)
Weighted average number of equity shares	33,737,717	33,737,717
Par value per share	10/-	10/-
<b>Earnings per share - Basic</b>	<b>(5.09)</b>	<b>(18.38)</b>
<b>(b.) Diluted</b>		
Net profit / (loss) for the year	(171,873,864)	(620,209,172)
Weighted average number of equity shares	33,737,717	33,737,717
Par value per share	10/-	10/-
<b>Earnings per share - Basic</b>	<b>(5.09)</b>	<b>(18.38)</b>

## Note 26 MAJOR COMPONENT OF DEFERRED TAX LIABILITY

Particulars	As at March 31, 2016	As at March 31, 2015
	₹	₹
Depreciation	-	146,794,651
Expenditure / Provisions Disallowable	-	5,597,405
<b>Total</b>	<b>-</b>	<b>152,392.056</b>

The Company has not provided for Deferred Tax Liability / Assets for the financial year 2015-16 on account of absence of virtual certainty of future taxable profit. Further the Deferred Tax Liability already provided before and standing as on March 31, 2015 has been reversed on account of huge unabsorbed Business Losses and brought forward Depreciation allowances.

- 27 The Group's financial facilities/arrangements including Term Loans, Working Capital Facilities and Non Fund Based Credit Facilities have expired and the accounts with the Banks have turned into Non Performing Assets since more than 3 years. The Banks have initiated legal proceedings for the recovery from the Group u/s. 19 of the Debt Recovery Tribunal (DRT) and u/s. 13(2) of the Securitization & Reconstruction of Financial Assets & Enforcement of Security (Second) Interest (SARFAESI) Act, 2002. Some of the creditors filed cases against the Group and its Directors for recovery of their dues, including petitions for winding up of the Company, in the High Court of Mumbai. The management has taken and been taking all diligent steps under legal advice, to defend the Company in all the litigation. Since the matters are sub-judice, the exact liability of the Group can't be ascertained at this point of time.
- 28 Since the net worth of the Holding Company has been fully eroded and being mandatory requirement, a reference was filed under section 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985 before the Hon'ble Board For Industrial and Financial Reconstruction (BIFR) and the same was registered with BIFR in October 2013. In view of the above position, the Company has not provided for interest after the date the loan has become NPA with the respective Banks, amounting to ₹10,250.96

**Notes forming part of the consolidated financial statements**

Lakhs (calculated based on last sanction letters) for the year ended March 31, 2016. Had the interest as per Loan Agreements been provided for, the interest for the year would have been higher by ₹ 10,250.96 lakhs and Losses would have been higher by ₹10,250.96 lakhs and corresponding bank liability would have increased by ₹10,250.96 lakhs. Further interest amounting to ₹ 423.19 lakhs (calculated based on last sanction letter) for the year ended March 31, 2016, on similar financial facilities borrowed by Subsidiary Company is also not provided by the Subsidiary Company. Had the interest as per Loan Agreements been provided for, the interest for the year would have been higher by ₹ 10,674.15 lakhs and Losses would have been higher by ₹10,674.15 lakhs and corresponding bank liability would have increased by ₹10,674.15 lakhs in the consolidated financial statements.

- 29 Notes to these consolidated financial statements are intended to serve as a means of informative disclosure and a guide to better understanding of the consolidated position of the companies. Recognising this purpose, the Company has disclosed only such notes from the individual financial statements, which fairly present the needed disclosures.

**Note 30 DISCLOSURE IN RESPECT OF RELATED PARTIES PURSUANT TO ACCOUNTING STANDARD 18:**

(a)	<b>Name of the enterprises having same Key Management Personnel and/or their relatives as the Reporting enterprises:</b>		
	Eurobond Industries Private Limited	Euro Polaad Minerals & Steel LLP	Subhnen Ply Pvt. Ltd.
	Euro Renewable Energy Pvt. Ltd.	Euro Solo Energy Systems Pvt. Ltd.	Euro India Cylinders Ltd.
	Euro Realtors	Euro Glass Pvt. Ltd.	Kanch Ghar
	Neelam Metal	Maxim Enterprises	Euro Solar Power Pvt. Ltd.
	Neelam Ply & Laminates	Gala Enterprises	Monex Stationers
	Euro Foundation		
(b)	<b>Relatives of Key Management Personnel:</b>		
	Nenshi L. Shah H.U.F.	Shantilal L. Shah H.U.F.	Rekhaben Nishar
	Manjari H. Shah	Hitesh S. Shah H.U.F.	Kasturben T. Nandu
	Nitesh P. Shah	Hitesh S. Shah	Viral T. Nandu
	Shantaben L. Shah	Urmi P. Shah	Gunvantiben N. Shah
	Pinank N. Shah	Parag K. Shah	Dimple A. Shah
	Parita V. Nandu	Shantilal L. Shah	Mahek H. Shah
	Dhruti P. Shah	Anish K. Shah	Hiral M. Shah
(c)	<b>Key Management Personnel:</b>		
	Nenshi L. Shah	Kumar P. Shah	Talakshi L. Nandu
	Pratik K. Shah	Paresh K. Shah	Nitesh P. Shah

## Notes forming part of the consolidated financial statements

(d) During the year following transactions were carried out with the related parties in the ordinary course of business.

Nature Of Transactions	Enterprises having common Key Management Personnel	Relative of the Key Management Personnel	Key Management Personnel
Sales Service and other income	148,500 (114,830)	----- ----	----- -----
Purchase of goods and services	----- -----	----- -----	4,600,000 (4,800,000)
Director's Remuneration/Sitting Fees	----- -----	----- (750,000)	800,000 (1,200,000)
Loans/Advances Taken	1,650,000 -----	----- -----	----- -----
Loans/Advance Repaid	1,284,500 (3,692,000)	----- -----	531,000 -----
<b>Outstanding Balance As At March 31, 2016</b>			
Loans Payable	92,911,241 (92,545,741)	59,226 (59,226)	83,077,708 (83,808,708)
Amount Receivable	64,726 (8,310)	----- -----	----- -----
Amount Payable	941,481 (941,481)	----- -----	----- -----

**Note 31** Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

Note 32. SEGMENTWISE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2016- PURSUANT TO ACCOUNTING STANDARD - 17 (CONSOLIDATED)

j) PRIMARY SEGMENTS - BUSINESS	Tiles Division		Aluminium Division		Sanitaryware Division		Realty Division		Total
	2015-16 (₹)	2014-15 (₹)	2015-16 (₹)	2014-15 (₹)	2015-16 (₹)	2014-15 (₹)	2015-16 (₹)	2014-15 (₹)	
a) Segmental Revenue									
Sales to External Customers	263,246,322	276,840,893	-	-	345,117,709	273,944,029	-	-	610,364,631
Less : Excise Duty	12,868,597	16,803,846	-	-	36,906,018	28,046,990	-	-	49,774,615
									44,550,836
	252,378,225	259,236,963	-	-	308,211,691	245,897,039	-	-	560,590,016
Inter-Segmental Revenue	-	-	-	-	-	-	-	-	-
Total Segmental Revenue	252,378,225	259,236,963	-	-	308,211,691	245,897,039	-	-	560,590,016
b) Segmental Results (PBIT)									
	(285,795,706)	(189,750,019)	(624,456)	(437,180)	28,222,496	(364,579)	-	-	(258,197,666)
Less: Interest & Finance Charges									7,409,471
									7,093,956
Less: Unallocable Expenses Net of Unallocable Income									(265,607,137)
Profit Before Tax & Exceptional Items									58,397,457
Loss / (Gain) due to Extraordinary Item									67,424,092
Profit Before Tax									(324,194,594)
Less: Provision for Current Tax									355,217,347
Add: IMT Credit									-
Less: Earlier Years Excess/Short Provision									-
Less: Deferred Tax Expenses									-
Profit After Tax									71,326
									(152,302,056)
c) Carrying amount of Segmental Assets	4,861,614,913	4,578,544,973	25,831,484	26,018,760	1,205,402,253	1,193,281,309	433,241,931	435,567,345	(171,873,864)
Unallocated Assets									6,226,090,551
Total Assets	3,206,880,468	3,151,725,961	1,709,103	1,709,103	47,971,809	47,046,847	-	-	886,607,606
d) Carrying amount of Segmental Liabilities									7,112,698,167
Unallocated Liabilities									7,109,030,846
Total Liabilities									3,256,561,395
e) Cost incurred to acquire Segment									2,767,195,198
Fixed Assets during the year									29,16,638,852
Unallocated Assets									6,023,756,553
f) Depreciation / Amortization									6,117,121,768
Unallocated depreciation	189,386,112	202,521,034	437,180	437,180	68,595,996	68,595,996	-	-	185,526
									30,310
									258,419,288
									11,200,774
									17,076,859

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, 2016 (₹)	For the year ended March 31, 2015 (₹)
The Company's operating facilities are located in India		
Domestic Revenues	547,278,729	487,946,628
Export Revenues	13,311,287	17,187,374
<b>TOTAL</b>	<b>560,590,016</b>	<b>505,134,002</b>

**EURO CERAMICS LIMITED**

(CIN: L26914MH2002PLC135548)

**Regd. Off:** 208, Sangam Arcade, Vallabhkhair Road, Opp. Railway Station, Vile Parle (West), Mumbai – 400 056;**Tel:** +91-22-4019 4019; **E-mail:** sales@eurocl.com; **Website:** http://www.eurovitrified.com**FOR KIND ATTENTION OF SHAREHOLDERS****Dear Shareholders,**

As per the provisions of Section 88 of the Companies Act, 2013 read with Companies (Management & Administration) Rules, 2014, the Company needs to update its 'Register of Members' to incorporate certain additional details, as are required under the said provisions. Further, as per the "Green Initiative in the Corporate Governance" initiated by the Ministry of Corporate Affairs (MCA), vide its Circular No. 17/2011 dated 21/04/2011, the Company proposes to send all the notices, documents including Annual Report in electronic form to its members.

We, therefore request you to furnish the following details for updation of Register of Members and enable the Company to send all communication to you through electronic mode:

Folio No.	
Name of the Shareholder	
Father's/Mother's/Spouse's Name	
Address (Registered Office Address in case the Member is a Body Corporate)	
E-mail Id	
PAN or CIN	
UIN (Aadhar Number)	
Occupation	
Residential Status	
Nationality	
In case member is a minor, name of the guardian	
Date of birth of the Member	

Date : \_\_\_\_\_

Place : \_\_\_\_\_

**Signature of the Member**

Kindly submit the above details duly filled in and signed at the appropriate place to the Registrar & Share Transfer Agent of the Company viz. "Link Intime India Private Limited", C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup(West), Mumbai – 400 078'

The E-mail ID provided shall be updated subject to successful verification of your signature. The members may receive Annual Reports in physical form free of cost by post by making request for the same.

Thanking you,

**For Euro Ceramics Limited**

**Pratik Kumar Shah**  
**Chairman & Whole time Director**  
**DIN: 01049516**

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## EURO CERAMICS LIMITED

(CIN: L26914MH2002PLC135548)

**Regd. Off:** 208, Sangam Arcade, Vallabhbhai Road, Opp. Railway Station, Vile Parle (West), Mumbai – 400 056;  
**Tel:** +91-22-4019 4019; **E-mail:** sales@eurocl.com; **Website:** http://www.eurovitrfied.com

### ATTENDANCE SLIP

14<sup>TH</sup> ANNUAL GENERAL MEETING ON SEPTEMBER 30, 2016

Registered Folio / DP ID/Client ID	
Name and address of the member(s)	
Name of the Joint Holder(s), if any	
Number of equity shares held	
I/we hereby record my/our presence at the 14th Annual General Meeting of the members of the Company held at Gomantak Seva Sangh, 72/A Mahant Road Extension, Vile Parle (East), Mumbai 400 057 on Friday, September 30, 2016.	

---

**Members'/Proxy's /Authorized  
Representative's name**

---

**Members'/Proxy's /Authorized  
Representative's Signature**

**Note:**

1. Please fill in the Folio No./DP ID/Client ID, name and sign this Attendance Slip and hand it over at the Attendance Verification Counter at the **ENTERANCE OF THE MEETING HALL**.
2. Please read the instructions for remote e-voting given along with Notice of 14th Annual General Meeting of the Company. The remote e-voting period starts from Tuesday, September 27, 2016 at 9.00 a.m. and ends on Thursday, September 29, 2016 at 5.00 p.m. The remote e-voting module shall be disabled by CDSL for voting thereafter.

**PLEASE BRING THE ABOVE ATTENDANCE SLIP TO THE MEETING HALL.**

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# EURO CERAMICS LIMITED

(CIN: L26914MH2002PLC135548)

**Regd. Off:** 208, Sangam Arcade, Vallabhnbhai Road, Opp. Railway Station, Vile Parle (West), Mumbai – 400 056;

**Tel:** +91-22-4019 4019; **E-mail:** sales@eurocl.com; **Website:** http://www.eurovittrified.com

## FORM NO. MGT-11 PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3)  
of the Companies (Management and Administration) Rules, 2014]

### 14<sup>th</sup> Annual General Meeting on September 30, 2016

Name of the member (s): \_\_\_\_\_

Registered address: \_\_\_\_\_

E-mail Id: \_\_\_\_\_

Folio No/ Client Id: \_\_\_\_\_

DP ID: \_\_\_\_\_

I/We, being the member (s) of \_\_\_\_\_, shares of the above named Company hereby appoint:

(1) Name .....

Address.....

Email Id: ..... Signature..... or failing him;

(2) Name .....

Address.....

Email Id: ..... Signature..... or failing him

(3) Name .....

Address.....

Email Id: ..... Signature.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 14th Annual General Meeting of the Company, to be held on the Friday, September 30, 2016 at 10.15 a.m. at Gomantak Seva Sangh, 72/A, Mahant Road Extension, Vile Parle (East), Mumbai - 400 057 and at any adjournment thereof in respect of such resolutions as are indicated overleaf:

Item No.	Description of the Resolution	Vote (Optional See Note 2) (Please mention no. of Share)		
		FOR	AGAINST	ABSTAIN
	<b>Ordinary Business:</b>			
1	Ordinary Resolution for adoption of Audited Financial Statements (including Consolidated financial statements) for the year ended March 31, 2016 and the Reports of the Directors' and the Auditors there on .			
2	Ordinary Resolution for re-appointment of M/s. Deepak Maru & Co., Chartered Accountants, Mumbai (FRN: 115678W) as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting upto the conclusion of next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.			
	<b>Special Business</b>			
3	Ordinary Resolution for appointment of Mr. Viral Nandu (DIN: 01767620) as Director of the Company.			
4	Ordinary Resolution for appointment of Mr. Mukund Modi (DIN: 02244980) as an Independent Director of the Company for a period of 5 (five) years w.e.f. conclusion of this Annual General Meetings.			
5	Ordinary Resolution for appointment of Mr. Dhaval Gada (DIN: 05340458) as an Independent Director of the Company for a period of 5 (five) years w.e.f. conclusion of this Annual General Meetings.			
6	Ordinary Resolution for appointment of Mrs. Lata Mehta (DIN: 02027592) as an Independent Director of the Company for a period of 5 (five) years w.e.f. conclusion of this Annual General Meetings.			

Signed this\_\_\_\_\_ day of\_\_\_\_\_ 2016

Signature of member .....

Signature of proxy holder(s).....

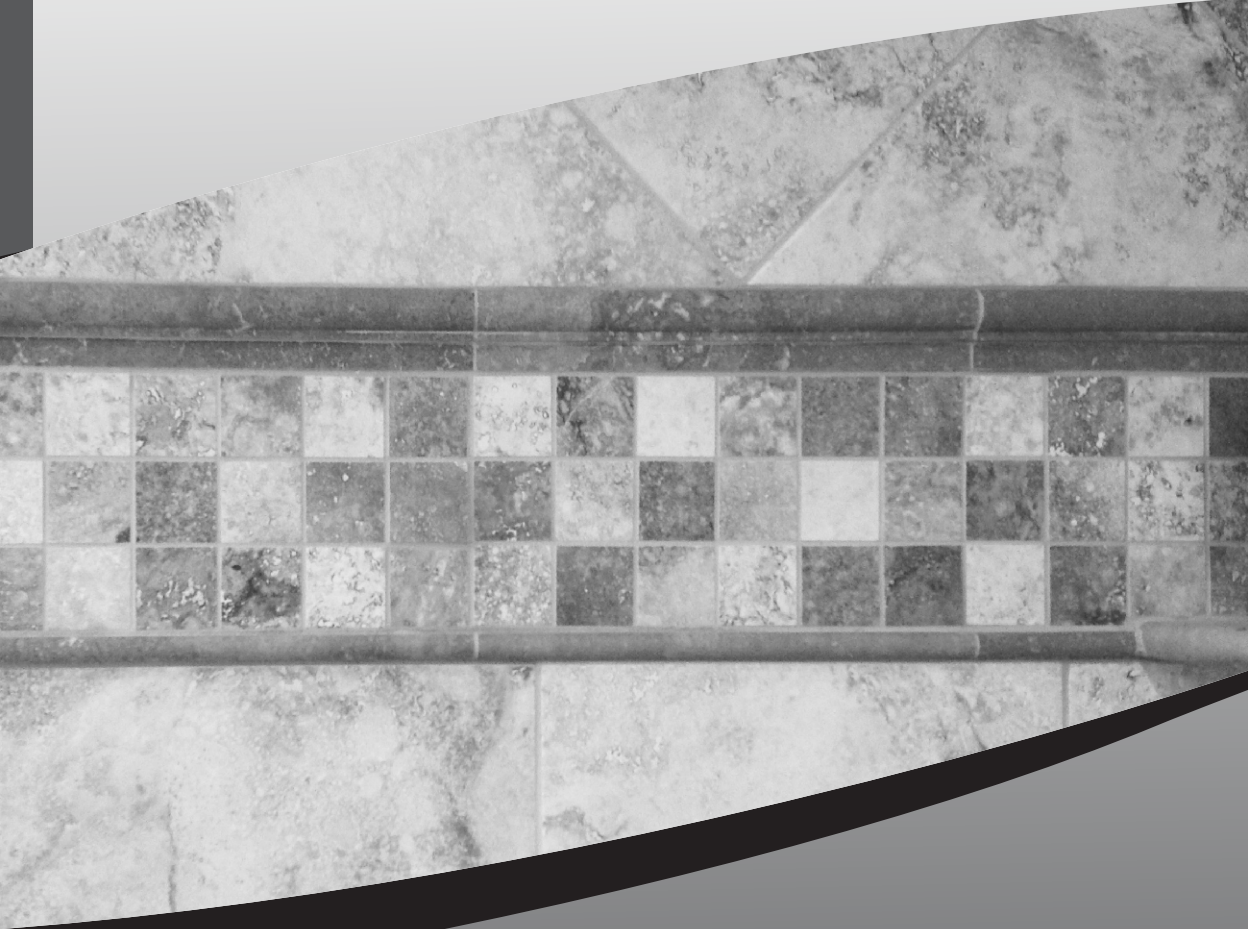
Affix  
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Stamp

**Note:**

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. It is optional to indicate your preference. If you leave the for, against and abstain column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she may deemed appropriate.

# ROUTE MAP FOR AGM VENUE





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