



EURO CERAMICS LTD.

**15th
ANNUAL REPORT
2016-17**

CORPORATE INFORMATION

BOARD OF DIRECTORS

1. **Mr. Viral Nandu**
Chairman & Whole-time Director
(w.e.f. September 30, 2016)
2. **Mr. Dhaval Gada**
Independent Director
(w.e.f. September 30, 2016)
3. **Mrs. Lata Mehta**
Independent Director
(w.e.f. September 30, 2016)
4. **Mr. Gautam Pandit**
Independent Director
(w.e.f. May 30, 2017)
5. **Mr. Pratik K. Shah**
Whole-time Director
(Upto September 30, 2016)
6. **Mr. Karan Rajput**
Independent Director
(Upto September 30, 2016)
7. **Mr. Amit Nandu**
Independent Director
(Upto September 30, 2016)
8. **Mrs. Usha J. Kotian**
Independent Director
(Upto September 30, 2016)
9. **Mr. Mukund Modi**
Independent Director
(upto March 24, 2017)

CHIEF EXECUTIVE OFFICER:

Mr. Nenshi L. Shah

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

BANKERS

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

REGISTERED OFFICE

208, Sangam Arcade,
Vallabhbhai Road, Opp. Railway Station,
Vile Parle (West), Mumbai-400 056
Tel: 022-4019 4019
Fax: 022-4019 4020
Email- sales@eurocl.com
Website: www.eurovitified.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-101, 247 Park, L.B.S. Marg,
Vikhroli (West), Mumbai-400083
Tel: 022 - 4918 6270
Fax: 022 - 4918 6060
Email - rnt.helpdesk@linkintime.co.in
Website: www.linkintime.co.in

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EURO CERAMICS LIMITED

CIN: L26914MH2002PLC135548

Registered Office: 208, Sangam Arcade, Vallabhbai Road, Opp. Railway Station, Vile Parle (West), Mumbai – 400 056**Phone:** +91-22-4019 4019; **Fax:** +91-22-4019 4020; **E-mail:** sales@eurocl.com; **Website:** www.eurovitrified.com**NOTICE**

Notice is hereby given that the Fifteenth Annual General Meeting of the members of Euro Ceramics Limited will be held on Friday, September 29, 2017 at 01.00 p.m. at Gomantak Seva Sangh, 72/A, Mahant Road Extension, Vile Parle (East), Mumbai - 400 057 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements (including Audited Consolidated Financial Statements) for the year ended March 31, 2017 together with the Reports of the Board of Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. Viral Nandu (DIN: 01767620), Whole-time Director of the Company, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s. Rasesh Shah & Associates, Chartered Accountants, Mumbai (FRN: 108671W) as the Statutory Auditors of the Company to hold office from the conclusion of 15th Annual General Meeting until the conclusion of 20th Annual General Meeting and to fix their remuneration in place of retiring statutory auditors M/s. Deepak Maru & Co., Chartered Accountants, Mumbai (FRN: 115678W), who hold office upto the conclusion of 15th Annual General Meeting.

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

"RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, M/s. Rasesh Shah & Associates, Chartered Accountants, Mumbai (FRN: 108671W), be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of 15th Annual General Meeting (AGM) upto the conclusion of 20th AGM to be held for financial year ending March 31, 2022 (subject to ratification by members at every AGM held after this AGM), and to audit the financial statements of the Company for the financial years from 2017-18 to 2021-22 in place of retiring Auditors M/s. Deepak Maru & Co., Chartered Accountants,

Mumbai (FRN: 115678W), who hold office upto the conclusion of 15th AGM and the Board of Directors of the Company be and is hereby authorised to fix the Auditor's remuneration as may be agreed upon between the Auditors and the Board of Directors of the Company."

SPECIAL BUSINESS:

4. Appointment of Mr. Gautam Suryaprasad Pandit 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 149, 152 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, Mr. Gautam Suryaprasad Pandit (DIN : 07816301), who was appointed as an Additional (Independent) Director of the Company w.e.f. May 30, 2017 pursuant to the provisions of Section 161 of Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 who holds office as such up to the date of this Annual General Meeting of the Company and in respect of whom the Company has received a notice in writing along with requisite deposit from a member as required under Section 160 of the Companies Act, 2013 signifying intention to propose his candidature for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office as such for a term of 5 (five) years upto May 29, 2022, who shall not be liable to retire by rotation."

5. Appointment of Mr. Viral Nandu as Whole-time 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 Section 196, 197, 203 and Schedule V and all other applicable provisions, if any, of the Companies Act 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) for the time being in force) and in accordance of the provisions of Article of Associations of the Company, Mr. Viral Nandu (DIN: 01767620) be and is hereby appointed as Whole Time Director of the Company for a period of 2 (two) years with effect from September 30, 2016 without any remuneration, who shall be liable to retire by rotation.

RESOLVED FURTHER THAT remuneration if any paid to Mr. Viral Nandu in the future during the term of his office has such will be subject to the provisions of Section 197, 198 and Schedule V of the Companies Act, 2013.

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

Viral Nandu
Chairman & Whole Time Director
DIN 01767620

Place: Mumbai
Date: September 1, 2017

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

NOTES:

- 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.
- 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.
- 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 (including through e-voting) or any adjournment thereof.

- Brief resume of Directors proposed to be appointed/re-appointed at the ensuing AGM in terms of Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) and Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India (ICSI) is annexed to the Notice. The Company is in receipt of relevant disclosures / consents from the Directors pertaining to their appointment.
- 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.
- Pursuant to the provisions of Section 91 of the Companies Act, 2013 the Register of Members and Share Transfer Books of the Company will remain closed from Saturday, September 23, 2017, to Friday September 29, 2017 (both days inclusive).

7. 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.
8. Members who hold shares in dematerialized form are requested to bring their client ID and DP ID for easier identification of attendance at the meeting. In case of joint holders attending the meeting, the joint holder with highest, in order of names will be entitled to vote.
9. Members are requested to forward all share transfers and other communications, correspondence to the Registrar and Transfer Agent (RTA) of the Company, M/s. Link Intime India Private Limited, 101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai-400083 and members are further requested to always quote their Folio Number in all correspondence with the Company.
10. Members desirous of obtaining any information on the financials and operations of the Company are requested to address their queries to the Compliance Officer of the Company at the registered office of the Company at least ten days in advance of the AGM to enable the Company to provide the required information at the meeting.
11. Members having multiple folios in identical names or in joint names in the same order are requested to write to RTA of the Company, M/s. Link Intime India Private Limited enclosing their share certificate(s) to enable the Company for consolidation of all such shareholding into one folio to facilitate better services.
12. Members are requested to bring their original photo ID (like PAN Card, Aadhar Card, Voter Identity Card, etc, having photo identity) while attending the AGM.
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 RTA of the Company – M/s. Link Intime India Private Limited.
14. Non Resident Indian members are requested to inform the Company's RTA, 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, IFSC and MICR Code, as applicable if such details were 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. The Notice of the 15th AGM and instructions for e-voting along with Attendance Slip and Proxy Form are being sent by electronic mode to all members whose e-mail address are registered with the Company/Depository Participant(s) unless member has requested for hard copy of the same. For members who have not registered their e-mail address, physical copies of the aforesaid documents are being sent by permitted mode.
17. Route Map for the venue of the 15th AGM of the Company is appearing at the end of the Annual Report and is also uploaded on the website of the Company, i.e. www.eurovitrified.com.
18. **Voting through electronic means:**

In compliance with provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014, as amended from time to time, Regulation 44 of Listing Regulations and Secretarial Standards on General Meetings

(SS-2) issued by the ICSI, the Company is pleased to provide e-voting facility to its members to cast their votes electronically on all the resolutions set forth in the Notice convening the 15th AGM of the Company to be held on Friday, September 29, 2017. The Company has engaged the services of Central Depository Services (India) Limited (CDSL) to provide the e-voting facility.

The facility of voting through polling papers shall also be made available at the venue of the 15th AGM. The members who have already cast their votes through e-voting may attend the meeting but shall not be entitled to cast their vote again at the AGM. E-voting is optional.

The Company has appointed M/s. Manish Ghia & Associates, Company Secretaries, Mumbai as the Scrutinizer for conducting the e-voting and poll process at the AGM in a fair and transparent manner.

The Company has fixed Friday, September 22, 2017 as the 'Cut-off Date'. The 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 22, 2017 only.

The e-voting period will commence on Tuesday, September 26, 2017 (09:00 am) and ends on Thursday, September 28, 2017 (05:00 pm). During the e-voting period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. Friday, September 22, 2017, may cast their votes electronically. The e-voting module shall be disabled by CDSL for voting after 05.00 pm on September 28, 2017. Once the vote on a resolution is cast by the shareholder, he shall not be allowed to change it subsequently.

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

- i. The members should log on to the e-voting website www.evotingindia.com.
- ii. 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 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

| | |
|---|--|
| PAN | <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"> • Members who have not updated their PAN with the Company / Depository Participant are requested to use the sequence number. |
| Dividend Bank Details OR Date of Birth (DOB) | <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> <p>If both 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.</p> |

- 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. Members 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 Non – Individual Shareholders and Custodians:**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to 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
 - 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 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.
- (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 under 'HELP' or write an email to 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 i.e. Friday, September 22, 2017.
 - 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. Friday September 22, 2017, may obtain the login ID and password by sending a request at helpdesk.evoting@cdslindia.com.
 - iv. However, if members are already registered with CDSL for 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.

- v. A member may participate in the AGM even after exercising his right to vote through 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 15th AGM for all those members who are present at the AGM but have not cast their votes by availing the 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 e-voting as well as voting at the AGM through poll paper.
- viii. In case, members cast their vote through both e-voting and voting through polling paper, then vote casted through e-voting shall be considered and vote cast through polling paper shall be treated as invalid.
- ix. 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 scrutiner, by use of "Ballot Paper" for all those members who are present at the AGM but have not cast their votes by availing the e-voting facility.
- x. 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 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.
- xi. The Results declared along with the Consolidated Report of the Scrutinizer shall be placed on the Company's website www.eurovitified.com and on the website of CDSL 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 and www.nseindia.com.

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 Directors seeking appointment/ re-appointment at the 15th Annual General Meeting are as follows:

| Particulars | Mr. Viral T. Nandu | Mr. Gautam S. Pandit |
|--|---|--|
| Designation | Chairman & Whole-time Director | Independent Director |
| DIN | 01767620 | 07816301 |
| Date of Birth/ Age | January 4, 1985 (32) | April 1, 1958 (59) |
| Nationality | Indian | Indian |
| Date of appointment on the Board | September 30, 2016 | May 30, 2017 |
| Qualifications | B Com, FMBA | S.S.C. |
| Expertise and Experience in functional area | Experience of more than 13 years in Marketing | Experience in trading business since last 32 years and he also have experience in marketing and commercial aspects of the business |
| Number of shares held in the Company | Nil | Nil |
| Directorships held in other Companies | Euro Merchandise (India) Limited | Nil |
| Chairman/Member of the Committees of other Companies | Nil | Nil |
| Relationship with existing Directors and Key Managerial Personnel of the company | Nil | Nil |
| Number of Board Meeting attended during 2016-17 | Six | NA |
| Terms and Conditions of appointment or re-appointment and remuneration sought to be paid or last drawn | NA | NA |

STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**ITEM NO. 4 OF THE ACCOMPANYING NOTICE:**

The Board of Directors at its Meeting held on May 30, 2017 and on recommendation of the Nomination and Remuneration Committee appointed Mr. Gautam S. Pandit as an Additional (Independent) Director for a period of five years with effect from May 30, 2017, subject to approval of members. Pursuant to the provisions of Section 161 of the Companies Act, 2013, Mr. Gautam S. Pandit holds office as such up to the date of this AGM. The Company has received a notice along with requisite deposit from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Independent Director.

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

Mr. Gautam Pandit is having an independent trading business of hardware products. He has vast experience in trading business since last 32 years and also experience in marketing and commercial aspects of the business.

Mr. Gautam S. Pandit has given the requisite declaration pursuant to Section 149(7) of the Companies Act, 2013, to the effect that he meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

In the opinion of the Board, Mr. Gautam S. Pandit proposed to be appointed as Independent Director fulfills the conditions specified in Companies Act, 2013 and the Rules made there under and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Brief resume of Mr. Gautam S. Pandit 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 15th AGM of the Company.

The Board recommends the Ordinary Resolution as set out at Item no. 4 of the Notice of 15th AGM of the Company for member's approval.

Except Mr. Gautam S. Pandit, none of the Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested in the aforesaid resolutions.

ITEM NO. 5 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 13 years in Marketing of Marble and Sanitary Ware products. Considering his prolonged association with the Company and vast experience, the Board of Directors on recommendation of Nomination and Remuneration Committee of the Company, in its meeting held on September 30, 2016 appointed him as Whole-time Director of the Company for a period of 2 years w.e.f. September 30, 2016 without any remuneration.

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 15th AGM of the Company.

The Board recommends the resolution as set out at item no.5 of the Notice of 15th AGM of the Company for your approval.

Except Mr. Viral Nandu, none of the other Directors and Key Managerial Personnel of your Company and their relatives is concerned or interested in the aforesaid resolution.

By Order of the Board of Directors

Viral Nandu
Chairman & Whole Time Director
DIN 01767620

Place: Mumbai
Date: September 1, 2017

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

BOARD'S REPORT

To
The Members,
Euro Ceramics Limited

Your Directors presents the Fifteenth (15th) Annual Report of the Company together with the Audited Financial Statements for the financial year ended on March 31, 2017.

FINANCIAL HIGHLIGHTS FOR THE CONTINUING OPERATIONS:

(₹In Lakhs)

| Particulars | Year Ended March 31, 2017 | Year Ended March 31, 2016 |
|---|---------------------------------|---------------------------------|
| Revenue from operations | 1,069.08 | 2,515.54 |
| Other Income | 202.08 | 168.56 |
| Total Income | 1,271.16 | 2,684.10 |
| Less: Total Expenditure | 2,317.96 | 3,631.08 |
| Earnings Before Interest, Depreciation and Tax | (1,046.80) | (946.98) |
| Less : Interest and other finance expenses | 69.89 | 76.30 |
| Less: Depreciation | 1,969.44 | 2,010.16 |
| Profit/(Loss) Before Exceptional and Extraordinary Item& Tax | (3,086.13) | (3,033.44) |
| Exceptional items [(Loss)/Gain] | 5,004.52 | - |
| Profit / (Loss) before extraordinary items and tax | 1,918.39 | (3,033.44) |
| Less: Extraordinary Item | - | - |
| Profit/(Loss) Before Tax | 1,918.39 | (3,033.44) |
| Less: Tax Expenses | - | 1,523.92 |
| Profit / (Loss) for the Year from Continuing Operations (A) | 1,918.39 | (1,509.52) |
| Profit / (Loss) for the period from Discontinuing Operations | 583.91 | 282.22 |
| Net Profit from Disposal of Assets of Discontinuing operations | 2,715.86 | - |
| Less: Tax expenses for discontinuing operations | - | - |
| Total Profit/(Loss) from Discontinuing Operations (B) | 3,299.77 | 282.22 |
| Profit/(Loss) for the year (A) + (B) | 5,218.17 | (1,227.30) |
| Add: Balance Brought forward from the previous year | (26,337.96) | (25,110.60) |
| Balance Carried forward to Balance Sheet | (21,119.79) | (26,337.96) |

FINANCIAL REVIEW:

During the year the Company has sold its sanitaryware division and the same is considered as discontinued operations for the financial reporting as per Accounting Standard AS 24 of issued by the ICAI. The above financials are given for the continuing operations of tiles which includes vitrified tiles, wall tiles and marble division. The Company has restated all the prior period financial statements presented above in compliance with AS 24 for the continuing operations. Accordingly profit or loss from discontinued operations and profit or loss on disposal of assets of discontinued operations is shown separately in profit and loss account. The performance of the continuing operations is as under:

The turnover of the Company for the year is reduced by ₹ 1,446.46 Lakhs, compared to previous year. Loss before exceptional and extraordinary item & tax stood at ₹3,086.13 Lakhs compared to ₹ 3,033.44 Lakhs for previous year.

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

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 generate any revenue except for sale of old stock in hand.

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

b. Calcareous Tiles/Mable Division :

During the year under review the operational revenue was majorly contributed by Marble division. The marble division was under performed due to working capital shortages.

c. Sanitaryware Divisions:

During the year under review the Company has sold Sanitaryware business undertaking including land, building and plant & machinery for a total consideration of ₹ 8,600 Lakhs and made the profit on disposal of the assets of the sanitaryware division amounting to ₹ 2,715.86 Lakhs. The proceeds of the said sale were

utilised in repayment/settlement of debt of the Company.

The Company has generated profit before tax of ₹583.91 Lakhs from operations of the Sanitaryware division during the year against ₹282.22 Lakhs for previous year.

SHARE CAPITAL:

There was no change in share capital of the Company during the year 2016-17. The paid up equity share capital of your Company as on March 31, 2017 is ₹ 33,73,77,170/- (Rupees Thirty Three Crore Seventy Three Lakh Seventy Seven Thousand One Hundred Seventy only) divided into 3,37,37,717 Equity shares of the face value of ₹10/- (Rupee Ten) each.

LISTING OF SHARES:

The Equity shares of the Company are listed on National Stock Exchange of India Limited (NSE) and BSE Limited (BSE). The Company has paid the requisite listing fees to the said Stock Exchanges for the financial year 2016-17.

DIVIDEND:

In view of stress cash flow and liquidity crunch felt by the Company. Your Directors do not recommend any dividend for the financial year 2016-17.

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.

REFERENCE TO BIFR:

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. However Ministry of Finance, vide notification dated November 25, 2016 has repealed the Sick Industrial (Special Provisions) Act 1985 (SICA) with effect from December 1, 2016. Accordingly BIFR is dissolved from that date and all the proceedings that were pending before BIFR were referred to the National Company Law Tribunal (NCLT), constituted under the Companies Act 2013, under the provisions of The Insolvency and Bankruptcy Act 2016 within 180 days from such

date. The Company is in the process of filing application before the NCLT for the same.

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 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.

During the year the Company has settled the secured lenders by entering into compromise settlement arrangements, and accordingly some of the lenders are settled completely by payment of upfront amount and some of the lenders have granted deferred payment schedule, however outstanding of such lenders whose dues are still pending, is shown as total outstanding less the amount paid to them under settlement scheme. Based on the no due certificates received from the lenders, the Company has subsequently settled some of the charges as registered with the office of the Registrar of Companies, Mumbai.

EXTRACT OF ANNUAL RETURN:

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

HOLDING, SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES:

During the financial year ended March 31, 2017, the Company has One wholly owned subsidiary Company - M/s. Euro Merchandise (India) Limited. The Company does not have any Holding, Associates Company or any Joint Ventures during the financial year 2016-17.

During the year, the Board of Directors ('the Board') reviewed the affairs of the subsidiaries and associates. In accordance with Section 129(3) of the

Companies Act, 2013, we have prepared Consolidated Financial Statements of the Company and its subsidiaries which form part of the Annual Report. Further, a statement containing salient features of the financial statements of the Wholly-owned subsidiary in Form AOC-1 is appended as Annexure to the Financial Statements provided in this Annual Report.

In accordance with Section 136 of the Companies Act, 2013, the Audited Financial Statements, including the Consolidated Financial Statements and related information of the Company, are available on the Company's website.

These documents will also be available for inspection at the Registered Office of the Company during business hours on all working days and upto the Annual General Meeting.

DIRECTORS AND KEY MANAGERIAL PERSONNEL:

During the year under review, the members of the Company at the 14th Annual General Meeting held on September 30, 2016 appointed Mr. Viral Nandu as Director of the Company with effect from conclusion of 14th Annual General Meeting.

Mr. Mukund Modi, Mr. Dhaval Gada and Mrs. Lata Mehta were appointed as the Independent Directors of the Company by the members in the 14th AGM held on September 30, 2016, for a period of 5 (five) years with effect from conclusion of 14th Annual General Meeting of the Company to hold office as such upto September 29, 2021.

Mr. Pratik Shah, Chairman and Whole-Time Director of the Company, Mr. Karan Rajput, Mr. Amit Nandu and Mrs. Usha Kotian Independent Directors of the Company vacated their respective positions as such pursuant to the provisions of Section 167(1)(a) read with Section 164(2)(b) of the Companies Act, 2013, with effect from conclusion of 14th Annual General Meeting (AGM) of the Company held on September 30, 2016.

Mr. Mukund Modi, ceased to be a Director of the Company due to his sad demise on March 25, 2017. The Board places on record condolences for his sad demise and expresses its appreciation for his valuable guidance as an Independent Director of the Company.

In accordance with the provisions of Section 152 of the Companies Act, 2013 read with Companies (Management & Administration) Rules, 2014 and

Articles of Association of the Company, Mr. Viral Nandu, Whole-time Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment.

Upon recommendation of Nomination and Remuneration Committee, the Board of Directors at its meeting held on September 30, 2016 appointed Mr. Viral Nandu as Chairman & Whole-time Director of the Company for a period of two years with effect from September 30, 2016 subject to the approval of the members.

The Board of Directors of the Company, at its meeting held on May 30, 2017 appointed Mr. Gautam Pandit as an Additional (Independent) Director for a period of five years with effect from May 30, 2017, subject to the approval of members. The Company has received a notice in writing along with the requisite deposit from a member under Section 160 of Companies Act, 2013 proposing his candidature as an Independent Director of the Company.

Pursuant to Regulation 36(3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'Listing Regulations') and Secretarial Standards (SS-2) issued by the Institute of Company Secretaries of India (ICSI), brief resume of the Directors proposed to be appointed / re-appointed in the ensuing Annual General Meeting are provided in Notice of 15th Annual General Meeting of the Company.

Your Board recommends the appointment of the above Director for the approval of the Members at the 15th Annual General Meeting of the Company.

The Company has received declaration from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of Listing Regulations.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 134(3)(c) of the Companies Act, 2013, the Directors of your Company, to the best of their knowledge and based on the information and explanations obtained by them, state 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. the directors 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, 2017 and of the profit of the company for that period;
- c. the directors 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. the directors have prepared the annual accounts on a going concern basis;
- e. the directors 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. the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

MEETINGS OF THE BOARD OF DIRECTORS:

The Board meets at regular intervals to discuss and decide on Company's business policy and strategy apart from other business of the Board. During the year under review, the Board met 10 (Ten) times. The details of the meetings of Board of Directors and the attendance of the Directors at the meetings are provided in the Report on Corporate Governance. The intervening gap between the two consecutive meetings was within the period prescribed under the Companies Act, 2013.

ANNUAL EVALUATION OF PERFORMANCE BY THE BOARD:

In terms of applicable provisions read with Schedule IV of the Companies Act, 2013 and Rules framed thereunder and Regulation 17 of Listing Regulations read with Part D of Schedule II of the Listing Regulations, the Board of Directors has put in place a process to formally evaluate the effectiveness of the Board along with performance evaluation of each Director to be carried out on an annual basis.

Pursuant to the provisions of the Companies Act, 2013, and Listing Regulations, the evaluation of the Board and its performance, the directors individually and the working of its Audit Committee, Stakeholders' Relationship Committee and

Nomination and Remuneration Committee of the Company was carried out by the Board. The Board has evaluated the performance of each of Executive, Non-Executive and Independent Directors considering the business of the Company and the expectations that the Board have from each of them. The evaluation framework for assessing the performance of Directors comprises of the following key areas:

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

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.

COMMITTEES OF THE BOARD:

Subsequent to the changes in the Board of Directors during the year under review, the Board re-constituted 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.

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 Listing Regulations. The Composition of the Audit Committee is also given in the Report on Corporate Governance which is annexed to this report.

STATUTORY AUDITORS:

As per Section 139 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, the term of M/s. Deepak Maru & Co., Chartered Accountants, Mumbai (FRN: 115678W), as the Statutory Auditor of the Company expires at the conclusion of the 15th Annual General Meeting. The said Statutory Auditor has functioned as such for more than 5 consecutive years in the Company. Hence, the Company proposes to appoint new Statutory Auditor to comply with Section 139 of the Companies Act, 2013 in their place.

On recommendation of Audit Committee, the Board of Directors of the Company at its meeting held on September 1, 2017 has appointed M/s. Rasesh Shah & Associates, Chartered Accountants, (FRN: 108671W), as the Statutory Auditor of the Company for a period of 5 years to hold office from the conclusion of 15th Annual General Meeting till the conclusion of 20th Annual General Meeting of the Company, subject to approval of shareholders in place of retiring auditors M/s. Deepak Maru & Co., Chartered Accountants, Mumbai (FRN: 115678W).

The Company has received written consent and a certificate that they satisfy the criteria provided under Section 141 of the Companies Act, 2013 and if appointed, their appointment would be within the limits prescribed under Section 139 of the Companies Act, 2013.

Your Directors recommend the appointment of M/s. Rasesh Shah & Associates, Chartered Accountants, Mumbai (FRN: 108671W) as the Statutory Auditors of the Company to hold office from the conclusion of 15th Annual General Meeting upto the conclusion of 20th Annual General Meeting of the Company (subject to ratification by members at every AGM held after the 15th AGM).

AUDITORS' REPORT:

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, 2017 your Directors would like to reply as under:

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.

Some of the bank lenders have initiated legal proceedings against the Company for recovery of their respective debts at the Debt Recovery Tribunal and have taken symbolic possession of the securities u/s. 13(4) of the SARFAESI Act, 2002. However the Company has been able to renegotiate with the secured lenders and arrive at a amicable settlement of its debts. The Company has made the settlement of its total debt outstanding with the secured lenders. Accordingly some of the lenders have been settled completely on one time settlement basis and others have agreed for deferred payment along with some upfront payment based on their respective terms of settlement. In view of the above settlement, the Company has not provided the interest on the outstanding dues payable as per the settlement terms on the outstanding agreed amount of settlement amounting to ₹ 880.11 lakhs for the year ended March 31, 2017. Had the same been accounted for, the net profit (after tax) would have decreased and current liabilities for the year ended March 31, 2017 would have increased by that amount. In addition to this, the Company has been continuously incurring substantial losses since past few years and as on March 31, 2017, the Company's current liabilities exceed its current assets by ₹ 22,562.88 lakhs. Further, the networth of the Company has fully eroded and the Company had also filed registration u/s. 15(1) of the erstwhile Sick Industrial Companies (Special Provisions) Act, 1985, before the erstwhile 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.

Your Directors would like to state that the Company is operational and currently Manufacturing Marble employing more than 100 manpower. The Company and its management with its positive efforts could sale its fixed assets of sanitaryware business undertaking and land, and settled its debt with many of its secured lenders either on one time settlement basis or deferred payment schedule with some upfront payment as per their terms of compromise settlement. It is also making serious efforts in reviving its tiles division operation. The management has taken and been taking all diligent steps under legal advice, to defend the Company in all the litigation. Considering the reduction in debt burden and considering the ample opportunities in the market and growth drivers for the industry per se, your Directors are optimistic about the turnaround of the Company with the infusion of the long term funds and working capital fund with support of the lenders.

- 2. Pursuant to the Sanctioned Compromise Settlement with remaining bank lenders with regards to whom the Company had deferred payment schedule as on March 31, 2017, the Company has not provided for interest on credit facilities from amounting to ₹ 880.11 lakhs for the year ending March 31, 2017, subject to reconciliation with banks. Had the same been provided, the loss for the year ending March 31, 2017, would have increased by ₹ 880.11 lakhs. The corresponding liabilities would also have increased by ₹ 880.11 lakhs as at March 31, 2017.**

The Company has settled its debts with secured lenders either on one time settlement basis or compromise settlement with defer payment schedule with some upfront payment as per the terms of sanction. In view of the present settlement with the lenders, the Company has not provided for interest to the tune of ₹ 880.11 lakhs (calculated based on last sanction letters in hand) on financing facilities, for the year ending March 31, 2017.

- 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.

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 provided for.

- 4. We draw attention to the fact that financial statements are subject to receipt of confirmation of balances from many 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 would like to 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.

- 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 para 14 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.

6. 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.

The management would like to state that the loans and advances are given in the normal course of business to a firm where the Company is a partner with majority share.

During the year under review, the Auditor had not reported any fraud under Section 143(12) of the Companies Act, 2013, therefore no detail is required to be disclosed under Section 134(3)(ca) of the Companies Act, 2013.

INTERNAL AUDIT:

Pursuant to provisions of Section 138 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014, on recommendation of Audit Committee, M/s. Kavish Shah & Co, Chartered Accountants, Mumbai, were appointed as its Internal Auditors for the financial year 2016-17. The Internal Auditors have given their report on periodical basis to the Audit Committee.

Based on the report of internal audit, the management takes corrective action in respective areas observed and thereby strengthen the controls.

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 has 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 2016-17.

The Report of the Secretarial Auditor is appended to this Report as **(Annexure II)**.

With regard to observations made by the Secretarial Auditors' in their Report, your Directors would like to state as under:

- a) as required under section 203 of the Act the company is yet to appoint a Company Secretary and the company is not in

compliance with Regulation 6 of LODR which requires Company Secretary to be appointed as Compliance Officer;

The Company is in process of appointment of Whole time Company Secretary. The Company has also given advertisement in newspaper for the vacancy, however still suitable candidate is awaited.

- 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;

The loans and advances are given in the normal course of business to a firm where the 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.

- d) in respect of outstanding deposits as at March 31, 2016, the company was required to file Form DPT-3 latest by June 30, 2016 which has not been filed;
- e) there has been a delay of in transferring the Share Application Money amounting to ₹ 33,855 pertaining to financial year 2006-07 into Investor Education and Protection Fund;

The non-compliance in regards to para no. (d) and (e) are unintentional and in absence of

Whole time Company Secretary, the compliances were missed out inadvertently.

- f) **the entire Board which continued till September 30, 2016 was incurred with the disqualification in terms of the provisions of Sec 164(2)(b) of the Act, also the vacation of the Board that took place on September 30, 2016 was not in accordance with the provisions of Act; further due to which the composition of mandatory committees of Board was also not in accordance with the respective provisions of the Act;**
- i. **pursuant to our observation at “f” above the Company is not in compliance with Regulation 17(1), 18(1) & 19(1) of LODR; and**
- ii. **the Composition of the Board and mandatory committees mentioned in Corporate Governance Report submitted to the Stock Exchanges for the Quarter ended June 30, 2016 does not reflect the correct position, due to our observation mentioned in the sub-para “i” above.**

Your Company has obtained a legal opinion after the receipt of Secretarial Audit Report dated August 12, 2016 for the year ended March 31, 2016, to confirm, whether the Directors are disqualified under Section 164(2)(b) of the Companies Act, 2013.

Legal opinion stated that the existing Directors of the Company are disqualified under Section 164(2)(b) of the Companies Act, 2013.

After detail discussion on the basis of the legal opinion, the Board Members decided to appoint new Directors on the Board of the Company as well as re-constitute the Committees of the Board as per applicable provisions of Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

The members at the 14th Annual General Meeting held on September 30, 2016 appointed Mr. Viral Nandu as Director of the Company and Mr. Mukund Modi, Mr. Dhaval Gada and Mrs. Lata Mehta as Independent Director of the Company. Further all the Committees were re-constituted as per the provisions of the Companies Act, 2013 and

SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The disqualified directors as on September 30, 2016 have vacated their position from directorship of the Company pursuant to the provisions of Section 167(1)(a) read with Section 164(2)(b) of the Companies Act, 2013, with effect from conclusion of 14th Annual General Meeting (AGM) of the Company held on September 30, 2016.

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 detail of the Vigil Mechanism Policy is explained in the Report on Corporate Governance and also available on the website of the Company at <http://www.eurovitrified.com/pdf/Vigil%20Mechanism%20Policy.pdf>. We affirm that during the financial year 2016-17, no employee or Director was denied access to the Audit Committee.

PARTICULARS OF REMUNERATION:

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.

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**.

INTERNAL FINANCIAL CONTROL:

The Board has adopted the policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to Company Policies, safeguarding of assets, prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and timely preparation of reliable financial disclosures.

The Audit Committee evaluates the efficacy and adequacy of financial control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company and strives to maintain the Standard in Internal Financial Controls.

RISKS AND AREAS OF CONCERN:

The Company has laid down a well-defined Risk Management Policy covering the risk mapping, trend 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.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SECTION 188(1) OF THE COMPANIES ACT, 2013:

All Related Party Transactions entered during the year under review were in the ordinary course of business and on arm's length basis. No material related party transactions were entered during the year under review by your Company. The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website at <http://www.eurovitrified.com/pdf/Policy%20on%20Related%20Person%20Transaction.pdf>.

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.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013:

The details of loans, guarantees or investments made by your Company under Section 186 of the Companies Act, 2013 during the financial year 2016-17 are given in the Notes to Financial Statements provided in this Annual Report.

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.

MATERIAL CHANGES AND COMMITMENT, IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENT RELATES AND THE DATE OF THE REPORT:

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year 2016-17 to which this financial statement relates and the date of this report.

REPORT ON CORPORATE GOVERNANCE:

Pursuant to the provisions of Regulation 34 read with Schedule V of Listing Regulation, the following have been made a part of the Annual Report and are appended to this report:

- a. Management Discussion and Analysis
- b. Report on Corporate Governance.
- c. Declaration on Compliance with Code of Conduct
- d. Auditors' Certificate regarding compliance with conditions of Corporate Governance

INFORMATION UNDER THE SEXUAL HARASSMENT 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 during the year under review.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

Information in terms of requirement of clause (m) of Sub-Section (3) of Section 134 of the Companies Act, 2013 regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, read along with Rule 8 of the Companies (Accounts) Rules are given in **Annexure IV**.

DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON CORPORATE SOCIAL RESPONSIBILITY INITIATIVES:

The provisions relating to Corporate Social Responsibility under Section 135 of the Companies Act, 2013 and rules made thereunder are not applicable to the Company. Therefore, the Company has not developed and implemented any Corporate Social Responsibility initiatives.

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

Viral Nandu
Chairman & Whole Time Director
DIN 01767620

Place: Mumbai

Date: September 1, 2017

Annexures to Board's Report

Annexure I
Form No. MGT-9
Extract of Annual Return
(As on the financial year ended March 31, 2017)

[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, Vallabhbhai Road, Opp. Railway Station, Vile Parle (West), Mumbai, Maharashtra - 400056 Phone: 022 - 40194019, Fax: 022- 40194020 Email: sales@eurocl.com Website: www.eurovitrified.com |
| 6. | Whether listed Company (Yes/No) | Yes. BSE Limited and National Stock Exchange of India Limited. |
| 7. | Name, Address and Contact details of Registrar and Transfer Agent, if any | Link Intime India Pvt. Ltd 101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai-400083 Phone: 022 – 4918 6270 Fax: 022 - 4918 6060 Email : rnt.helpdesk@linkintime.com Website: www.linkintime.co.in |

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. | Marble | 2395/2396 | 98.37 |

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, Vallabhbhai Road, Opp. Railway Station, Vile Parle (West), Mumbai, Maharashtra-400056 | U51420MH2004PLC145654 | Subsidiary | 100% | 2(87) |

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 | 3541452 | 0 | 3541452 | 10.50 | 3541452 | 0 | 3541452 | 10.50 | 0 | |
| 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):- | | 3541452 | 0 | 3541452 | 10.50 | 3541452 | 0 | 3541452 | 10.50 | 0 | |
| 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) | | 3541452 | 0 | 3541452 | 10.50 | 3541452 | 0 | 3541452 | 10.50 | 0 | |
| B. Public Shareholding | | | | | | | | | | | |
| 1. Institutions | | | | | | | | | | | |
| a) | Mutual Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| b) | Bank/FI | 4694388 | 0 | 4694388 | 13.91 | 2907150 | 0 | 2907150 | 8.62 | (5.30) | |
| 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) | Foreign Portfolio Investor | 0 | 0 | 0 | 0 | 1993228 | 0 | 1993228 | 5.91 | 5.91 | |
| i-b) | Trusts | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Sub- Total –B(1) | | 4694388 | 0 | 4694388 | 13.91 | 4900378 | 0 | 4900378 | 14.52 | 0.61 | |

| 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 | 6129485 | 0 | 6129485 | 18.17 | 6154452 | 0 | 6154452 | 18.24 | 0.07 |
| b) Individual | | | | | | | | | | |
| i) | Individual shareholders holding nominal share capital upto ₹ 1 lakh | 3957172 | 23 | 3957195 | 11.73 | 3960784 | 23 | 3960807 | 11.74 | 0.01 |
| ii) | Individual shareholders holding nominal share capital in excess of ₹ 1 lakh | 11062180 | 0 | 11062180 | 32.79 | 11064387 | 0 | 11064387 | 32.80 | 0.01 |
| c) Others (Specify) | | | | | | | | | | |
| c-i) | Hindu Undivided Family | 565084 | 0 | 565084 | 1.67 | 413622 | 0 | 413622 | 1.23 | (0.45) |
| c-ii) | NRI (Non Repat.) | 10260 | 0 | 10260 | 0.03 | 41306 | 0 | 41306 | 0.12 | 0.09 |
| c-iii) | NRI (Repat.) | 907536 | 2477579 | 3385115 | 10.03 | 941437 | 2477579 | 3419016 | 10.13 | 0.10 |
| c-iv) | Clearing Member | 392558 | 0 | 392558 | 1.16 | 242297 | 0 | 242297 | 0.72 | (0.45) |
| Sub-total B (2) | | 23024275 | 2477602 | 25501877 | 75.59 | 22818285 | 2477602 | 25295887 | 74.98 | (0.61) |
| Total Public Shareholding (B)= (B1+B2) | | 27718663 | 2477602 | 30196265 | 89.50 | 27718663 | 2477602 | 30196265 | 89.50 | 0.00 |
| C. Shares held by Custodians for GDR's and ADRs | | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Grand Total (A+B+C) | | 31260115 | 2477602 | 33737717 | 100.00 | 31260115 | 2477602 | 33737717 | 100.00 | 0.00 |

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 | 100.00 | 790000 | 2.34 | 100.00 | 0 |
| 2 | Mrs. Kasturben Talakshi Nandu | 740000 | 2.19 | 100.00 | 740000 | 2.19 | 100.00 | 0 |
| 3 | Mrs. Urmi Paresh Shah | 460000 | 1.36 | 100.00 | 460000 | 1.36 | 100.00 | 0 |
| 4 | Mr. Nenshi L Shah | 371360 | 1.10 | 100.00 | 371360 | 1.10 | 100.00 | 0 |
| 5 | Mr. Talakshi Lakhamshi Nandu | 304790 | 0.90 | 100.00 | 304790 | 0.90 | 100.00 | 0 |
| 6 | Mr. Paresh Kanji Shah | 295840 | 0.88 | 100.00 | 295840 | 0.88 | 100.00 | 0 |
| 7 | Mr. Kumar Panchalal Shah | 280845 | 0.83 | 100.00 | 280845 | 0.83 | 100.00 | 0 |
| 8 | Mr. Pratik Kumar Shah | 161060 | 0.48 | 100.00 | 161060 | 0.48 | 100.00 | 0 |
| 9 | Laljibhai Khirabhai Shah – HUF | 137047 | 0.41 | 100.00 | 137047 | 0.41 | 100.00 | 0 |
| 10 | Mr. Minal Paragbhai Shah | 200 | 0.00 | 0.00 | 200 | 0.00 | 0.00 | 0 |
| 11 | Mr. Anish Kumar Shah | 100 | 0.00 | 0.00 | 100 | 0.00 | 0.00 | 0 |
| 12 | Mr. Mahek Harish Shah | 100 | 0.00 | 0.00 | 100 | 0.00 | 0.00 | 0 |
| 13 | Mr. Pinank Nenshi Shah | 100 | 0.00 | 0.00 | 100 | 0.00 | 0.00 | 0 |
| 14 | Mrs. Gunvantiben N Shah | 10 | 0.00 | 0.00 | 10 | 0.00 | 0.00 | 0 |
| Total | | 3541452 | 10.50 | 100.00 | 3541452 | 10.50 | 100.00 | 0 |

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 | Mr. Nitesh Panchalal Shah | | | | |
| 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 |

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 |
| 2 | Mr. Kasturben Talakshi Nandu | | | | |
| 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 |
| | | | | | |
| 3 | Mrs. Urmi Paresh Shah | | | | |
| 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 |
| | | | | | |
| 4 | Mr. Nenshi Ladhabsai Shah | | | | |
| A | At the beginning of year | 371360 | 1.10 | - | - |
| B | Changes during the year | No change during the year | | | |
| C | At the end of year | - | - | 371360 | 1.10 |
| | | | | | |
| 5. | Mr. Talakshi Lakhamshi Nandu | | | | |
| A | At the beginning of year | 304790 | 0.90 | - | - |
| B | Changes during the year | No change during the year | | | |
| C | At the end of year | - | - | 304790 | 0.90 |
| | | | | | |
| 6. | Mr. Paresh Kanji Shah | | | | |
| A | At the beginning of year | 295840 | 0.88 | - | - |
| B | Changes during the year | No change during the year | | | |
| C | At the end of year | - | - | 295840 | 0.88 |
| | | | | | |
| 7 | Mr. Kumar Panchalal Shah | | | | |
| A | At the beginning of year | 280845 | 0.83 | - | - |
| B | Changes during the year | No change during the year | | | |
| C | At the end of year | - | - | 280845 | 0.83 |
| | | | | | |
| 8 | Mr. Pratik Kumar Shah | | | | |
| 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 |

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 |
| 9 | Lalji Khirabhai 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. 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 |
| | | | | | |
| 11 | 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 |
| | | | | | |
| 12 | 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 |
| | | | | | |
| 13 | 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 |
| | | | | | |
| 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. | 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. | Mr. Dharmesh Kishor Gathani | | | | | |
| A | At the beginning of year | | 6826757 | 20.23 | - | - |
| B | Changes during the year | | No change during the year | | | |
| | Date | Reason | | | | |
| | 24 Mar 2017 | Sell | (72990) | (0.22) | 6753767 | 20.02 |
| | 31 Mar 2017 | Purchase | 72990 | 0.22 | 6826757 | 20.23 |
| C | At the end of year | | - | - | 6826757 | 20.23 |
| 2. | State Bank of India Stressed Assets Management Branch | | | | | |
| 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 |
| 3 | Mr. Milankumar Dhirajlal Mehta | | | | | |
| 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 |
| 4 | Aspire Emerging Fund | | | | | |
| A | At the beginning of year | | 0 | 0.00 | - | - |
| B | Changes during the year | | | | | |
| | Date | Reason | | | | |
| | 22 Apr 2016 | Purchase | 72772 | 0.22 | 72772 | 0.22 |
| | 29 Apr 2016 | Purchase | 140103 | 0.42 | 212875 | 0.63 |
| | 06 May 2016 | Purchase | 37674 | 0.11 | 250549 | 0.74 |
| | 13 May 2016 | Purchase | 70175 | 0.21 | 320724 | 0.95 |
| | 20 May 2016 | Purchase | 37776 | 0.11 | 358500 | 1.06 |
| | 27 May 2016 | Purchase | 18898 | 0.06 | 377398 | 1.12 |
| | 03 Jun 2016 | Purchase | 27325 | 0.08 | 404723 | 1.20 |
| | 10 Jun 2016 | Purchase | 22971 | 0.07 | 427694 | 1.27 |
| | 17 Jun 2016 | Purchase | 136029 | 0.40 | 563723 | 1.67 |
| | 24 Jun 2016 | Purchase | 254532 | 0.75 | 818255 | 2.43 |
| | 30 Jun 2016 | Purchase | 246761 | 0.73 | 1065016 | 3.16 |
| | 01 Jul 2016 | Purchase | 1649 | 0.00 | 1066665 | 3.16 |
| | 08 Jul 2016 | Purchase | 512727 | 1.52 | 1579392 | 4.68 |
| | 22 Jul 2016 | Purchase | 134416 | 0.40 | 1713808 | 5.08 |

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

| 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 |
| | 29 Jul 2016 | Purchase | 70487 | 0.21 | 1784295 | 5.29 |
| | 30 Sep 2016 | Purchase | 27127 | 0.08 | 1811422 | 5.37 |
| | 07 Oct 2016 | Purchase | 103612 | 0.31 | 1915034 | 5.68 |
| | 14 Oct 2016 | Purchase | 14034 | 0.04 | 1929068 | 5.72 |
| | 09 Dec 2016 | Purchase | 64160 | 0.19 | 1993228 | 5.91 |
| C | At the end of year | | | | 1993228 | 5.91 |
| | | | | | | |
| 5. | ICICI Bank Limited | | | | | |
| A | At the beginning of year | | 2633728 | 07.81 | - | - |
| B | Changes during the year | | | | | |
| | Date | Reason | | | | |
| | 12 Aug 2016 | Sell | (303648) | (0.90) | 2330080 | 6.91 |
| | 23 Sep 2016 | Sell | (40000) | (0.12) | 2290080 | 6.79 |
| | 30 Sep 2016 | Sell | (400) | (0.00) | 2289680 | 6.79 |
| | 04 Nov 2016 | Sell | (138810) | (0.41) | 2150870 | 6.38 |
| | 06 Jan 2017 | Sell | (167550) | (0.50) | 1983320 | 5.88 |
| | 17 Mar 2017 | Sell | (75000) | (0.22) | 1908320 | 5.66 |
| | 31 Mar 2017 | Sell | (24921) | (0.07) | 1883399 | 5.58 |
| C | At the end of year | | - | - | 1883399 | 5.58 |
| | | | | | | |
| 6 | Bank of India | | | | | |
| A | At the beginning of year | | 2060266 | 6.11 | | - |
| B | Changes during the year | | | | | |
| | Date | Reason | | | | |
| | 08 Apr 2016 | Sell | (264252) | (0.78) | 1796014 | 5.32 |
| | 06 May 2016 | Sell | (33511) | (0.10) | 1762503 | 5.22 |
| | 13 May 2016 | Sell | (95923) | (0.28) | 1666580 | 4.94 |
| | 20 May 2016 | Sell | (59163) | (0.18) | 1607417 | 4.76 |
| | 27 May 2016 | Sell | (75048) | (0.22) | 1532369 | 4.54 |
| | 03 Jun 2016 | Sell | (71650) | (0.21) | 1460719 | 4.33 |
| | 10 Jun 2016 | Sell | (34717) | (0.10) | 1426002 | 4.23 |
| | 17 Jun 2016 | Sell | (166148) | (0.49) | 1259854 | 3.73 |
| | 01 Jul 2016 | Sell | (10000) | (0.03) | 1249854 | 3.70 |
| | 08 Jul 2016 | Sell | (40173) | (0.12) | 1209681 | 3.59 |
| | 15 Jul 2016 | Sell | (60447) | (0.18) | 1149234 | 3.41 |
| | 22 Jul 2016 | Sell | (57755) | (0.17) | 1091479 | 3.24 |
| | 29 Jul 2016 | Sell | (40000) | (0.12) | 1051479 | 3.12 |

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

| 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 |
| | 05 Aug 2016 | Sell | (12000) | (0.04) | 1039479 | 3.08 |
| | 02 Sep 2016 | Sell | (2000) | (0.01) | 1037479 | 3.08 |
| | 07 Oct 2016 | Sell | (13728) | (0.04) | 1023751 | 3.03 |
| C | At the end of year | | - | - | 1023751 | 3.03 |
| | | | | | | |
| 7 | Mr. Hemang Bhagwandas Shah | | | | | |
| A | At the beginning of year | | 576000 | 1.71 | - | - |
| B | Changes during the year | | No change during the year | | | |
| C | At the end of year | | - | - | 576000 | 1.71 |
| | | | | | | |
| 8 | Mr. Ganesan S. | | | | | |
| A | At the beginning of year | | 444234 | 1.32 | - | - |
| B | Change during the year | | | | | |
| | Date | Reason | | | | |
| | 03 Feb 2017 | Sell | (42021) | (0.12) | 402213 | 1.19 |
| | 17 Feb 2017 | Purchase | 42021 | 0.12 | 444234 | 1.32 |
| C | At the end of year | | - | - | 444234 | 1.32 |
| | | | | | | |
| 9 | Mr. Daksha Subhash Shah | | | | | |
| 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 |
| | | | | | | |
| 10 | M/s. Prachar Communications Limited | | | | | |
| 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 |
| | | | | | | |
| 11 | Mr. Ashish Singhania | | | | | |
| A | At the beginning of year | | 248990 | 0.74 | - | - |
| B | Changes during the year | | | | | |
| | Date | Reason | | | | |
| | 20 May 2016 | Sell | (15500) | (0.05) | 233490 | 0.69 |
| | 24 Jun 2016 | Sell | (50000) | (0.15) | 183490 | 0.54 |
| | 01 Jul 2016 | Sell | (183490) | (0.54) | - | - |
| C | At the end of year | | - | - | - | - |

v. Shareholding of Directors and Key Managerial Personnel:

| Sr. No. | For Each of the Directors and KMP | Shareholding at the beginning of the year | | Cumulative Shareholding during 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 |
| 1. | Mr. Viral Nandu (w.e.f. September 30, 2016) | | | | |
| 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 |
| | | | | | |
| 2. | Mr. Dhaval Gada (w.e.f. September 30, 2016) | | | | |
| 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 |
| | | | | | |
| 3. | Mr. Mukund Modi (w.e.f. September 30, 2016 till March 24, 2017) | | | | |
| 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 | Not Applicable | | | |
| | | | | | |
| 4. | Mrs. Lata Mehta (w.e.f. September 30, 2016) | | | | |
| 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 |
| | | | | | |
| 5. | Mr. Pratik Kumar Shah (Upto September 30, 2016) | | | | |
| 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 | Not Applicable | | | |
| | | | | | |
| 6. | Mr. Karan Bharatkumar Rajput (Upto September 30, 2016) | | | | |
| 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 | Not Applicable | | | |
| | | | | | |
| 7. | Mr. Amit Nandu (Upto September 30, 2016) | | | | |
| 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 | Not Applicable | | | |

| Sr. No. | For Each of the Directors and KMP | Shareholding at the beginning of the year | | Cumulative Shareholding during 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 |
| 8. | Mrs. Usha Kotian (Upto September 30, 2016) | | | | |
| 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 | Not Applicable | | | |
| | | | | | |
| 9. | Mr. Paresh Kanji Shah | | | | |
| A | At the beginning of the year | 295840 | 0.88 | - | - |
| B | Changes during the year | No change during the year | | | |
| C | At the end of year | - | - | 295840 | 0.88 |
| | | | | | |
| 10. | Mr. Nenshi Ladhahbai Shah | | | | |
| A | At the beginning of the year | 371360 | 1.10 | | |
| B | Changes during the year | No change during the year | | | |
| 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 |
|---|----------------------------------|-----------------|-----------------|--------------------|
| Indebtedness at the beginning of the financial year April 01, 2016 | | | | |
| 1) Principal Amount | 45,103.81 | 2,567.05 | 1,988.51 | 49,659.38 |
| 2) Interest due but not paid | 2,860.41 | - | 53.95 | 2,914.36 |
| 3) Interest accrued but not due | - | - | - | - |
| Total of (1+2+3) | 47,964.22 | 2,567.05 | 2,042.46 | 52,573.73 |
| Change in Indebtedness during the financial year | | | | |
| + Addition | - | 68.87 | - | 68.87 |
| -Reduction | 21,554.05 | 473.23 | 14.05 | 22,041.33 |
| Net change | (21,554.05) | (404.36) | (14.05) | (21,972.46) |
| Indebtedness at the end of the financial year March 31, 2017 | | | | |
| 1) Principal Amount | 24,173.88 | 2,162.69 | 1,974.46 | 27,686.92 |
| 2) Interest due but not paid | 2,236.29 | - | 53.95 | 2,914.36 |
| 3) Interest accrued but not due | - | - | - | - |
| Total of (1+2+3) | 26,410.17 | 2,162.69 | 2,028.41 | 30,601.28 |

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/WT/Manager | | Total Amount (in ₹) |
|--------|---|---|---|---------------------|
| | | Mr. Viral Nandu | Mr. Pratik Shah | |
| | | Whole-Time Director (w.e.f. September 30, 2016) | Whole-Time Director (Upto September 30, 2016) | |
| 1. | Gross Salary | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income Tax Act | Nil | Nil | Nil |
| | (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 | NA |
| | Total (A) | NA | NA | NA |
| | 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 ₹) |
|---------|--|---|-----------------|-----------------|---------------------------|----------------|------------------|------------------------|
| 1 | Independent Directors | Mr. Mukund Modi | Mrs. Lata Mehta | Mr. Dhaval Gada | Mr. Karan Rajput | Mr. Amit Nandu | Mrs. Usha Kotian | |
| | | (w.e.f. September 30, 2016) | | | (Upto September 30, 2016) | | | |
| | - Fee for attending board committee meetings | - | - | - | - | - | - | - |
| | - Commission | - | - | - | - | - | - | - |
| | - Others | - | - | - | - | - | - | - |
| | Total (1) | - | - | - | - | - | - | - |
| 2 | Other Non Executive Directors | NIL | | | | | | |
| | - Fee for attending board committee meetings | - | - | - | - | - | - | - |
| | - Commission | - | - | - | - | - | - | - |
| | - Others | - | - | - | - | - | - | - |
| | Total (2) | - | - | - | - | - | - | - |
| | Total (B)= (1+2) | - | - | - | - | - | - | - |
| | Total Managerial Remuneration | - | - | - | - | - | - | - |
| | 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 | |
| 1. | Gross Salary | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income Tax Act | 12,00,000 | 12,00,000 | 24,00,000 |
| | (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 | NA | 0 |
| Total (A) | | 12,00,000 | 12,00,000 | 24,00,000 |

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

By Order of the Board of Directors

Place: Mumbai
Date: September 1, 2017

Viral Nandu
Chairman & Whole Time Director
DIN 01767620

Annexure - II

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017

[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, Vallabhkhai 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 31st March, 2017 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 31st March, 2017 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, 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); and**
- (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

(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 Secretarial Standards issued by The Institute of Company Secretaries of India;

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:**

I Pertaining to Companies Act, 2013:

- (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) in respect of outstanding deposits as at March 31, 2016, the company was required to file Form DPT-3 latest by June 30, 2016 which has not been filed;
- (e) there has been a delay of in transferring the Share Application Money amounting to ₹ 33,855 pertaining to financial year 2006-07 into Investor Education and Protection Fund;
- (f) the entire Board which continued till September 30, 2016 was incurred with the disqualification in terms of the provisions of Sec 164(2)(b) of the Act, also the vacation of the Board that took place on September 30, 2016 was not in accordance with the provisions of Act; further due to which the composition of mandatory committees of Board was also not in accordance with the respective provisions of the Act;

II Pertaining to (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR):

- (g) pursuant to our observation at "a" above, the company is not in compliance with Regulation 6 of LODR which requires Company Secretary to be appointed as Compliance Officer;
- (h) pursuant to our observation at "f" above the Company is not in compliance with Regulation 17(1), 18(1) & 19(1) of LODR; and

- (i) the Composition of the Board and mandatory committees mentioned in Corporate Governance Report submitted to the Stock Exchanges for the Quarter ended June 30, 2016 does not reflect the correct position, due to our observation mentioned in the sub-para “h” above.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors subject to our observation at ‘sub-para (f) and (h) of the previous paragraph’ above regarding the disqualification of some of the 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 at ‘sub-para (f) and (h) 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 has entered into agreement to sell the whole of Sanitaryware business undertaking of the Company to Jaquar & Company Private Limited on March 29, 2017 pursuant to provisions of Section 180(1)(a) of the Act.

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

Place : Mumbai
Date : 31st August, 2017

Sandhya Malhotra
Partner
M. No. FCS 6715 C.P. No. 9928

‘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

Sandhya Malhotra
Partner
M. No. FCS 6715 C.P. No. 9928

Place : Mumbai
Date : 31st August, 2017

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 2016-17 :- | |
| | Name of the Key Managerial Personnel | Ratio of remuneration to the median remuneration of the employees |
| | Company has not provided any remuneration to Directors. Hence, the ratio of the remuneration of each directors to the Median Remuneration of the Employee can not be determine. Non-Executive Director of the Company, are not paid any sittings fees or commission. | |
| (ii) | The percentage increase in remuneration of each director, CFO, CEO, Company Secretary or Manager, if any, in the financial year 2016-17 | During the current financial year there were no increments in the remuneration of Director, CFO and CEO |
| (iii) | The percentage increase in the median remuneration of employees in the financial year 2016-17 | 15 to 16% |
| (iv) | The number of permanent employees on the rolls of the company as on March 31, 2017 | 261 |
| (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 | |
| | Viral Nandu Chairman & Whole Time Director DIN:01767620 | Lata Mehta Chairman of Nomination & Remuneration Committee DIN: 02027592 |
| | Place: Mumbai Date: September 1, 2017 | |

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, 2017 is given here below and terms forms part of the Directors' Report.

A. Conservation of Energy: -

During the year under review Company adhered to the measured 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. 27, 28 & 29 forming part of the Financial Statement.

D. Future plan of action are as under:

- To Use more of green and renewable energy
- To produce quality product with best efficiency
- To develop new designs in marble with in house research team.

By Order of the Board of Directors

Place: Mumbai
Date: September 1, 2017

Viral Nandu
Chairman & Whole Time Director
DIN 01767620

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In March 2017, the Company has sold its sanitaryware business undertaking. Considering the operations of the sanitaryware unit, the Company has made moderate performance, despite the liquidity crunch felt by the Company along with other external factors. Sanitaryware business is considered as discontinued operation and the financial reporting is made for the continuing business.

Global Overview

Global growth rate remained stable at expected rate of around 3% in 2016. However World Bank forecasts that global growth will strengthen in 2017 and pick up in manufacturing and trading, rise confidence, favourable financing conditions and commodity prices will be stabilized. Emerging market and developing economies activities are robust and global growth is predicted to accelerate. Activities in other advanced economies are expected to gain momentum due to exports and investment regaining. At the same time low income countries are also expected to grow in 2017 due to improvement in exports, infrastructure development and change in fiscal policies to control deficit and inflation.

Industry Overview:

Global ceramic tiles market size is positively influenced by increasing construction expenditure across the globe. Construction sector is witnessing escalating growth particularly in the Asia Pacific countries including China, India and Japan. Ceramic tiles are a few of the important materials that are consumed in bulk by the single largest end-user i.e. the construction industry. Hence, positive growth outlook for the construction market in Asia Pacific is estimated to propel the ceramic tiles market in the next few years.

Indian Tile Industry is growing on fantastic CAGR of around 15%, despite the sluggishness of the Indian economy, particularly the real-estate construction space. Driven by individual construction in hinterlands and government spending on the social sector, the Indian ceramic tile industry has crossed ₹ 300 bn revenues by 2017. India is the third-largest tiles market in the world, accounting for about 7% of global production. India's production of tiles is seeing higher CAGR than China and Brazil's growth. While global tile production CAGR over 2008 to

2014 was 6.4%, Indian Industry was 13%. During the same period, the domestic rate of growth in production overtook China's 10% and Brazil's 4%. In the same period on the consumption front, India's appetite for tiles has seen a CAGR of 11%, indicating increasing exports. As with demand, growth in domestic consumption outpaced China's 10% and Brazil's 6%.

In India, vitrified tiles segment contributes more than 50% of the total tiles market. Change in technology and introduction of new product segments in the vitrified tiles in past few years has given robust growth. Introduction of nano technology, digital printing, double charge, 3D tiles, etc. has changed the Industry scenario.

On the other hand, Indian stone industry is also well performing. Natural Marble, Artificial Marble, Granite and Quartz are highly demanded products. China is largest exporter of stone and US is largest importer of stone. China, India and Brazil are the top three players for US market, but Import from India is growing in US.

Artificial Marble is also the fastest growing material, gaining demand due to its esthetic look for application as flooring as well as wall cladding, door framing and table top. Due to attractive look, homogenous supply as well as broad array of colors and designs and easy laying, growth is expected to remain strong, as it gains further awareness and acceptance in several existing and newer markets - the product is expected to witness a high growth path.

Growth Drivers

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

Some of the key factors driving product demand in India and Asia Pacific are as follows :

Flooring is an essential element

Flooring is an integral part of residential and commercial construction structures. It holds significant applications ranging from residential houses and commercial institutions such as hospitals to transport infrastructure such as airports and railways. Tile is one of the widely used products in flooring applications. Growing flooring market will consequently drive ceramic tiles and marble market size.

Government Initiatives

Government of India has taken many initiatives to promote Indian economy and to achieve growth for manufacturing sector in India. Make in India is one of the initiative which will place India on the top five ranking on the world map as manufacturing hub and will give global recognition.

Other initiative is implementation of GST, which will give a healthy competition and impact unhealthy practice of unorganized sector.

Swachh Bharat initiative of Government, is also beneficial to ceramic industry, it will generate huge demand for the sanitation facility in India and demand for ceramic product will grow.

Apart from the above there are other schemes like Housing for All by 2022, Smart Cities, new real estate regulation act, interest subsidy etc. will definitely influence the consumption of tiles in India.

Changing consumption patterns

Over the past decade, the Indian market has seen a strong structural shift in terms of consumption pattern of tiles driven by variables such as innovation, price efficiency, and installation costs. Consumer have upgraded their life style and hence the consumption of polished tiles, PGVT, Digital tiles and marble is increased in last decade.

Low per capita consumption

The Indian tile industry has significant potential, as per capita consumption of tiles in India is as low as 0.59 sq. mtr. per person against 2 sq. mtr. in China, Brazil, Vietnam and Iran. In last few years it has been increased, but not significantly, which gives room for growth.

Increasing concept of Nuclear families

The average size of the Indian Houses are reducing due to more and more people are shifting from joint family to nuclear independent family. This is increasing the demand for more houses and in a way demand for ceramic industry.

Urbanization

Urbanization in India has assumed a pace of 2.5% per annum and for next two decade more people will be seeking to settle in urban locations, which will create infrastructure need, housing need and industry growth.

Export Potential

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. Thus there is huge opportunities for the export, to Indian Tile and Marble Industry. At present overseas sale accounts for 5% of total revenue of tile industry, but it is expected to rise significantly over the coming years.

Replacement Demand

Indian replacement market is considerable in size and growing at faster space of around 30% CAGR. More than 40% of the total business value of bath and sanitaryware business is through replacement market. Increase in disposable income, increased life style spending and upgradation in the form new concepts and new designs, the average life of the bathroom is reduced in India, in turn replacement demand increased.

Boom in Real estate demand

Although the real estate sector shown slower growth in recent years, the sector is expected to boom again as the housing and commercial demand is increasing due to increase in the population, urbanization, industrialization, and movement from joint families to nuclear families, single dwelling house to flats and government initiatives like real estate regulation act, housing for all, interest subsidy, make in India, foreign direct investment.

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

- Expected boom in Real Estate sector
- Demand from housing, commercial sector
- Increasing infrastructure and development.
- Government's initiative for basic sanitation with

Swachh Bharat Abhiyan, make in India, Housing for All, Interest subsidy etc

- Industrialization and Urbanization
- Export Opportunities

Threats

- Changing technology
- Brand recall due to low spending on branding and sales promotion
- Competition from New entrants and established players

Future Outlook

With urbanization, globalization, increasing disposable income, and Government's initiative like Make in India, Housing for All, Smart City and revolution in Ceramic Industry by introduction of digital technology and development of new designs, development of decorative industry and replacement market, has created immense opportunity for the ceramic industry.

At the same time, increasing export demand and domestic consumption due to increasing awareness, has created demand for the artificial marble. Further the increasing application of Marble in counter top is also one of the factor which has increased consumption of marble.

Considering various growth drivers of the industry and positive momentum in real estate segment, the outlook of the Company's business looks positive, driven by the demand for the quality products of the Company in the coming years.

Risk and concerns:

Identification, assessment, evaluation of the risk and taking appropriate measures to mitigate the impact of such risk is a ongoing process which Company does, to manage its business in effective way. Some of the possible risk to the Company are identified as under:

1. Loss of Consumer

In the cut throat competition, loss of consumer affects the revenue and operational performance

Mitigation

The Company is believing in customer satisfaction and delivering best of quality as per the needs of the customer and provides after sales support to them, which will help in retaining the customer.

2. Branding

Low spending on brand and inability to achieve historical growth may affect the brand recall of the Company.

Mitigation

With better business plan to revive its operations and continuous efforts for better performance and one on one interaction with end user segments and customers will help the Company in establishing the brand and with improved cashflows Company will plan budget spending on branding activity.

3. Slower demand risk

High volatility in the market, rising competition, liquidity constraints will affect the demand for Company's product

Mitigation

Considering the various growth factors, the housing and non housing sector like office space, hospitality, infra projects, are expected to grow due to low rate financing, interest subsidy by Government and increase in disposable income, urbanization and development in tier II and tier III cities, will surely give rise to the demand for Company's product. The quality product of the Company is the strength for growth. Company is working on various proposal for addressing its liquidity crunch.

4. Technology obsolescence

Fast changing technology in tile industry will affect the future prospect of the Company

Mitigation

The Company has state of the art plant to produce quality product. With some critical capex of minimal amount will make the plant upto date to produce the tiles which are in demand. The Company is also focusing on Marble division which will improve its cash flows and overall performance.

Internal Control

The Company has adequate internal control system in place which is necessary for business efficiency and safeguarding assets of the Company. It is in commensurate with the size of the Business as well as complexities of the Business and reasonable to provide the financial control and operational control. The Management of the Company is responsible for

ensuring that Internal Financial Control has been laid down in the Company and that controls are adequate and operating adequately.

Internal audit is carried out by the external 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 endeavor towards building a strong bonding with the employees and to try to develop a healthy work atmosphere with its transparent policies. It has maintained a cordial relationship with the employees and keep motivated them by exposing them to different roles, assigning tasks and skill development and rewards for the improvisation.

The Company has policy for Safety. It believes in Safety at the first. 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 sanitaryware unit and Marble unit were operational. The revenue were generated from both of this division. However the sanitaryware business undertaking was sold in the month of March 2017 and considered as discontinuing operations and accordingly the financial statement are reported for the continuing operations only and all the prior period figures are restated in compliance with the Accounting Slander on "Discontinuing Operations" AS 24 issued by Institute of Chartered Accountants of India. 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 from continuing operations, for the financial year 2016-17 were ₹ 1069.08 lakhs against the previous year's net sales of ₹ 2515.54 lakhs, recording a decrease by ₹ 442.51 lakhs on account of decrease in sales of marble division.

Export revenue contributed around 5% in the total operating revenue during the year against 3.5% of previous year, showing an increase as percentage to sales, however in absolute number it was lower as

compared to previous year. The total export turnover for financial year 2016-17 was ₹ 51.51 lakhs against ₹ 88.36 lakhs in the previous year.

Other Income of ₹ 202.08 lakhs during the financial year 2016-17, comprises of Interest on fixed deposits kept as margin money, exchange gain, rental income, royalty and liabilities /provisions no longer payable written back. The other income for the year was increased by ₹ 33.52 lakhs compared to previous year.

Expenditure

The total expenditure for the continuing operational business were at ₹ 4,357.29 lakhs in financial year 2016-17 as against ₹ 5,717.55 lakhs in the previous year, decreased by ₹ 1,360.25 lakhs on account of reduction in activity level in Marble division and corresponding decrease in raw material cost and inventory level.

Staff Cost for the financial year 2016-17 was of ₹ 398.05 lakhs, higher by ₹ 53.31 lakhs, compared to previous year's cost of ₹ 344.74 lakhs, due to annual increment to the employees as per the industry standard, made in normal course of business.

During the year Purchase of stock in trade was of ₹ 13.03 lakhs, against ₹ 8.32 lakhs of previous year, marginally increased by ₹ 4.71 lakhs due to increase in tiles trading.

In cost of production, major cost is Power and Fuel cost which amounts to ₹ 159.34 Lakhs in the financial year 2016-17 against ₹ 128.78 lakhs, increased due to power cost increased.

Finance Cost:

The Company's finance cost for the financial year 2016-17 was ₹ 69.89 lakhs, against ₹ 76.30 lakhs of financial year 2015-16, 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 2016-17. The Company has provided the depreciation of ₹ 1,969.44 lakhs for the financial year 2016-17 against the previous year's ₹ 2,010.16 lakhs, based on estimated useful life of the fixed assets, for the continuing business assets.

Exceptional Item

During the year the Company has made the settlement of its total debt outstanding with the secured lenders. Accordingly some of the lenders

have been settled completely on one time settlement basis and others have agreed for deferred payment along with some upfront payment based on their respective terms of settlement. The gain on account of settlement of debt pertaining to working capital finance or general corporate loans has been considered as exceptional item in profit and loss account.

Further the Company has sold some of the land parcel at which was idle for repaying the debt of the Company. The profit from such sale of land is considered as exceptional item. The total gain from both the above items, was ₹5,004.52 lakhs, shown separately as exceptional item in financial reporting for the year 2016-17.

Discontinuing Operations

As stated above, the Company has sold/transferred its Sanitaryware Business Undertaking including Land, Building, Plant and Machineries in March, 2017. Accordingly the Sanitaryware Business is considered under Discontinued Operations. During the year the Company has made a profit of ₹583.91 lakhs, against profit of ₹282.22 lakhs in the previous year. Further the Company has made profit of ₹2,715.87 lakhs, on sale/disposal of fixed assets pertaining to discontinuing business i.e. sanitaryware unit, shown separately in financial statements.

Sources of Funds:

Share Capital:

There is no change in the capital structure of the Company during the financial year 2016-17.

Reserves and Surplus:

The Reserves and Surplus as at March 31, 2017 was negative at ₹8,356.27 lakhs, against negative ₹20,708.54 lakhs of previous year, decreased by ₹12,352.26 lakhs, due to gain on account of sale of fixed assets and gain on settlement of secured lenders.

Long Term Borrowings:

The long term borrowings are reduced by ₹463.41 lakhs as on March 31, 2017 on account of repayment of some of the deposits and loans.

Application of Funds:

Fixed Assets:

The Gross Block of fixed assets stood at ₹19,265.09 lakhs with net reduction by ₹9,381.70 lakhs on sale of some of the land parcel and sanitaryware business undertaking during the year.

Investment and Long Term Loans & Advances :

There is no change in the carrying value of the Investment as at March 31, 2017 amounting to ₹134.10 lakhs.

Long term loans and advance were reduced marginally by ₹9.14 lakhs, from ₹877.60 lakhs as at March 31, 2016 to ₹868.45 lakhs in as on March 31, 2017

Current Assets & Current Liabilities:

Current Assets of the Company as on March 31, 2017 was ₹10,319.43 lakhs, increased marginally by ₹15.01 lakhs.

Current Liabilities of the Company as on March 31, 2017 was ₹32,882.31 lakhs against ₹54,147.00 lakhs as on March 31, 2016, reduced substantially by ₹21,264.69 lakhs on account repayment of debt of secured lenders, pursuant to settlement arrangement with them.

Cautionary Statement:

Certain statements in this report may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like regulatory changes, local, political or economic developments, technological risks, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward-looking statements. Your Company will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances. Such statements 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 different headings to meet the Listing Agreement requirements.

REPORT ON CORPORATE GOVERNANCE**COMPANY'S PHILOSOPHY ON CODE OF CORPORATE 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.

As per the requirements of Regulation 34 SEBI (Listing Obligations and Regulations Disclosure Requirement) Regulation 2015 ('Listing Regulations') read with Schedule V of the Listing Regulations, detailed Report on Corporate Governance is set below:

BOARD OF DIRECTORS:**a) Composition:**

The Board of Directors provides strategic direction and thrust to the operations of the Company. As on March 31, 2017, the Board of Directors comprises of total three Directors out of which two are Independent Directors. The Chairman of the Board is an Executive Director.

The composition of the Board of Directors as on March 31, 2017 is in conformity with the provisions of the Companies Act, 2013 and Regulation 17 of Listing Regulations.

b) Board Procedure:

The 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. 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 ten (10) times on May 30, 2016, August 12, 2016, August 16, 2016, August 26, 2016, September 30, 2016, November 14, 2016, January 2, 2017, February 10, 2017, March 9, 2017 and March 28, 2017. 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 2016-17 and at the last Annual General Meeting, their directorships in other Companies and membership / chairmanship in Committees as on March 31, 2017 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. Viral Nandu | Chairman /Whole-time Director (w.e.f September 30, 2016) | 6 | 6 | NA | 1 | Nil | Nil |
| Mr. Lata Mehta | Independent Director (w.e.f September 30, 2016) | 6 | 6 | NA | 1 | 2 | Nil |
| Mr. Dhaval Gada | Independent Director (w.e.f September 30, 2016) | 6 | 6 | NA | Nil | Nil | Nil |
| Mr. Mukund Modi | *Independent Director (w.e.f September 30, 2016 upto March 24, 2017) | 5 | 5 | NA | NA | NA | NA |
| Mr. Pratik Shah | **Chairman /Whole-time Director/ Promoter | 4 | 4 | Present | NA | NA | NA |
| Mr. Karan Rajput | **Independent Director | 4 | 4 | Present | NA | NA | NA |
| Mr. Amit Nandu | **Independent Director | 4 | 4 | Present | NA | NA | NA |
| Mrs. Usha Kotian | **Independent Director | 4 | 4 | Present | NA | NA | NA |

* Due to demise of Mr. Mukund Modi on March 25, 2017 he ceased to be Director of the Company.

** Mr. Pratik Shah, Mr. Karan Rajput, Mrs. Usha Kotian and Mr. Amit Nandu vacated from the position of directorship of the Company with effect from conclusion of 14th Annual General Meeting of the Company held on September 30, 2016.

Note:

1. Directorships in respect of Private Limited Companies, Companies incorporated under Section 8 of the Companies Act, 2013 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 is a member of more than Ten Committees and Chairman of more than Five Committees [as specified in Regulation 26 of Listing Regulations] across all the companies in which they are directors.
4. None of the Independent Director serves as an Independent Director in more than seven listed companies [as specified in Regulation 25 of Listing Regulations].
5. No Director is related to any other Director on the Board.

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 10, 2017 to review the performance of Non-independent Directors (including the Chairman) and the Board as whole and also the system regarding flow of information between the Board and the Management and vice versa.

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 <http://www.eurovitrified.com/pdf/terms-of-appointment.pdf>.

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 also includes minutes of the meetings of all the Board and Committees for the information of the Board. 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 all the Board of Directors and Senior Management Personnel. 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 code has been posted on Company's website at [http:// www. eurovitrified . com/pdf/code-of-conduct.pdf](http://www.eurovitrified.com/pdf/code-of-conduct.pdf). All the Board members and senior management personnel have confirmed compliance with the code. A declaration by Mr. Viral Nandu, Chairman & Whole Time Director of the Company affirming the compliance of the same in respect of the financial year ended on March 31, 2017 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.

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:

- a. Audit Committee
- b. Stakeholders' Relationship Committee
- c. 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 which exercises the powers and discharges the functions as stipulated under the applicable laws. The Committee also undertakes and reviews such matters as may be delegated by the Board from time to time.

As on March 31, 2017, the Committee comprises of two Independent Directors and one Executive Director of the Company. All the members of the Audit Committee are financially literate and Mrs. Lata Mehta, Chairperson of the Committee has the relevant accounting and related 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 Eight (8) times during the year under review on May 30, 2016, August 12, 2016, August 16, 2016, August 26, 2016, September 30, 2016, November 14, 2016, February 10, 2017 and March 28, 2017. The number of meetings attended by each member during the year ended March 31, 2017 is as under:

| Name of the member | Designation | No. of Committee Meetings | |
|--------------------|--|---------------------------|----------|
| | | Held | Attended |
| *Mr. Lata Mehta | Chairperson (w.e.f March 28, 2017) | 4 | 4 |
| Mr. Viral Nandu | Member (w.e.f September 30, 2016) | 4 | 4 |
| Mr. Dhaval Gada | Member (w.e.f September 30, 2016) | 4 | 4 |
| **Mr. Mukund Modi | Chairman (w.e.f September 30, 2016 upto March 24, 2017) | 3 | 3 |
| Mr. Karan Rajput | Chairman # | 4 | 4 |
| Mr. Pratik Shah | Member # | 4 | 4 |
| Mr. Amit Nandu | Member # | 4 | 4 |
| Mrs. Usha Kotian | Member # | 4 | 4 |

*Mrs. Lata Mehta was member of the Committee with effect from September 30, 2016. Thereafter she was designated as Chairperson of the Committee with effect from March 28, 2017.

**Due to demise of Mr. Mukund Modi on March 25, 2017 he ceased to be member of the Committee.

#Mr. Pratik Shah, Mr. Karan Rajput, Mrs. Usha Kotian and Mr. Amit Nandu vacated from the position of directorship of the Company with effect from conclusion of 14th Annual General Meeting of the Company held on September 30, 2017 and consequently ceased to be members of the Committee.

The Compliance officer acts as the Secretary to the Committee.

➤ **Terms of reference of Audit Committee:**

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 Stakeholders' Relationship Committee is duly constituted as per the provisions of Section 178 of the Companies Act, 2013 and Regulation 20 of Listing Regulations. 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.

As on March 31, 2017, the Stakeholders' Relationship Committee comprises of one Executive and two Independent Directors. During the year under review, the committee met 4 (four) times on May 30, 2016, August 12, 2016, November 14, 2016 and February 10, 2017. The number of meetings attended by each member during the year ended March 31, 2017 is as under:

| Name of the member | Designation | No. of Committee Meetings | |
|--------------------|---|---------------------------|----------|
| | | Held | Attended |
| Mr. Lata Mehta | *Chairperson (w.e.f March 28, 2017) | 2 | 2 |
| Mr. Viral Nandu | Member (w.e.f September 30, 2016) | 2 | 2 |
| Mr. Dhaval Gada | Member (w.e.f September 30, 2016) | 2 | 2 |
| Mr. Mukund Modi | **Chairman (w.e.f September 30, 2016 upto March 24, 2017) | 2 | 2 |
| Mr. Karan Rajput | #Chairman | 2 | 2 |
| Mr. Pratik Shah | #Member | 2 | 2 |
| Mr. Amit Nandu | #Member | 2 | 2 |
| Mrs. Usha Kotian | #Member | 2 | 2 |

*Mrs. Lata Mehta was member of the Committee with effect from September 30, 2016. Thereafter she was designated as Chairperson of the Committee with effect from March 28, 2017.

**Due to demise of Mr. Mukund Modi on March 25, 2017 he ceased to be member of the Committee.

#Mr. Pratik Shah, Mr. Karan Rajput, Mrs. Usha Kotian and Mr. Amit Nandu vacated from the position of directorship of the Company with effect from conclusion of 14th Annual General Meeting of the Company held on September 30, 2016 and consequently ceased to be member of the Committee.

Status of Investors' Complaint:

The following is the status of the complaints received from the Investors, during the Financial Year 2016-2017.

| 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 2 (Two) times on May 30, 2016 and September 30, 2016. The number of meetings attended by each member during the year ended March 31, 2017 is as under:

| Name of the member | Designation | No. of Committee Meetings | |
|--------------------|---|---------------------------|----------|
| | | Held | Attended |
| Mr. Lata Mehta | *Chairperson (w.e.f March 28, 2017) | 1 | 1 |
| Mr. Dhaval Gada | Member (w.e.f September 30, 2016) | 1 | 1 |
| Mr. Mukund Modi | **Chairman (w.e.f September 30, 2016 upto March 24, 2017) | 1 | 1 |
| Mr. Karan Rajput | *Chairman | 1 | 1 |
| Mr. Amit Nandu | #Member | 1 | 1 |
| Mrs. Usha Kotian | #Member | 1 | 1 |

*Mrs. Lata Mehta was member of the Committee with effect from September 30, 2016. Thereafter she was designated as Chairperson of the Committee with effect from March 28, 2017.

**Due to demise of Mr. Mukund Modi on March 25, 2017 he ceased to be member of the Committee.

Mr. Karan Rajput, Mrs. Usha Kotian and Mr. Amit Nandu vacated from the position of directorship of the Company with effect from conclusion of 14th Annual General Meeting of the Company held on September 30, 2017 and consequently ceased to be members of the Committee.

➤ **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 and 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) Selection:

- Any person to be appointed as a Director on the Board of Director of the Company or as KMP or

Senior Management Personnel, including Independent Directors, shall possess appropriate skills, experience and knowledge in one or more fields of sciences, actuarial sciences, banking, finance, economics, law, management, sales, marketing, administration, research, corporate governance or technical operations.

- Any person to be appointed as a Director on the Board of the Company shall possess the relevant experience and shall be able to provide policy directions to the Company, including directions on good corporate governance.
- While appointing any person as Chief Executive Officer, Managing Director or a Whole-time Director of the Company, his / her educational qualification, work experience, industry experience, etc. shall be considered.

(b) 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 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.

© **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 (Appointment and Remuneration of Managerial Personnel) 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.

(d) 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.

Details of remuneration and sitting fees paid to the Directors and No. of Equity Shares held by them during the year ended March 31, 2017:

Details of remuneration/sitting fees paid during the year 2016-17 and number of shares held as on March 31, 2017 by the directors of the Company are as follows:

(Amount in ₹ except for shares)

| Name of the Directors | Salary & Perquisites | Performance/ Incentive/ Bonus | Commission | Sitting Fees | Total | No. of Shares |
|-----------------------|----------------------|-------------------------------|------------|--------------|-------|---------------|
| Mr. Viral Nandu | - | - | - | - | - | - |
| Mr. Pratik Shah | - | - | - | - | - | 1,61,060 |
| Mr. Mukund Modi | - | - | - | - | - | - |
| Mrs. Lata Mehta | - | - | - | - | - | - |
| Mr. Dhaval Gada | - | - | - | - | - | - |
| Mr. Karan Rajput | - | - | - | - | - | - |
| Mr. Amit Nandu | - | - | - | - | - | - |
| Mrs. Usha Kotian | - | - | - | - | - | - |

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

The Compliance officer acts as the Secretary to the Committee.

GENERAL BODY MEETINGS:

Details with respect of date, location and time of preceding three Annual General Meetings are given below:

| Financial Year | Date | Time | Venue | Special Resolution passed |
|----------------|--------------------|------------|--|---|
| 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 | - |
| 2015-16 | September 30, 2016 | 10.15 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.

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 and also on websites of National Stock Exchange of India Limited i.e. www.nseindia.com and BSE Limited i.e. www.bseindia.com.

- Website:**

The Company's website 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.

GENERAL INFORMATION FOR SHAREHOLDERS:

| | | | |
|----|--|--|-----------------------------------|
| a) | Date Time and Venue of Annual General Meeting | Date: Friday, September 29, 2017 Time: 01.00 p.m. Venue: Gomantak Seva Sangh, 72/A, Mahant Road Extension, Vile Parle (East), Mumbai - 400 057 | |
| b) | Financial Year | April 1, 2016 to March 31, 2017 | |
| c) | Book Closure dates | Saturday, September 23, 2017 to Friday, September 29, 2017 (both days inclusive) | |
| d) | Cut-off date for remote e-voting: | The 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 22, 2017. | |
| e) | Financial Calendar (2017-18) | Result for the quarter ended June 30, 2017 | - On or before September, 14 2017 |
| | | Result for the quarter ending September 30, 2017 | - On or before December 14, 2017 |
| | | Result for the quarter ending December 31, 2017 | - On or before February 14, 2018 |
| | | Audited Result for the year/ quarter ending March 31, 2018 | - On or before May 30, 2018. |

| | | | |
|----|--|---|---|
| f) | Dividend Payment Date | Not applicable | |
| g) | Listing on Stock Exchanges | BSE Limited (BSE) 25 th Floor, P J Towers, Dalal Street, Mumbai - 400001 | National Stock Exchange of (India) Limited (NSE) Exchange Plaza, C-1,Block G. Bandra Kurla Complex Bandra, East, Mumbai- 400051 |
| h) | Stock Code / Symbol ISIN with CDSL and NSDL | BSE - 532823 NSE – EUROCERA INE649H01011 | |
| i) | Commodity price risk or foreign exchange risk and hedging activities | Not applicable | |

j) Market Price Data and Indices:

The monthly high and low quotations of shares traded on the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) with corresponding details of BSE Sensex and NSE Nifty during each month in 2016-17 are as follows:

| Month | BSE* | | BSE Sensex* (Points) | | NSE** | | NSE Nifty** (Points) | |
|--------|----------------|---------------|----------------------|----------|----------------|---------------|----------------------|---------|
| | High (in ₹) | Low (in ₹) | High | Low | High (in ₹) | Low (in ₹) | High | Low |
| Apr-16 | 4.78 | 2.83 | 26100.54 | 24523.20 | 4.80 | 2.75 | 7992.00 | 7516.85 |
| May-16 | 4.43 | 2.88 | 26837.20 | 25057.93 | 4.50 | 2.90 | 8213.60 | 7678.35 |
| Jun-16 | 6.74 | 2.92 | 27105.41 | 25911.33 | 6.30 | 2.90 | 8308.15 | 7927.05 |
| Jul-16 | 8.30 | 5.06 | 28240.20 | 27034.14 | 8.45 | 5.15 | 8674.70 | 8287.55 |
| Aug-16 | 10.15 | 5.81 | 28532.25 | 27627.97 | 10.10 | 5.70 | 8819.20 | 8518.15 |
| Sep-16 | 7.69 | 5.90 | 29077.28 | 27716.78 | 7.60 | 5.80 | 8968.70 | 8555.20 |
| Oct-16 | 9.60 | 6.32 | 28477.65 | 27488.30 | 9.30 | 6.20 | 8806.95 | 8506.15 |
| Nov-16 | 8.86 | 5.75 | 28029.80 | 25717.93 | 8.80 | 5.85 | 8669.60 | 7916.40 |
| Dec-16 | 7.71 | 5.76 | 26803.76 | 25753.74 | 7.50 | 5.80 | 8274.95 | 7893.80 |
| Jan-17 | 7.19 | 5.95 | 27980.39 | 26447.06 | 6.95 | 5.95 | 8672.70 | 8133.80 |
| Feb-17 | 6.68 | 5.52 | 29065.31 | 27590.10 | 6.70 | 5.65 | 8982.15 | 8537.50 |
| Mar-17 | 7.66 | 5.88 | 29824.62 | 28716.21 | 7.65 | 5.75 | 9218.40 | 8860.10 |

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

k) Shareholding Pattern as on March 31, 2017:

| Sr. No. | Category | Number of shares held | Percentage of Shareholding (%) |
|---------|-------------------------------|-----------------------|--------------------------------|
| 1 | Promoters | 35,41,452 | 10.50 |
| 2 | Foreign Portfolio Investors | 19,93,228 | 5.91 |
| 3 | Bodies Corporate | 61,54,452 | 18.24 |
| 4 | Financial Institutions/Banks | 29,07,150 | 8.62 |
| 5 | Clearing Member | 2,42,297 | 0.72 |
| 6 | Hindu Undivided family | 4,13,622 | 1.23 |
| 7 | Non Resident Indians | 34,60,322 | 10.25 |
| 8 | Resident Individuals (Public) | 1,50,25,194 | 44.53 |
| | Total | 3,37,37,717 | 100.00 |

l) Distribution of shareholding as on March 31, 2017:

| Shareholding (No. of Shares) | Number of shareholders | % of total number of shareholders | Total Number of Shares | % of Total Number of issued Shares |
|---------------------------------|---------------------------|--------------------------------------|---------------------------|---------------------------------------|
| 1 to 500 | 6,101 | 76.41 | 8,31,951 | 2.47 |
| 501 to 1000 | 729 | 9.13 | 6,41,386 | 1.90 |
| 1001 to 2000 | 464 | 5.81 | 7,35,144 | 2.18 |
| 2001 to 3000 | 173 | 2.17 | 4,51,375 | 1.34 |
| 3001 to 4000 | 84 | 1.05 | 3,11,681 | 0.92 |
| 4001 to 5000 | 111 | 1.39 | 5,30,734 | 1.58 |
| 5001 to 10000 | 139 | 1.74 | 10,28,877 | 3.05 |
| 10001 and above | 184 | 2.30 | 2,92,06,569 | 86.56 |
| Total | 7985 | 100.00 | 3,37,37,717 | 100.00 |

m) Share Transfer System:

All shares sent or transferred in physical form are registered by the Registrar and Share Transfer Agent within prescribed time, if documents are found in order. Shares under objection are returned within two weeks. All requests for dematerialization of shares processed and the confirmation is given to the respective depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) within 21 days. The Company obtains half-yearly certificate of compliance with the share transfer formalities from a Practicing Company Secretary 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 2017 the total number of Equity Shares of the Company in dematerialization form stood at 31260115 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 2017 the Company does not have any outstanding ADRs GDRs Warrants or any convertible instruments.

p) Plant Location:

Survey No. 510511512517/1,
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
101, 247 Park, L.B.S. Marg, Vikhroli (West),
Mumbai - 400083
Tel: 91 22 Tel: 022 - 4918 6270
Fax: 022 - 4918 6060
Email - rnt.helpdesk@linkintime.co.in
Website: www.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, Vallabhnbhai Road,
Opp. Railway Station, Vile Parle (West),
Mumbai - 400056
E-mail: sales@eurocl.com
Tel No.: 91 22 4019 4019
Fax No.: 91 22 4019 4020

DISCLOSURES**a) Subsidiary Company:**

As on March 31, 2017, 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. The Policy on determination of Material Subsidiary of the Company is available on the website of the Company at: <http://www.eurovitrified.com/pdf/Policy%20on%20Determining%20the%20Material%20Subsidiaries.pdf>.

b) Related-party transactions:

There were no materially significant transactions with related parties, pecuniary transactions or relationship between the Company and its Directors during the Financial Year ended March 31, 2017 that may have potential conflict with the interest of the Company at large.

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 <http://www.eurovitrified.com/pdf/Policy%20on%20Related%20Person%20Transaction.pdf>.

c) 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.

d) 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, 2017. We affirm that during the financial year 2016-17, 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 <http://www.eurovitrified.com/pdf/Vigil%20Mechanism%20Policy.pdf>.

e) 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.

f) 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.

g) Disclosure of Risk Management:

The Company has adopted the Risk Management Policy which includes procedure to inform Board members about the risk assessment and minimization procedure, which is periodically reviewed by the Audit Committee and the Board.

h) CEO / CFO Certification:

In terms of Regulation 17(8) of the Listing Regulation, Mr. Nenshi Shah, CEO and Mr. Paresh 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, 2017.

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

The Company has complied and disclosed all mandatory corporate governance requirements as stipulated under Regulation 17 to 27 and sub-regulation (2) of Regulation 46 of the Listing Regulations except as mentioned below:

1. Non-appointment of Company Secretary & Compliance Officer pursuant to Regulation 6 of the Listing Regulation;

The Company is in process of

appointment of Whole time Company Secretary. The Company has also given advertisement in newspaper for the vacancy, however still suitable candidate is awaited.

2. **Non-compliance with Regulation 17(1), 18(1) & 19(1) of Listing Regulation as the entire Board which continued till 30th September, 2016 was incurred with the disqualification in terms of the provisions of Sec 164(2)(b) of the Companies Act, 2013;**
3. **The composition of the Board and mandatory committees mentioned in Corporate Governance Report submitted to the Stock Exchanges for the Quarter ended June 30, 2016 does not reflect the correct position, due to the non-compliance mentioned in para "2" above.**

The Company has obtained a legal opinion after the receipt of Secretarial Audit Report dated August 12, 2016 for the year ended March 31, 2016, to confirm, whether the Directors are disqualified under Section 164(2)(b) of the Companies Act, 2013.

Legal opinion stated that the existing Directors of the Company are disqualified under Section

164(2)(b) of the Companies Act, 2013. After detail discussion on the basis of the legal opinion, the Board Members decided to appoint new Directors on the Board of the Company as well as re-constitute the Committees of the Board as per applicable provisions of Companies Act, 2013 and Listing Regulations.

The members at the 14th Annual General Meeting held on September 30, 2016 appointed Mr. Viral Nandu as Director of the Company and Mr. Mukund Modi, Mr. Dhaval Gada and Mrs. Lata Mehta as Independent Director of the Company. Further all the Committees were re-constituted as per the provisions of the Companies Act, 2013 and Listing Regulations. The disqualified directors as on September 30, 2016 have vacated their position from directorship of the Company pursuant to the provisions of Section 167(1)(a) read with Section 164(2)(b) of the Companies Act, 2013, with effect from conclusion of 14th Annual General Meeting (AGM) of the Company held on September 30, 2016.

The details of adoption of the non-mandatory recommendations under Regulation 27 of the Listing Regulations are mentioned hereunder:

- Reporting of Internal Auditor: The Internal Auditor reports to the Audit Committee.

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 2016-17.

By Order of the Board of Directors

Place: Mumbai
Date: September 1, 2017

Viral Nandu
Chairman & Whole Time Director
DIN 01767620

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, 2017, as stipulated in

- i) Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the period from April 1, 2016 to March 31, 2017 and
- ii) 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 April 1, 2016 to March 31, 2017.

(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 as stated below:

- 1. Non-appointment of Company Secretary & Compliance Officer pursuant to Regulation 6 of the Listing Regulation;
- 2. Non-compliance with Regulation 17(1), 18(1) & 19(1) of Listing Regulation as the entire Board which continued till September 30, 2016 was incurred with the disqualification in terms of the provisions of Sec 164(2)(b) of the Companies Act, 2013;
- 3. The composition of the Board and mandatory committees mentioned in Corporate Governance Report submitted to the Stock Exchanges for the Quarter ended June 30, 2016 does not reflect the correct position, due to the non-compliance mentioned in para “2” above.

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

Place: Mumbai
Date: September 1, 2017

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, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the 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, 2017, and its profit 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.

Some of the bank lenders have initiated legal proceedings against the Company for recovery of their respective debts at the Debt Recovery Tribunal and have taken symbolic possession of the securities u/s. 13(4) of the SARFAESI Act, 2002. However the Company has been able to renegotiate with the secured lenders and arrive at a amicable settlement of its debts. The Company has made the settlement of its total debt outstanding with the secured lenders. Accordingly some of the lenders have been settled completely on one time settlement basis and others have agreed for deferred payment along with some upfront payment based on their respective terms of settlement. In view of the above settlement, the Company has not provided the interest on the outstanding dues payable as per the settlement terms on the outstanding agreed amount of settlement amounting to ₹ 880.11 lakhs for the year ended March 31, 2017. Had the same been accounted for, the net profit (after tax) would have decreased and current liabilities for the year ended March 31, 2017 would have increased by that amount. In addition to this, the Company has been continuously incurring substantial losses since past few years and as on March 31, 2017, the Company's current liabilities exceed its current assets by ₹ 22,562.88 lakhs. Further, the networth of the Company has fully eroded and the Company had also filed registration u/s. 15(1) of the erstwhile Sick Industrial Companies (Special Provisions) Act, 1985, before the erstwhile 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 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 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.
3. We draw attention to the fact that financial statements are subject to receipt of confirmation of balances from many 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.
4. 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, 2017', 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, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 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, 2017, on its financial position in its standalone financial statements;
- ii) The Company has made provision as at March 31, 2017 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 were no amounts required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2017.
- iv) The Company has provided requisite disclosures in Note No. 33 to these financial statements as to holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealing in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by company as produced to us.

**For Deepak Maru & Co.
Chartered Accountants
ICAI Firm Regn. No.:115678W**

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

Place: Mumbai
Date: May 30, 2017

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, 2017.

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, 2017 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, 2017, based on the internal control over

financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Deepak Maru & Co.
Chartered Accountants
ICAI Firm Regn. No.:115678W**

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

Place: Mumbai
Date: May 30, 2017

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, 2017)

- (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) 2.17 Acres of Land (₹ 0.95 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.

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. The Company had filed an application within the meaning of section 74(2) with the National Company Law Tribunal requesting to allow further time for compliance, however the National Company Law Tribunal has dismissed the extension request.

(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 year end 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, 2017, 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 | 1,185.11 lakhs | Financial Year 2005-2013 | Commissioner of Customs (Appeals) |
| | Penalty thereon | 1,782.77 lakhs | Financial Year 2006-2014 | Commissioner of Customs (Appeals) |

c) There were no amounts required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2017.

(viii) In our opinion and according to the information and explanations given to us the Company had defaulted in repayment of loans and interests dues to the banks. Some of the bank lenders have initiated legal proceedings against the Company for recovery of their respective debts at the Debt Recovery Tribunal and have taken symbolic possession of the securities u/s. 13(4) of the SARFAESI Act, 2002. However the Company has been able to renegotiate with the secured lenders and arrive at a amicable settlement of its debts. The Company has made the settlement of its total debt outstanding with the secured lenders. Accordingly some of the lenders have been settled completely on one time settlement basis and others have agreed for deferred payment along with some upfront payment based on their respective terms of settlement. In view of

the above settlement, the Company has not provided the interest on the outstanding dues payable as per the settlement terms on the outstanding agreed amount of settlement amounting to ₹ 880.11 lakhs for the year ended March 31, 2017 as given under:

| Name of the Bank | Principal Outstanding as on the date of turning NPA | Agreed Settlement Amount | Amount Paid upto March 31, 2017 as per settlement terms | Interest Outstanding as per agreed terms of settlement as on March 31, 2017 |
|---------------------------|---|--------------------------|---|---|
| State Bank of India | 25,598.96 | 14,500.00 | 5,800.00 | 777.07 |
| The Cosmos Co-Op Bank Ltd | 5,805.03 | 4,000.00 | 1,430.00 | 103.04 |
| Total | 31,403.99 | 18,500.00 | 7,230.00 | 880.11 |

(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, 2017

BALANCE SHEET AS AT MARCH 31, 2017

| Particulars | Note No. | As at March 31, 2017 (Amount in ₹) | As at March 31, 2016 (Amount in ₹) |
|--|----------|--|--|
| A EQUITY AND LIABILITIES | | | |
| 1 Shareholders' funds | | | |
| (a) Share capital | 1 | 337,377,170 | 337,377,170 |
| (b) Reserves and surplus | 2 | (835,627,360) | (2,070,853,638) |
| | | (498,250,190) | (1,733,476,468) |
| 2 Non-current liabilities | | | |
| (a) Long-term borrowings | 3 | 268,726,781 | 315,067,665 |
| (b) Deferred tax liabilities (net) | | - | - |
| (c) Other long-term liabilities | | - | - |
| (d) Long-term provisions | | - | - |
| | | 268,726,781 | 315,067,665 |
| 3 Current liabilities | | | |
| (a) Short-term borrowings | 4 | 145,883,477 | 145,883,477 |
| (b) Trade payables | 5 | 384,833,199 | 366,330,891 |
| (c) Other current liabilities | 6 | 2,752,424,987 | 4,894,539,646 |
| (d) Short-term provisions | 7 | 5,089,741 | 7,946,477 |
| | | <u>3,288,231,404</u> | <u>5,414,700,491</u> |
| TOTAL | | <u>3,058,707,996</u> | <u>3,996,291,689</u> |
| B ASSETS | | | |
| 1 Non-current assets | | | |
| (a) Fixed assets | | | |
| (i) Tangible assets | 8 | 1,926,509,265 | 2,864,679,523 |
| (b) Non-current investments | 9 | 13,410,750 | 13,410,750 |
| (c) Long-term loans and advances | 10 | 86,845,344 | 87,760,022 |
| | | <u>2,026,765,359</u> | <u>2,965,850,295</u> |
| 2 Current assets | | | |
| (a) Inventories | 11 | 323,465,014 | 319,327,962 |
| (b) Trade receivables | 12 | 191,023,220 | 184,046,264 |
| (c) Cash and Bank Balances | 13 | 14,129,884 | 56,033,962 |
| (d) Short-term loans and advances | 14 | 503,103,101 | 470,869,374 |
| (e) Other current assets | 15 | 221,417 | 163,832 |
| | | <u>1,031,942,637</u> | <u>1,030,441,393</u> |
| TOTAL | | <u>3,058,707,996</u> | <u>3,996,291,688</u> |
| Significant Accounting Policies and Notes on Financial Statements forming part of the financial statements | 1 to 40 | | |

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

Viral T. Nandu
Chairman &
Whole Time Director
DIN : 01767620

Paresh K. Shah
Chief Financial
Officer

Place : Mumbai
Date : May 30, 2017

Place : Mumbai
Date : May 30, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

| Particulars | Note No. | For the year ended March 31, 2017 (Amount in ₹) | For the year ended March 31, 2016 (Amount in ₹) |
|---|----------------|--|--|
| CONTINUING OPERATIONS | | | |
| 1 Revenue from operations (gross) | 16 | 117,696,297 | 264,422,879 |
| Less: Excise duty | | 10,788,238 | 12,868,597 |
| | | 106,908,059 | 251,554,282 |
| 2 Other Income | 17 | 20,208,548 | 16,856,123 |
| 3 Revenue from operations (net) | | 127,116,608 | 268,410,405 |
| 4 Expenses | | | |
| (a) Cost of materials consumed | 18 | 145,636,468 | 219,330,975 |
| (b) Purchases of stock-in-trade | 18.1 | 1,303,116 | 832,347 |
| (c) Changes in inventories of finished goods, work-in-progress and stock-in-trade | 18.2 | (35,724,346) | 55,416,786 |
| (d) Employee benefits expense | 19 | 39,805,224 | 34,473,871 |
| (e) Finance Cost | 21 | 6,988,697 | 7,630,237 |
| (f) Depreciation and amortisation expense | 8 | 196,944,490 | 201,016,093 |
| (g) Other expenses | 20 | 80,775,526 | 53,054,335 |
| Total Expenses | | 435,729,175 | 571,754,644 |
| 5 Profit / (Loss) before exceptional and extraordinary items and tax | | (308,612,568) | (303,344,239) |
| 6 Exceptional items [(Loss)/Gain] | | 500,452,185 | - |
| 7 Profit / (Loss) before extraordinary items and tax | | 191,839,618 | (303,344,239) |
| 8 Extraordinary items | | - | - |
| 9 Profit / (Loss) before tax | | 191,839,618 | (303,344,239) |
| 10 Tax expense: | | | |
| (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) |
| 11 Profit / (Loss) for the Year from Continuing Operations | | 191,839,618 | (150,952,183) |
| 12 Profit / (Loss) for the period from discontinuing operations | | 58,391,339 | 28,222,496 |
| 13 Net Profit from Disposal of Assets of Discontinuing operations | | 271,586,519 | - |
| 14 Tax expense for discontinuing operations | | - | - |
| 15 Profit / (Loss) from discontinuing operations after tax | | 329,977,858 | 28,222,496 |
| 16 Profit / (Loss) for the year | | 521,817,476 | (122,729,687) |
| 17 Earnings per share (of ₹ 10/- each): | | | |
| (a) Basic & Diluted (from Continuing Operations) | | 5.69 | (4.47) |
| (b) Basic & Diluted (from Discontinuing Operations) | | 9.77 | 0.84 |
| (c) Basic & Diluted | | 15.47 | (3.64) |
| Significant Accounting Policies and Notes on Financial Statements forming part of the financial statements | 1 to 40 | | |

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

Viral T. Nandu
Chairman &
Whole Time Director
DIN : 01767620

Paresh K. Shah
Chief Financial
Officer

Place : Mumbai
Date : May 30, 2017

Place : Mumbai
Date : May 30, 2017

CASH FLOW STATEMENT FOR THE YEAR ENED MARCH 31, 2017

| Particulars | As at March 31, 2017 (Amount in ₹) | | As at March 31, 2016 (Amount in ₹) | |
|---|--|------------------------|--|-------------------|
| A. Cash flow from operating activities | | | | |
| Net Profit / (Loss) before extraordinary items, exceptional items and tax | | (308,612,568) | | (303,344,239) |
| Adjustments for: | | | | |
| Depreciation and amortisation | 196,944,490 | | 201,016,093 | |
| (Profit)/loss on sale/write off of assets & Investments | 3,885,944 | | (11,385) | |
| Finance costs | 6,988,697 | | 7,630,237 | |
| Interest income | (79,569) | | (1,659,222) | |
| Royalty | (9,000,000) | | - | |
| Rental income from investment properties | (1,513,343) | | (1,969,847) | |
| Share of (profit)/Loss from partnership firms | 216,600 | 197,442,819 | 2,531,614 | 207,537,491 |
| Operating profit / (loss) before working capital changes | | (111,169,749) | | -95,806,749 |
| Changes in working capital: | | | | |
| <i>Adjustments for (increase) / decrease in operating assets:</i> | | | | |
| Inventories | (4,137,052) | | 1,554,244 | |
| Trade receivables | (6,976,955) | | (52,943,681) | |
| Short-term loans and advances | (32,603,143) | | 8,334,814 | |
| Long-term loans and advances | 914,678 | | 6,315,122 | |
| Other current assets | (57,585) | | (47,673) | |
| <i>Adjustments for increase / (decrease) in operating liabilities:</i> | | | | |
| Trade payables | 18,502,308 | | 62,611,256 | |
| Other current liabilities | (2,142,114,659) | | 10,980,606 | |
| Short-term provisions | (2,856,736) | | 454,628 | |
| Long-term provisions | - | (2,169,329,145) | - | 37,259,316 |
| Cash flow from discontinuing operations | | (2,280,498,893) | | (58,547,433) |
| Cash generated from operations | | 126,987,335 | | 96,818,492 |
| Net income tax (paid) / refunds | | (2,153,511,558) | | 38,271,059 |
| | | - | | - |
| Net cash flow from / (used in) operating activities (A) | | (2,153,511,558) | | 38,271,059 |
| B. Cash flow from investing activities | | | | |
| Capital expenditure on fixed assets, including capital advances | (5,614,766) | | (185,626) | |
| Proceeds from sale of fixed assets | 1,006,210,000 | | 50,000 | |
| Royalty Received | 9,000,000 | | - | |
| Interest received | 79,569 | | 1,659,222 | |
| Rental income from investment properties | 1,513,343 | | 1,969,847 | |
| Amounts received from partnership firms | (216,600) | 1,010,971,546 | (2,531,614) | 961,829 |
| | | 1,010,971,546 | | 961,829 |
| Cash flow from extraordinary/exceptional items | | - | | - |
| | | 1,010,971,546 | | 961,829 |
| Net income tax (paid) / refunds | | 369,410 | | - |
| Net cash flow from / (used in) investing activities (B) | | 1,011,340,956 | | 961,829 |

CASH FLOW STATEMENT FOR THE YEAR ENED MARCH 31, 2017

| Particulars | As at March 31, 2017 (Amount in ₹) | | As at March 31, 2016 (Amount in ₹) | |
|--|--|----------------------|--|---------------------|
| C. Cash flow from financing activities | | | | |
| Repayment of long-term borrowings | (46,340,884) | | (7,136,482) | |
| Repayment of other short-term borrowings | - | | 50,000 | |
| Finance cost | (6,988,697) | | (7,630,237) | |
| | | (53,329,581) | | (14,716,719) |
| Cash flow from extraordinary items | | 1,153,596,105 | | - |
| | | | | |
| Net cash flow from / (used in) financing activities (c) | | 1,100,266,524 | | (14,716,719) |
| | | | | |
| Net increase / (decrease) in Cash and cash equivalents (A+B+C) | | (41,904,078) | | 24,516,169 |
| Cash and cash equivalents at the beginning of the year | | 56,033,956 | | 31,517,787 |
| Effect of exchange on restatement of foreign currency cash and cash equivalents | | - | | - |
| | | | | |
| Cash and cash equivalents at the end of the year | | 14,129,878 | | 56,033,956 |
| Reconciliation of Cash and cash equivalents with the Balance Sheet: | | | | |
| Cash and cash equivalents as per Balance Sheet (Refer Note 13) | | 14,129,878 | | 56,033,956 |
| 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) | | 14,129,878 | | 56,033,956 |
| Add: Current investments considered as part of Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) | | - | | - |
| | | | | |
| Cash and cash equivalents at the end of the year * | | 14,129,878 | | 56,033,956 |
| * Comprises: | | | | |
| (a) Cash on hand | | 978,535 | | 855,239 |
| (b) Cheques, drafts on hand | | - | | - |
| (c) Balances with banks | | | | |
| (i) In current accounts | | 12,713,142 | | 54,700,516 |
| (ii) In EEFC accounts | | - | | - |
| (iii) In deposit accounts with original maturity of less than 3 months | | - | | - |
| (iv) In earmarked accounts (Refer Note (ii) below) | | - | | - |
| (d) Others - Fixed Deposits Kept as Margin Money | | 438,201 | | 478,201 |
| | | 14,129,877 | | 56,033,956 |

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

Viral T. Nandu
Chairman &
Whole Time Director
DIN : 01767620

Paresh K. Shah
Chief Financial
Officer

Place : Mumbai

Date : May 30, 2017

Place : Mumbai

Date : May 30, 2017

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 (GAAP) in India under the historical cost convention on accrual basis and in accordance with Accounting Standards prescribed under section 133 of the Companies Act, 2013.

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) From the current year, 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 as against the past practice of computing depreciation at rates with reference to the life of the assets subject to the minimum rates provided by Schedule XIV of the Companies Act, 1956.
- (ii) 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) 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 such 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 extraordinary/exceptional item is shown separately. The number of shares considered in computing basic earnings per share is the weighted average number of shares outstanding during the year. The number of shares considered for computing diluted earnings per share comprises the weighted average number of shares used for deriving the basic earnings per share and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. 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, 2017 | | As at March 31, 2016 | |
|--|----------------------|--------------------|----------------------|--------------------|
| | Number of shares | ₹ | Number of shares | ₹ |
| (a) Authorised Equity shares of ₹ 10 each | 35,000,000 | 350,000,000 | 35,000,000 | 350,000,000 |
| (b) Issued, Subscribed and fully paid up Equity shares of ₹ 10 each | 33,737,717 | 337,377,170 | 33,737,717 | 337,377,170 |
| Total | 33,737,717 | 337,377,170 | 33,737,717 | 337,377,170 |

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 2016-2017 / 2015-2016. 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 Period ended 31 March, 2017 | | | |
| - Number of shares | 33,737,717 | - | 33,737,717 |
| - Amount (₹) | 337,377,170 | - | 337,377,170 |
| Year ended 31 March, 2016 | | | |
| - 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 31 March, 2017 | | As at 31 March, 2016 | |
|---|-----------------------|-----------------------------------|-----------------------|-----------------------------------|
| | Number of shares held | % holding in that class of shares | Number of shares held | % holding in that class of shares |
| Equity shares with voting rights | | | | |
| Dharmesh Kishor Gathani | | | | |
| Jointly with Deena Kishor Gathani | 6,826,757 | 20.23% | 6,826,757 | 20.23% |
| State Bank of India | 4,135,954 | 12.26% | 4,135,954 | 12.26% |
| Milankumar Dhirajlal Mehta | 2,477,579 | 7.34% | 2,477,579 | 7.34% |
| Aspire Emerging Fund | 1,993,228 | 5.91% | - | - |
| ICICI Bank Ltd | 1,883,399 | 5.58% | 2,633,728 | 7.81% |

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 31 March, 2017 | As at 31 March, 2016 | As at 31 March, 2015 | As at 31 March, 2014 | As at 31 March, 2013 |
| Equity shares with voting rights | | | | | |
| 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 issued pursuant to Scheme of Corporate Debt Restructuring (CDR) without payments being received in cash . | - | - | - | - | 2,149,878 |

Note 2:- RESERVES & SURPLUS

| Particulars | As at March 31, 2017 | As at March 31, 2016 |
|--|----------------------|------------------------|
| | ₹ | ₹ |
| (a) Capital reserve | | |
| Opening balance | 49,728,952 | 49,728,952 |
| Add: Additions during the year | 713,408,802 | - |
| Less: Utilised / transferred during the year | - | - |
| Closing balance | 763,137,754 | 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 | (2,633,796,254) | (2,511,066,567) |
| Add: Profit / (Loss) for the year | 521,817,476 | (122,729,687) |
| Less: Appropriations | - | - |
| Closing balance | (2,111,978,779) | (2,633,796,254) |
| Total (a + b + c + d) | (835,627,360) | (2,070,853,638) |

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, 2017 | As at March 31, 2017 | As at March 31, 2016 | As at March 31, 2016 |
| | ₹ | ₹ | ₹ | ₹ |
| SECURED: | | | | |
| (a) Term loans | | | | |
| (i) From banks | - | 1,467,343,640 | - | 3,528,924,068 |
| (ii) From others | - | - | - | - |
| | - | 1,467,343,640 | - | 3,528,924,068 |
| (b) Vehicle Loans | - | - | - | 53,093 |
| Total | - | 1,467,343,640 | - | 3,528,977,162 |
| UNSECURED: | | | | |
| (a) Zero Coupon Bonds | 38,500,000 | - | 38,500,000 | - |
| (b) Deposits | 57,057,357 | - | 61,908,922 | - |
| (c) Loans and advances from related parties | 173,169,425 | - | 214,658,743 | - |
| Total | 268,726,781 | 1,467,343,640 | 315,067,665 | 3,528,977,162 |
| Less : Transfer to Other Current Liability | - | (1,467,343,640) | - | (3,528,977,162) |
| Total (Secured + Unsecured) | 268,726,781 | - | 315,067,665 | - |

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. During the year the Company has settled the secured lenders by entering into compromise settlement arrangement with lenders, and accordingly some of the lenders are settled completely by payment of upfront amount and some of the lenders have granted deferred payment schedule with some upfront payment. However outstanding of such lenders whose dues are still pending, is shown as total outstanding less the amount paid to them under settlement scheme.

3.2 The Company on the basis of audited accounts for the financial year ended 31st March 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. However Ministry of Finance, vide notification dated November 25, 2016 has repealed the Sick Industrial (Special Provisions) Act 1985 (SICA) with effect from December 1, 2016. Accordingly BIFR Board is dissolved from that date and all the proceedings that were pending before BIFR, may be referred to the National Company Law Tribunal (NCLT), constituted under the Companies Act 2013, under the provisions of The Insolvency and Bankruptcy Act 2016 within 180 days from such date.

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 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 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, 2017 | As at March 31, 2016 |
|-------------------|----------------------|----------------------|
| | ₹ | ₹ |
| UNSECURED: | | |
| (a) Deposits | 145,883,477 | 145,833,477 |
| Total | 145,883,477 | 145,833,477 |

Note 5:- TRADE PAYABLES

| Particulars | As at March 31, 2017 | As at March 31, 2016 |
|-------------------------------------|----------------------|----------------------|
| | ₹ | ₹ |
| Micro, Small and Medium Enterprises | 3,430,761 | 3,705,761 |
| Other | 381,402,438 | 362,625,130 |
| Total | 384,833,199 | 366,330,891 |

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, 2017 | As at March 31, 2016 |
|---|----------------------|----------------------|
| | ₹ | ₹ |
| (a) Current maturities of Loans & Credit Facilities from Banks | 2,417,388,456 | 4,510,381,054 |
| (b) Interest accrued and due on borrowings | 223,628,998 | 286,041,222 |
| (c) Other payables | | |
| (i) Statutory remittances (Contributions to PF and ESIC, Excise Duty, VAT, Service Tax, etc.) | 17,452,899 | 15,371,350 |
| (ii) Payables on purchase of fixed assets | 163,251 | 3,960,591 |
| (iii) Trade / security deposits received | 2,227,807 | 1,808,207 |
| (iv) Advances from customers & Others | 80,372,918 | 71,721,627 |
| (v) Employees Benefits | 11,190,659 | 5,255,595 |
| Total | 2,752,424,987 | 4,894,539,646 |

6.1 As explained in Note No. 3.1, Lenders have called off their advances granted by way of Term Loans, Cash Credit Facilities and other Non fund Base Limits, and in light of such scenario 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.

Notes forming part of the financial statements

Note 7:- SHORT TERM PROVISIONS

| Particulars | As at March 31, 2017 | As at March 31, 2016 |
|--|----------------------|----------------------|
| | ₹ | ₹ |
| Provision for employee benefits: | | |
| (i) Provision for bonus | 1,188,429 | 1,854,371 |
| (ii) Provision for leave encashments | 1,014,015 | 1,464,669 |
| (iii) Provision for gratuity (net) (Refer Note 31) | 2,887,297 | 4,627,437 |
| Total | 5,089,741 | 7,946,477 |

Note 8:- FIXED ASSETS

| Particulars | Gross Block | | | | Depreciation | | | | Net Block | |
|----------------------------|-------------------------|-----------|------------------------|-------------------------|-------------------|---------------------------|--------------|--------------------|--------------------|--------------------|
| | Cost as on 31 Mar, 2016 | Additions | Deletions / Adjustment | Cost as on 31 Mar, 2017 | Upto 31 Mar, 2016 | For the Y.E. 31 Mar, 2017 | On deletions | As on 31 Mar, 2017 | As on 31 Mar, 2017 | As on 31 Mar, 2016 |
| | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ |
| Tangible Assets : | | | | | | | | | | |
| I Land - Freehold | 94,544,616 | - | 86,418,117 | 8,126,499 | - | - | - | - | 8,126,499 | 94,544,616 |
| II Building | 874,050,661 | - | 134,982,856 | 739,067,805 | 222,898,540 | 24,533,376 | 38,614,454 | 208,817,462 | 530,250,343 | 651,152,121 |
| III Plant & Machinery | 4,603,601,799 | 5,387,976 | 929,607,916 | 3,679,381,859 | 2,532,758,620 | 238,609,702 | 436,062,579 | 2,335,305,743 | 1,344,076,117 | 2,070,843,179 |
| IV Furniture & Fixtures | 47,794,865 | - | 32,422,677 | 15,372,188 | 44,939,013 | 140,577 | 30,780,128 | 14,299,462 | 1,072,726 | 2,855,852 |
| V Office Equipments | 13,273,316 | 194,800 | 466,052 | 13,002,064 | 12,572,320 | 19,683 | 442,749 | 12,149,254 | 852,810 | 700,996 |
| VI Vehicles | 20,035,310 | - | 2,747,788 | 17,287,522 | 16,125,272 | 1,167,801 | 2,558,321 | 14,734,752 | 2,552,770 | 3,910,038 |
| VII Computers | 10,384,308 | 31,990 | 609,691 | 9,806,607 | 10,235,695 | 53,536 | 552,328 | 9,736,903 | 69,704 | 148,613 |
| VIII Power Project | 268,032,690 | - | - | 268,032,690 | 227,508,583 | 1,015,811 | - | 228,524,394 | 39,508,296 | 40,524,107 |
| Intangible Assets : | | | | | | | | | | |
| I Trademarks | 10,000 | - | - | 10,000 | 10,000 | - | - | 10,000 | - | - |
| Grand Total | 5,931,727,565 | 5,614,766 | 1,187,255,097 | 4,750,087,234 | 3,067,048,042 | 265,540,486 | 509,010,559 | 2,823,577,969 | 1,926,509,265 | 2,864,679,523 |
| Previous Year | 5,932,314,230 | 185,626 | 772,291 | 5,931,727,565 | 2,798,169,629 | 269,612,089 | 733,676 | 3,067,048,042 | 2,864,679,523 | 3,134,144,601 |

Note - The Depreciation pertaining to discontinued operations included in the above block, for the year ended March 31, 2017 is ₹ 6,85,95,996 (March 31, 2016 - ₹ 6,85,95,996)
The Depreciation pertaining to continuing operations included in the above block, for the year ended March 31, 2017 is ₹ 19,69,44,490 (March 31, 2016 - ₹ 20,10,16,093)

Notes forming part of the financial statements

Note 9:- NON-CURRENT INVESTMENTS

| Particulars | | As at March 31, 2017 | As at March 31, 2016 |
|--|--------------|-------------------------|-------------------------|
| | | ₹ | ₹ |
| Investments (At cost): | | | |
| A. Other investments | | | |
| (a) Investment in equity instruments - Unquoted, fully paid up | | | |
| (i) of subsidiaries | | | |
| 1,90,000 (As at March 31, 2016: 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, 2016: 13,00,000) shares of ₹ 10 each in Euro Glass Private Limited | | 13,00,000 | 13,00,000 |
| 35,075 (As at March 31, 2016: 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) Investment in government or trust securities | | | |
| 6 Years National Savings Certificate (Deposited with Sales Tax Department) | | 10,000 | 10,000 |
| (c) Investment in partnership firms | | | |
| M/s. Euro Realtors (Fixed Capital) | | 50,000 | 50,000 |
| Share of Profit/Loss - 95% and Other Partner Dharmesh Gathani 5% | | | |
| Total | | 13,410,750 | 13,410,750 |

Note 10:- LONG TERM LOANS AND ADVANCES

| Particulars | As at March 31, 2017 | As at March 31, 2016 |
|--|----------------------|----------------------|
| | ₹ | ₹ |
| Unsecured, considered good | | |
| (a) Security deposits | 10,628,837 | 11,093,798 |
| (b) Prepaid expenses | 17,111,116 | 21,388,892 |
| (c) Advance income tax (Net of Provisions) | 5,841,708 | 2,013,649 |
| (d) MAT Credit Entitlement | 53,263,683 | 53,263,683 |
| Total | 86,845,344 | 87,760,022 |

Notes forming part of the financial statements**Note 11:- INVENTORIES**

(As Valued and Certified by Management)

| Particulars | As at March 31, 2017 | As at March 31, 2016 |
|--|----------------------|----------------------|
| | ₹ | ₹ |
| (a) Raw Materials & Consumables | 182,595,247 | 175,984,859 |
| (b) Work-in-progress | 5,400,752 | 27,323,746 |
| (c) Finished goods (other than those acquired for trading) | 89,002,003 | 54,059,102 |
| (d) Stock-in-trade (acquired for trading) | 22,500,938 | 16,646,495 |
| (e) Stores and spares | 19,324,689 | 40,813,827 |
| (f) Power & Fuel | 65,423 | 116,078 |
| (g) Packing Materials | 4,575,961 | 4,383,855 |
| Total | 323,465,014 | 319,327,962 |

Note 12:- TRADE RECEIVABLES

| Particulars | As at March 31, 2017 | As at March 31, 2016 |
|---|----------------------|----------------------|
| | ₹ | ₹ |
| Unsecured and considered good | | |
| Outstanding for a period exceeding six months from the date they were due for payment | 142,180,706 | 134,543,481 |
| Less : Provision for Doubtful Debts | 47,446,739 | 47,446,739 |
| | 94,733,967 | 87,096,742 |
| Others | 96,289,253 | 96,949,522 |
| Total | 191,023,220 | 184,046,264 |

Note 13:- CASH AND BANK BALANCES

| Particulars | As at March 31, 2017 | As at March 31, 2016 |
|---|----------------------|----------------------|
| | ₹ | ₹ |
| (a) Cash and cash equivalents | | |
| (i) Balances with banks | | |
| - In current accounts | 12,713,142 | 54,700,516 |
| (ii) Cash on hand | 978,542 | 855,245 |
| | 13,691,683 | 55,555,761 |
| (b) Other Bank Balances | | |
| In earmarked accounts | | |
| (i) Balances held as margin money or security against borrowings, guarantees and other commitments. | 438,201 | 478,201 |
| Total | 14,129,884 | 56,033,962 |

Notes forming part of the financial statements

Note 14:- SHORT TERM LOANS AND ADVANCES

| Particulars | As at March 31, 2017 | As at March 31, 2016 |
|---|----------------------|----------------------|
| | ₹ | ₹ |
| Unsecured, considered good | | |
| (a) Loans and advances to related parties | 761,284,784 | 777,111,144 |
| Less: Provision for Diminish in Investment/Loans & Advances | (340,967,347) | (340,967,347) |
| | 420,317,437 | 436,143,797 |
| (b) Loans and advances to employees | 3,493,626 | 3,060,293 |
| (c) Prepaid expenses | 580,784 | 1,743,898 |
| (d) Balances with government authorities | | |
| (i) CENVAT credit receivable | 728,964 | (8,252) |
| (ii) VAT credit receivable | 6,256 | 2,041,695 |
| (iii) Service Tax credit receivable | 3,565,225 | 3,936,277 |
| (iv) Advance Custom Duty | 436,823 | 205,680 |
| (e) Others | 73,973,986 | 23,745,986 |
| Total | 503,103,101 | 470,869,374 |

14.1 Disclosure as per clause 32 of Listing Agreement

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

| Particulars | As at March 31, 2017 | As at March 31, 2016 | Maximum Amount due at any time during the Year Ended March 31, 2017 | Maximum Amount due at any time during the Year Ended March 31, 2016 |
|---------------|----------------------|----------------------|---|---|
| Euro Realtors | 760,850,563 | 773,667,163 | 773,667,163 | 776,198,777 |

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

| Particulars | As at March 31, 2017 | As at March 31, 2016 | Maximum Amount due at any time during the Year Ended March 31, 2017 | Maximum Amount due at any time during the Year Ended March 31, 2016 |
|---|----------------------|----------------------|---|---|
| | ₹ | ₹ | ₹ | ₹ |
| 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 | 2,126,954 | 1,753,567 | 2,166,146 | 2,613,535 |

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

Note 15:- OTHER CURRENT ASSETS

| Particulars | As at March 31, 2017 | As at March 31, 2016 |
|--|----------------------|----------------------|
| | ₹ | ₹ |
| (i) Interest Accrued On Fixed Deposits | 221,417 | 163,832 |
| Total | 221,417 | 163,832 |

Notes forming part of the financial statements

Note 16:- REVENUE FROM OPERATIONS

| Particulars | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|--|--------------------------------------|--------------------------------------|
| | ₹ | ₹ |
| (a) Sale of products (Refer Note 16.1 below) | 117,696,297 | 262,739,019 |
| (b) Sale of services (Refer Note 16.2 below) | - | 1,683,860 |
| | 117,696,297 | 264,422,879 |
| Less: | | |
| (c) Excise duty | 10,788,238 | 12,868,597 |
| Total | 106,908,059 | 251,554,282 |

| Particulars | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|---|--------------------------------------|--------------------------------------|
| | ₹ | ₹ |
| 16.1 Sale of products comprises: | | |
| <u>Manufactured goods</u> | | |
| Tiles | 116,163,008 | 261,734,316 |
| Others | - | - |
| Total - Sale of manufactured goods | 116,163,008 | 261,734,316 |
| <u>Traded goods</u> | | |
| Tiles | 1,533,290 | 1,004,703 |
| Total - Sale of traded goods | 1,533,290 | 1,004,703 |
| Total - Sale of products | 117,696,297 | 262,739,019 |
| 16.2 Sale of services comprises: | | |
| Others | - | 1,683,860 |
| Total - Sale of services | - | 1,683,860 |

Note 17:- OTHER INCOME

| Particulars | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|---|--------------------------------------|--------------------------------------|
| | ₹ | ₹ |
| (a) Interest income (Refer Note 17.1 below) | 79,569 | 1,659,222 |
| (b) Net gain on foreign currency transactions and translation (other than considered as finance cost) | 1,871,076 | - |
| (c) Other non-operating income (net of expenses directly attributable to such income)(Refer Note 17.2 below) | 18,257,903 | 15,196,901 |
| Total | 20,208,548 | 16,856,123 |

Notes forming part of the financial statements

| Particulars | | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|-------------|--|--------------------------------------|--------------------------------------|
| | | ₹ | ₹ |
| 17.1 | <u>Interest income comprises:</u> | | |
| | (a) <u>Interest from banks on:</u> | | |
| | - Margin Money deposits | 63,663 | 1,230,337 |
| | (b) Interest on others | - | 411,068 |
| | (c) Interest on income tax refund | 15,906 | 17,817 |
| | Total - Interest income | 79,569 | 1,659,222 |

| Particulars | | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|-------------|--|--------------------------------------|--------------------------------------|
| | | ₹ | ₹ |
| 17.2 | <u>Other non-operating income comprises:</u> | | |
| | (a) Rental income from properties | 1,513,343 | 1,969,847 |
| | (b) Royalty Received | 9,000,000 | - |
| | (c) Profit on Sale of Fixed Assets | - | 11,385 |
| | (d) Liabilities / provisions no longer required written back | 7,744,560 | 13,215,669 |
| | Total - Other non-operating income | 18,257,903 | 15,196,901 |

18. Cost of materials consumed

| Particulars | | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|----------------------------------|--|--------------------------------------|--------------------------------------|
| | | ₹ | ₹ |
| Opening stock | | 170,171,234 | 118,096,198 |
| Add: Purchases | | 161,177,356 | 271,406,011 |
| | | 331,348,590 | 389,502,209 |
| Less: Closing stock | | 185,712,122 | 170,171,234 |
| Cost of material consumed | | 145,636,468 | 219,330,975 |
| Material consumed comprises: | | | |
| Clay | | - | 4,093,369 |
| Feldsper | | - | 1,849,423 |
| Quartz | | - | 120,959 |
| Marble & Stone | | 50,256,182 | 147,940,897 |
| Resin | | - | 3,719,120 |
| Powder Chemicals for Resin | | 45,913,735 | 19,406,277 |
| Binders & Others | | - | - |
| Others | | 49,466,551 | 42,200,930 |
| Total | | 145,636,468 | 219,330,975 |

Notes forming part of the financial statements

18.1 Purchase of traded goods

| Particulars | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|--------------|--------------------------------------|--------------------------------------|
| | ₹ | ₹ |
| Tiles | 1,303,116 | 832,347 |
| Total | 1,303,116 | 832,347 |

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

| Particulars | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|---|--------------------------------------|--------------------------------------|
| | ₹ | ₹ |
| <u>Inventories at the end of the year:</u> | | |
| Finished goods | 49,684,943 | 18,503,543 |
| Work-in-progress | 5,400,752 | 857,806 |
| Stock-in-trade | - | - |
| | 55,085,695 | 19,361,349 |
| <u>Inventories at the beginning of the year:</u> | | |
| Finished goods | 18,503,543 | 73,798,131 |
| Work-in-progress | 857,806 | 980,004 |
| Stock-in-trade | - | - |
| | 19,361,349 | 74,778,135 |
| Net (increase) / decrease | (35,724,346) | 55,416,786 |

Note 19:- EMPLOYEE BENEFIT EXPENSES

| Particulars | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|--|--------------------------------------|--------------------------------------|
| | ₹ | ₹ |
| Salaries and Wages | 36,166,683 | 31,277,687 |
| Contributions to provident and other funds | 1,947,459 | 1,725,529 |
| Staff welfare expenses | 1,691,082 | 1,470,655 |
| Total | 39,805,224 | 34,473,871 |

Notes forming part of the financial statements

Note 20:- OTHER EXPENSES

| Particulars | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|--|--------------------------------------|--------------------------------------|
| | ₹ | ₹ |
| Consumption of stores and spare parts | 22,579,588 | 1,518,012 |
| Increase / (decrease) of excise duty on inventory | 1,064,240 | (3,822,724) |
| Power and fuel | 15,934,306 | 12,877,754 |
| Processing Charges | 9,783,274 | 10,085,873 |
| Repairs and maintenance - Buildings | 1,352,285 | - |
| Repairs and maintenance - Machinery | 68,341 | 111,933 |
| Repairs and maintenance - Others | 1,180,877 | 744,414 |
| Insurance | 2,512,615 | 2,680,393 |
| Rent, Rates and taxes | 3,531,313 | 6,145,582 |
| Freight and forwarding | 345,089 | 808,361 |
| Donations and contributions | 140,000 | 41,000 |
| Payments to auditors | 540,000 | 540,000 |
| Loss on fixed assets sold / scrapped / written off | 3,885,944 | - |
| Share of Profit / Loss from Partnership Firm | 216,600 | 2,531,614 |
| Selling and Distribution Expenses | 1,654,204 | 1,821,613 |
| Legal Expenses | 8,231,053 | 6,886,575 |
| Miscellaneous expenses | 7,755,799 | 10,083,935 |
| Total | 80,775,526 | 53,054,335 |

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

| Particulars | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|--|--------------------------------------|--------------------------------------|
| | ₹ | ₹ |
| As auditors - statutory audit | 360,000 | 360,000 |
| For taxation matters - considered as Professional fees | 180,000 | 180,000 |
| Total | 540,000 | 540,000 |

Note 21:- FINANCE COSTS

| Particulars | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|--|--------------------------------------|--------------------------------------|
| | ₹ | ₹ |
| (i) Interest expense on Borrowings | 4,280,195 | 4,291,595 |
| (ii) Interest expense on Others | 1,359,017 | 752,877 |
| (iii) Other borrowing costs | 1,349,485 | 939,873 |
| (iv) Net (gain) / loss on foreign currency transactions and translation (considered as finance cost) | - | 1,645,893 |
| Total | 6,988,697 | 7,630,237 |

Notes forming part of the financial statements

| Note | Particulars | | |
|-----------|---|-----------------------------|-----------------------------|
| 22 | DISCONTINUED OPERATIONS | | |
| | The Company has sold/transferred its Sanitaryware Business Undertaking including Land, Building, Plant and Machineries by executing an Agreement to Sale of Assets, on 29 th March, 2017. Accordingly the Sanitaryware Business is considered under Discontinued Operations and the above financial statements have been presented for its continuing business which includes Tiles, Aluminum and Realty Division and disclosure is made for discontinued business in compliance with Accounting Standard 24 (AS 24) issued by ICAI. The Company has restated all the prior period financial statements presented above in compliance with AS 24 for the continuing operations. Accordingly profit or loss from discontinued operations and profit or loss on disposal of assets of discontinued operations is shown separately in profit and loss account | | |
| | | As at March 31, 2017 | As at March 31, 2016 |
| | | ₹ | ₹ |
| | Revenue | 453,225,220 | 308,211,691 |
| | Expenses | 394,833,881 | 279,989,195 |
| | Profit Before Tax | 58,391,339 | 28,222,496 |
| | Tax Expenses | - | - |
| | Profit After Tax | 58,391,339 | 28,222,496 |
| | Net Cash flow from operating activity | 58,391,339 | 28,222,496 |
| | Add: Depreciation | 68,595,996 | 68,595,996 |
| | Net Cash flow from inflow / (outflow) from investing activity (inflow from sale of division) | 271,586,519 | - |
| | Net Cash flow from discontinuing operations | 398,573,854 | 96,818,492 |
| 23 | EXCEPTIONAL ITEMS | | |
| | The Company has made the settlement of its total debt outstanding with the secured lenders. Accordingly some of the lenders have been settled completely on one time settlement basis and others have agreed for deferred payment along with some upfront payment based on their respective terms of settlement. The gain on account of settlement of debt pertaining to working capital finance or general corporate loans has been considered as exceptional item in profit and loss account. The gain on account of settlement of debt pertaining to term loans for project has been credited to capital reserve account. | | |
| 24 | CONTINGENT LIABILITIES | | |
| | | As at March 31, 2017 | As at March 31, 2016 |
| | | ₹ | ₹ |
| 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. The Commissioner of Customs has passed the order and raised a demand of ₹ 2967.88 lakhs in two of the above EPCG license and the Company has filled appeal with the appropriate authorities against the said demand orders. | | |

Notes forming part of the financial statements for the year ended March 31, 2017

| | | | |
|-----------|---|-----------------------------|-----------------------------|
| 25 | CAPITAL COMMITMENTS | | |
| | | As at March 31, 2017 | As at March 31, 2016 |
| | | ₹ | ₹ |
| | Estimated amount of contracts remaining to be executed on capital account and not provided for. | - | - |
| 26 | VALUES OF IMPORTED AND INDIGENOUS RAW MATERIALS, CONSUMABLES, STORES & SPARES, ETC. CONSUMED | | |
| | | As at March 31, 2017 | As at March 31, 2016 |
| | | ₹ | ₹ |
| a. | Raw Materials & Consumables | | |
| | -Imported | 81,488,650 | 170,237,582 |
| | | 55.95% | 77.62% |
| | -Indigenous | 64,147,818 | 49,093,393 |
| | | 44.05% | 22.38% |
| | | 145,636,468 | 219,330,975 |
| b | Stores and Spares | | |
| | -Imported | 152,904 | 257,297 |
| | | 0.68% | 16.95% |
| | -Indigenous | 22,426,683 | 1,260,715 |
| | | 99.32% | 83.05% |
| | | 22,579,588 | 1,518,012 |
| 27 | VALUES OF IMPORTS ON CIF BASIS IN RESPECT OF : | | |
| | | As at March 31, 2017 | As at March 31, 2016 |
| | | ₹ | ₹ |
| a. | Raw Materials & Consumables | 81,389,642 | 203,599,661 |
| b. | Stores & Spares | 130,625 | - |
| c | Trading Goods | 2,888,754 | 1,752,440 |
| 28 | EXPENDITURE IN FOREIGN CURRENCY | | |
| | | As at March 31, 2017 | As at March 31, 2016 |
| | | ₹ | ₹ |
| a. | Foreign Traveling Expenses | 3,319,100 | 188,931 |
| 29 | EARNINGS IN FOREIGN CURRENCY | | |
| | | As at March 31, 2017 | As at March 31, 2016 |
| | | ₹ | ₹ |
| a. | FOB value of Exports (excluding sales to SEZ) | 2,561,816 | 1,438,657 |

Notes forming part of the financial statements for the year ended March 31, 2017

| 30 | DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE | | |
|---------|--|--------------------------------------|--------------------------------------|
| Sr. No. | Particulars | As at March 31, 2017 | As at March 31, 2016 |
| | | ₹ | ₹ |
| (a) | Unhedged Foreign Currency Exposure : | | |
| I | Outstanding Creditors for Purchase of Raw Material, Consumables & Spares | USD 1,514,241.87 | USD 1,424,672.57 |
| II | Outstanding Creditors for Purchase of Raw Material, Consumables & Spares | EURO 25,718.35 | EURO 85,751.28 |
| III | Outstanding Creditors for Capital Goods | EURO 0.00 | EURO 49,000.00 |
| IV | Outstanding Debtors | USD 218,393.81 | USD 218,393.81 |
| V | Advance to Creditors for Purchase of Raw Material, Consumables & Spares | USD 17,918.88 | USD 54,237.78 |
| VI | Advance to Creditors for Purchase of Raw Material, Consumables & Spares | EURO 0.00 | EURO 0.00 |
| VII | Advance to Creditors for Capital Goods | USD ----- | USD ----- |
| VIII | Advance from Debtors | USD 14,303.24 | USD 9,692.24 |
| IXI | Advance from Debtors | GBP 13,659.13 | GBP 3,922.03 |
| X | Buyers Credit | USD ----- | USD ----- |
| 31 | EARNINGS PER SHARE | | |
| | Particulars | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
| | | ₹ | ₹ |
| | Earnings per share | | |
| | (a) Basic | | |
| | Net profit / (loss) for the year | 521,817,476 | (122,729,687) |
| | Weighted average number of equity shares | 33,737,717 | 33,737,717 |
| | Par value per share | 10/- | 10/- |
| | Earnings per share - Basic | 15.47 | (3.64) |
| | (b) Diluted | | |
| | Net profit / (loss) for the year | 521,817,476 | (122,729,687) |
| | Weighted average number of equity shares | 33,737,717 | 33,737,717 |
| | Par value per share | 10/- | 10/- |
| | Earnings per share - Basic | 15.47 | (3.64) |

Notes forming part of the financial statements for the year ended March 31, 2017

| | | | | |
|-----------|---|-----------------------------|---|--------------|
| 32 | The Company has not provided for Deferred Tax Liability / Assets on account of absence of virtual certainty of future taxable profit and brought forward business losses and depreciation under the Income Tax Act. | | | |
| 33 | Disclosure related to details of Specified Bank Notes (SBN) held and transacted during the period November 8, 2016 to December 30, 2016: | | | |
| | PARTICULARS | SBNS | OTHER DENOMINATION NOTES | TOTAL |
| | | ₹ | ₹ | ₹ |
| | Closing Balance as on November 08, 2016 | 322,500 | 222,570 | 545,070 |
| | (+) Permitted Receipts | - | 158,348 | 158,348 |
| | (+) Withdrawn from Banks | - | 1,000,000 | 1,000,000 |
| | (-) Permitted Payments | | 1,264,584 | 1,264,584 |
| | (-) Amount Deposits in Bank | 322,500 | - | 322,500 |
| | Closing Cash on hand as on December 30, 2016 | - | 116,334 | 116,334 |
| 34 | DISCLOSURE PURSUANT TO ACCOUNTING STANDARD (AS-15) (REVISED) | | | |
| A. | Defined Contribution Plan: The Company has recognized the following amounts in statement of Profit & Loss | | | |
| | | As at March 31, 2017 | As at March 31, 2016 | |
| | | ₹ | ₹ | |
| | Employer's Contribution to Provident Fund | 1,772,221 | 1,574,839 | |
| | Employer's Contribution to Employees' State Insurance | 45,162 | 29,549 | |

Notes forming part of the financial statements for the year ended March 31, 2017

| | | | |
|-----------|--|-----------------------------|-----------------------------|
| 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: | | |
| | | As at March 31, 2017 | As at March 31, 2016 |
| | | ₹ | ₹ |
| a. | Changes in the present value of obligations | | |
| | Present value of obligations as at Beginning of the year | 5,593,933 | 5,153,246 |
| | Interest cost | 429,614 | 395,769 |
| | Current Service Cost | 544,491 | 818,402 |
| | Benefits Paid | - | - |
| | Actuarial (Gain)/Loss on obligations | (2,714,245) | (773,484) |
| | Present value of obligations as at End of the year | 3,853,793 | 5,593,933 |
| b. | Changes in the fair value of plan assets | | |
| | Fair value of plan assets at Beginning of the year | 966,496 | 940,670 |
| | Expected return on plan assets | 77,320 | 72,293 |
| | Employer's Contributions | - | - |
| | Benefits paid | - | - |
| | Actuarial Gain / (Loss) on Plan assets | (77,320) | (46,467) |
| | Fair value of plan assets at End of the year | 966,496 | 966,496 |
| c. | Table showing fair value of plan assets | | |
| | Fair value of plan assets at Beginning of the year | 966,496 | 940,670 |
| | Actual return on plan assets | - | 25,826 |
| | Contributions | - | - |
| | Benefits Paid | - | - |
| | Fair value of plan assets at End of the year | 966,496 | 966,496 |
| | Funded status | (2,887,297) | (4,627,437) |
| | 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 |
| d. | Actuarial Gain/Loss recognized | | |
| | Actuarial Gain/(Loss) for the year –Obligation | 2,714,245 | 773,484 |
| | Actuarial Gain/(Loss) for the year - plan assets | (77,320) | (46,467) |
| | Total Gain/(Loss) for the year | 2,636,925 | 727,017 |
| | Actuarial Gain/(Loss) recognized in the year | 2,636,925 | 727,017 |
| e. | The amounts to be recognized in the balance sheet and statements of profit and loss | | |
| | Present value of obligations as at the end of the year | 3,853,793 | 5,593,933 |
| | Fair value of plan assets as at the end of the year | 966,496 | 966,496 |
| | Funded status | 2,887,297 | 4,627,437 |
| | Net Asset/(Liability) to be recognized in balance sheet | (2,887,297) | (4,627,437) |
| | -Current Liability | - | - |
| | -Non Current Liability | (2,887,297) | (4,627,437) |
| f. | Expenses Recognized in statement of Profit & Loss | 2,887,297 | 4,627,437 |
| g. | Principal Actuarial Assumptions used at the Balance Sheet Date | | |
| | Discount Rate | 7.17% | 7.68% |
| | Salary Escalation | 7.00% | 7.00% |

Notes forming part of the financial statements for the year ended March 31, 2017

| Note | Particulars | | |
|------|--|------------------------------------|----------------------------|
| 35 | DISCLOSURE IN RESPECT OF RELATED PARTIES PURSUANT TO ACCOUNTING STANDARD 18: | | |
| (a) | Subsidiary | | |
| | Euro Merchandise (India) Limited | | |
| (b) | Name of the enterprises having same Key Management Personnel and/or their relatives as the Reporting enterprises: | | |
| | Eurobond Industries Private Limited | Euro Polaad Minerals & Steel LLP | Subhnen Ply Pvt. Ltd. |
| | Euro Glass Pvt. Ltd. | Euro Solo Energy Systems Pvt. Ltd. | Euro India Cylinders Ltd. |
| | Euro Realtors | Euro Foundation | Kanch Ghar |
| | Neelam Metal | Maxim Enterprises | Euro Solar Power Pvt. Ltd. |
| | Neelam Ply & Laminates | Gala Enterprises | Monex Stationers |
| (c) | Relatives of Key Management Personnel: | | |
| | 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) | Key Management Personnel: | | |
| | Nenshi L. Shah | Kumar P. Shah | Talakshi L. Nandu |
| | Pratik K. Shah | Paresh K. Shah | Viral T. Nandu |

Notes forming part of the financial statements for the year ended March 31, 2017

(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 | 2,047,835 (1,039,765) | 17,250 (148,500) | ----- (-----) | ----- (-----) |
| Sale Of Fixed Assets | ----- (-----) | ----- (-----) | ----- (-----) | ----- (-----) |
| Purchase of goods and services | ----- (-----) | 10,382 (-----) | ----- (-----) | 5,550,000 (4,600,000) |
| Purchase of fixed assets | ----- (-----) | ----- - | ----- (-----) | ----- (-----) |
| Donation | ----- (-----) | ----- (-----) | ----- (-----) | ----- (-----) |
| Director's Remuneration/Sitting Fees | ----- (-----) | ----- (-----) | ----- (-----) | ----- (800,000) |
| Interest Received | ----- (-----) | ----- (-----) | ----- (-----) | ----- (-----) |
| Interest Paid/Payable | ----- (-----) | ----- (-----) | ----- (-----) | ----- (-----) |
| Loans/Advances Taken | ----- (-----) | 99,750 (1,650,000) | ----- (-----) | ----- (-----) |
| Loans/Advance Repaid | ----- (-----) | 6,849,750 (1,284,500) | ----- (-----) | 19,868,214 (531,000) |
| Loans/Advances Given | ----- (-----) | ----- (-----) | ----- (-----) | ----- (-----) |
| Loans/Advance Received Back | ----- (-----) | ----- (-----) | ----- (-----) | ----- (-----) |
| Outstanding balance as at March 31, 2017: | | | | |
| Loans Payable | ----- (-----) | 86,161,241 (92,911,241) | ----- (-----) | 79,499,333 (69,125,183) |
| Loans Receivable | ----- (-----) | ----- (-----) | ----- (-----) | ----- (-----) |
| Amount Receivable | 11,608,084 (9,923,365) | 80,995 (64,726) | ----- (-----) | ----- (-----) |
| Amount Payable | ----- (-----) | (945,909) (941,481) | ----- (-----) | ----- (-----) |

Notes forming part of the financial statements for the year ended March 31, 2017

- 36 Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.
- 37 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.
- 38 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. Consequently 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 were turned into Non Performing Assets due to defaults in payment, since more than 3 years. Some of the banks have initiated legal proceedings against the Company for recovery of their respective debts at the Debt Recovery Tribunal and have taken symbolic possession of the securities u/s. 13(4) of the SARFAESI Act, 2002. However the Company has been able to renegotiate with the secured lenders and arrived at a amicable settlement of its debts and made the settlement of its total debt outstanding with the secured lenders. Accordingly some of the lenders have been settled completely on one time settlement basis and others have agreed for deferred payment along with some upfront payment based on their respective terms of settlement. In view of the above settlement, the Company has not provided the interest on the outstanding dues payable as per the settlement terms on the outstanding agreed amount of settlement amounting to ₹ 880.11 lakhs for the year ended March 31, 2017. Had the same been accounted for, the net profit (after tax) would have decreased and current liabilities for the year ended March 31, 2017 would have increased by that amount.

Note 39 SEGMENTWISE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

| I) PRIMARY SEGMENTS - BUSINESS | Tiles Division | | Aluminium Division | | Realty Division | | Total | |
|---|----------------|---------------|--------------------|--------------|-----------------|--------------|---------------|---------------|
| | 2016-17 ₹ | 2015-16 ₹ | 2016-17 ₹ | 2015-16 ₹ | 2016-17 ₹ | 2015-16 ₹ | 2016-17 ₹ | 2015-16 ₹ |
| a) Segmental Revenue | | | | | | | | |
| Sales to External Customers | 117,696,237 | 264,422,879 | - | - | - | - | 117,696,237 | 264,422,879 |
| Less : Excise Duty | 10,788,238 | 12,868,597 | - | - | - | - | 10,788,238 | 12,868,597 |
| | 106,908,059 | 251,554,282 | - | - | - | - | 106,908,059 | 251,554,282 |
| Inter-Segmental Revenue | - | - | - | - | - | - | - | - |
| Total Segmental Revenue | 106,908,059 | 251,554,282 | - | - | - | - | 106,908,059 | 251,554,282 |
| b) Segmental Results (PBIT) | (243,686,043) | (236,502,089) | (437,180) | (624,456) | - | - | (244,123,223) | (237,126,546) |
| Less: Interest & Finance Charges | | | | | | | 6,988,697 | 7,630,237 |
| Less: Unallocable Expenses Net of Unallocable Income | | | | | | | (251,111,920) | (244,756,782) |
| Profit Before Tax & Exceptional Items | | | | | | | 57,500,647 | 58,587,457 |
| (Loss) / Gain due to Exceptional Items | | | | | | | (308,612,568) | (303,344,239) |
| Profit Before Tax | | | | | | | 500,462,185 | - |
| Less: Provision for Current Tax | | | | | | | 191,839,618 | (303,344,239) |
| Add: MAT Credit | | | | | | | - | - |
| Less: Earlier Years Excess/Short Provision | | | | | | | - | - |
| Less: Deferred Tax Expenses | | | | | | | - | - |
| Profit After Tax | | | | | | | - | - |
| Profit / (Loss) for the period from discontinuing operations | | | | | | | - | - |
| Net Profit from Disposal of Assets of Discontinuing operations | | | | | | | 191,839,618 | (303,344,239) |
| Profit / (Loss) for the year | | | | | | | - | - |
| c) Carrying amount of Segmental Assets | | | | | | | 191,839,618 | (150,952,183) |
| Unallocated Assets | | | | | | | 58,391,339 | 28,222,496 |
| Total Assets | 4,506,478,691 | 4,512,256,457 | 25,831,484 | 25,831,484 | 419,883,216 | 433,241,931 | 521,817,476 | (122,729,687) |
| d) Carrying amount of Segmental Liabilities | | | | | | | 4,952,193,391 | 4,971,329,871 |
| Unallocated Liabilities | | | | | | | 930,092,574 | 2,092,009,860 |
| Total Liabilities | 1,328,119,257 | 2,912,892,042 | 1,223,007 | 1,709,108 | - | - | 5,882,285,965 | 7,063,339,732 |
| e) Cost incurred to acquire Segment Fixed Assets during the year | | | | | | | 1,327,342,264 | 2,914,601,150 |
| Unallocated Assets | | | | | | | 2,229,615,921 | 2,815,167,006 |
| Depreciation / Amortization | 5,447,976 | - | - | - | - | - | 3,556,968,185 | 5,729,768,156 |
| Unallocated depreciation | 188,577,308 | 189,358,140 | 437,180 | 437,180 | - | - | 5,447,976 | - |
| | | | | | | | 166,790 | 185,626 |
| | | | | | | | 189,014,488 | 189,795,320 |
| | | | | | | | 7,930,002 | 11,220,774 |

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

ii) During the year Sanitaryware Division has been sold hence this segment is considered as discontinued and the Revenue and PBIT of this sanitaryware division is not shown separately. The remaining current assets and current liabilities of sanitaryware division is considered in unallocable assets and liabilities. Accordingly previous years figures is regrouped and recasted.

| II) PRIMARY SEGMENTS - GEOGRAPHICAL | For the year ended March 31, 2017 ₹ | For the year ended March 31, 2016 ₹ |
|---|--|--|
| The Company's operating facilities are located in India | | |
| Domestic Revenues | 101,756,354 | 242,717,811 |
| Export Revenues | 5,151,705 | 8,836,471 |
| TOTAL | 106,908,059 | 251,554,282 |

**Statement on Impact of Audit Qualifications on Standalone Financial Statements for the
Financial Year ended March 31, 2017**

[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

(₹. In Lakhs)

| I | Sr. No. | Particulars | Audited Figures (As reported before adjusting for qualifications) | Adjusted Figures (audited figures after adjusting for qualifications) |
|-----|---|---|--|--|
| | 1 | Turnover/ Income | 1,271.17 | 1,271.17 |
| | 2 | Total Expenditure | 4,357.30 | 4,357.30 |
| | 3 | Exceptional Item [Gain/(Loss)] | 5,004.52 | 5004.52 |
| | 3 | Net Profit/(Loss) | 1,918.39 | 1038.28 |
| | 4 | Net Profit/(Loss) from Discontinuing Operations | 583.91 | 583.91 |
| | 5 | Net Profit/(Loss) on disposal of assets of discontinued operations | 2,715.87 | 2715.87 |
| | 6 | Net Profit /(Loss) of the period | 5,218.17 | 4338.06 |
| | 4 | Earnings Per Share | 15.47 | 12.86 |
| | 5 | Total Assets | 30,587.08 | 30,587.08 |
| | 6 | Total Liabilities | 35,569.58 | 36,449.69 |
| | 7 | Net Worth | (4,982.50) | (5,862.61) |
| | 8 | Any other financial item(s) (as felt appropriate by the management) | - | - |
| II | Audit Qualification | | Refer Annexure | |
| | Details of Audit Qualification | | | |
| | Type of Audit Qualification | | | |
| | Frequency of Qualification | | | |
| | For Audit Qualification(s) where the impact is quantified by the Auditor, Management's view | | | |
| | For Audit Qualifications(s) where the impact is not quantified by the Auditor | | | |
| | Management's estimation on the impact of audit qualification | | | |
| | If Management is unable to estimate the impact, reasons for the same | | | |
| | Auditor's comments on (i) or (ii) above. | | | |
| III | Signatories | | | |
| | Whole Time Director | | Viral T. Nandu | |
| | CFO | | Paresh K. Shah | |
| | Audit Committee Chairman | | Lata Mehta | |
| | Auditor | | For Deepak Maru & Co. Chartered Accountant Firm Regn. No. 115678 CA Jaymin P. Shah Partner Mem No. 118113 | |

**ANNEXURE TO STATEMENT ON IMPACT OF AUDIT QUALIFICATION OF THE
STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2017**

| Sr. No. | Details of Audit Qualification | Type of Audit Qualification | Frequency of Qualification | For Audit Qualifications where the impact is quantified by the auditor, management's view | For Audit Qualifications where the impact is not quantified by the Auditor | | |
|---------|--|-----------------------------|----------------------------|---|--|--|---|
| | | | | | (i) Management estimation on the impact of audit qualification | (ii) If management is unable to estimate the impact, reasons for the same. | (iii) Auditor's comment on (i) and (ii) |
| 1 | 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. | Qualified | Repeated | | Your Directors would like to state that the Company is operational and Manufacturing Marble and employed more than 100 manpower. The Company and its management with its positive efforts could sale its fixed assets of sanitaryware business undertaking and land, and settled its debt with many of its secured lenders either on one time settlement basis or deferred payment schedule with some upfront payment as per their terms of compromise settlement. It is also making serious efforts in reviving its tiles division operation. The management has taken and been taking all diligent steps under legal advice, to defend the Company in all the litigation. Considering the reduction in debt burden and 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 working capital fund with support of the lenders. | N.A. | N.A. |

**ANNEXURE TO STATEMENT ON IMPACT OF AUDIT QUALIFICATION OF THE
STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2017**

| Sr. No. | Details of Audit Qualification | Type of Audit Qualification | Frequency of Qualification | For Audit Qualifications where the impact is quantified by the auditor, management's view | For Audit Qualifications where the impact is not quantified by the Auditor | | |
|---------|--|-----------------------------|----------------------------|--|--|--|---|
| | | | | | (i) Management estimation on the impact of audit qualification | (ii) If management is unable to estimate the impact, reasons for the same. | (iii) Auditor's comment on (i) and (ii) |
| 2 | The Company has not provided for interest on financing facilities amounting to ₹ 880.11 lacs for the year ending March 31, 2017. Had the same been provided, the profit for the year ending March 31, 2017, would have decreased by ₹ 880.11 lacs. The corresponding current liabilities would have increased by ₹ 880.11 lacs as at March 31, 2017. | Qualified | Repeated | The Company has settled its debts with secured lenders either on one time settlement basis or compromise settlement with defer payment schedule with some upfront payment as per the terms of sanction. In view of the present settlement with the lenders, the Company has not provided for interest to the tune of ₹ 880.11 (calculated based on last sanction letters in hand) on financing facilities, for the year ending March 31, 2017. | | | |
| 3 | 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 | Qualified | Repeated | 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 provided for. | | | |

**ANNEXURE TO STATEMENT ON IMPACT OF AUDIT QUALIFICATION OF THE
STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2017**

| Sr. No. | Details of Audit Qualification | Type of Audit Qualification | Frequency of Qualification | For Audit Qualifications where the impact is quantified by the auditor, management's view | For Audit Qualifications where the impact is not quantified by the Auditor | | |
|---------|--|-----------------------------|----------------------------|---|--|--|---|
| | | | | | (i) Management estimation on the impact of audit qualification | (ii) If management is unable to estimate the impact, reasons for the same. | (iii) Auditor's comment on (i) and (ii) |
| 4 | That financial statements are subject to receipt of confirmation of balances from many 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. | Disclaimer Qualification | Repeated | Your management would like to 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. | | | |
| 5 | 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. | Disclaimer Qualification | Repeated | The Company is in the process of identifying the creditors which are Micro, Small and Medium Enterprises under MSMED Act | N.A. | N.A. | N.A. |
| 6 | 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. | Disclaimer Qualification | Repeated | The management would like to state that the loans and advances are given in the normal course of business to a firm where the Company is a partner with majority share. | N.A. | N.A. | N.A. |

**ANNEXURE TO STATEMENT ON IMPACT OF AUDIT QUALIFICATION OF THE
STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2017**

| Sr. No. | Details of Audit Qualification | Type of Audit Qualification | Frequency of Qualification | For Audit Qualifications where the impact is quantified by the auditor, management's view | For Audit Qualifications where the impact is not quantified by the Auditor | | |
|------------|---|--------------------------------|-------------------------------|--|---|--|---|
| | | | | | (i) Management estimation on the impact of audit qualification | (ii) If management is unable to estimate the impact, reasons for the same. | (iii) Auditor's comment on (i) and (ii) |
| 7 | The Company has given 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. | Qualified | Repeated | Your directors would like to 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. | | | |

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, 2017, 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, 2017, 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 3 years.

Some of the bank lenders have initiated legal proceedings against the Group for recovery of their respective debts at the Debt Recovery Tribunal and have taken symbolic possession of the securities u/s. 13(4) of the SARFAESI Act, 2002. However the Group has been able to renegotiate with the certain secured lenders and arrive at an amicable settlement of its debts. The Group has made the settlement of its total debt outstanding with the certain secured lenders. Accordingly some of the lenders have been settled completely on one time settlement basis and others have agreed for deferred payment along with some upfront payment based on their respective terms of settlement. In view of the above settlement, the Group has not provided the interest on the outstanding dues payable amounting to ₹ 1,371.33 lakhs for the year ended March 31, 2017. Had the same been accounted for, the net profit (after tax) would have decreased and current liabilities for the year ended March 31, 2017 would have increased by that amount. In addition to this, the Group has been continuously incurring substantial losses since past few years and as on March 31, 2017, the consolidated current liabilities exceed its current assets by ₹ 24,925.21 Lakhs. Further, the consolidated network 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. 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 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.
- iii. 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.
- iv. 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, 2017 taken on record by the Board of Directors of the Company, none of the directors of the Group is disqualified as on March 31, 2017 from being appointed as a director in terms of section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting 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.
- a) 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, 2017 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. There were no amounts required to be transferred to the Investor Education and Protection Fund by the Group during the year ended March 31, 2017.
- iv. The Group has provided requisite disclosures in Note No. 33 to these financial statements as to holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealing in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by company as produced to us.

For Deepak Maru & Co.

Chartered Accountants
ICAI Firm Registration No:115678W

Jaymin P. Shah

Partner

Mem.No.118113

Place: MUMBAI
Date: May 30, 2017

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, 2017 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, 2017, 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, 2017

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2017

| Particulars | Note No. | As at March 31, 2017 (Amount in ₹) | As at March 31, 2016 (Amount in ₹) |
|---|-------------|--|--|
| A EQUITY AND LIABILITIES | | | |
| 1 Shareholders' funds | | | |
| (a) Share Capital | 1 | 337,377,170 | 337,377,170 |
| (b) Reserves and Surplus | 2 | (1,085,616,674) (748,239,504) | (2,320,037,059) (1,982,659,889) |
| 2 Non-current liabilities | | | |
| (a) Long-term borrowings | 3 | 282,738,533 | 329,079,417 |
| (b) Deferred tax liabilities (net) | | <u> </u> | <u> </u> |
| | | 282,738,533 | 329,079,417 |
| 3 Current liabilities | | | |
| (a) Short-term borrowings | 4 | 151,883,477 | 155,889,967 |
| (b) Trade payables | 5 | 404,487,249 | 385,975,647 |
| (c) Other current liabilities | 6 | 2,991,265,109 | 5,130,615,075 |
| (d) Short-term provisions | 7 | 19,339,741 | 22,196,477 |
| | | <u>3,566,975,576</u> | <u>5,694,677,166</u> |
| TOTAL | | <u>3,101,474,605</u> | <u>4,041,096,694</u> |
| B ASSETS | | | |
| 1 Non-current assets | | | |
| (a) Fixed assets | | | |
| (i) Tangible assets | 8 | 1,926,633,476 | 2,865,007,510 |
| (ii) Capital work-in-progress | | - | - |
| | | 1,926,633,476 | 2,865,007,510 |
| (b) Non-current investments | 9 | 13,510,750 | 13,510,750 |
| (c) Long-term loans and advances | 10 | 86,875,369 | 87,790,047 |
| | | <u>2,027,019,595</u> | <u>2,966,308,307</u> |
| 2 Current assets | | | |
| (a) Inventories | 11 | 330,943,885 | 327,006,339 |
| (b) Trade receivables | 12 | 188,723,984 | 184,550,989 |
| (c) Cash and Bank Balances | 13 | 15,645,901 | 56,257,723 |
| (d) Short-term loans and advances | 14 | 538,899,649 | 506,809,503 |
| (e) Other current assets | 15 | 241,592 | 163,832 |
| | | <u>1,074,455,010</u> | <u>1,074,788,386</u> |
| TOTAL | | <u>3,101,474,605</u> | <u>4,041,096,694</u> |
| Significant Accounting Policies and Notes on Financial Statements forming part of the financial statements | 1-34 | | |

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

Viral T. Nandu
Chairman &
Whole Time Director
DIN : 01767620

Paresh K. Shah
Chief Financial
Officer

Place : Mumbai
Date : May 30, 2017

Place : Mumbai
Date : May 30, 2017

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

| Particulars | Note No. | For the year ended March 31, 2017 (Amount in ₹) | For the year ended March 31, 2016 (Amount in ₹) |
|---|-------------|---|---|
| CONTINUING OPERATIONS | | | |
| 1 Revenue from operations (gross) | 16 | 118,597,346 | 265,246,922 |
| Less: Excise duty | | 10,788,238 | 12,868,597 |
| | | 107,809,108 | 252,378,325 |
| 2 Other income | 17 | 20,232,301 | 17,428,079 |
| 3 Revenue from operations (net) | | 128,041,408 | 269,806,404 |
| 4 Expenses | | | |
| (a) Cost of materials consumed | 18 | 145,636,468 | 219,330,975 |
| (b) Purchases of stock-in-trade | 18.1 | 1,935,163 | 1,067,742 |
| (c) Changes in inventories of finished goods, work-in-progress and stock-in-trade | 18.2 | -35,524,840 | 101,235,937 |
| (d) Employee benefits expense | 19 | 39,853,952 | 34,784,796 |
| (e) Finance Cost | 20 | 7,215,732 | 7,409,471 |
| (f) Depreciation and amortisation expense | 8 | 196,972,462 | 201,044,065 |
| (e) Other expenses | 21 | 81,370,933 | 57,350,506 |
| Total | | 437,459,869 | 622,223,494 |
| 5 Profit / (Loss) before exceptional and extraordinary items and tax | | (309,418,461) | (352,417,090) |
| 6 Exceptional items | | 500,452,185 | - |
| 7 Profit / (Loss) before extraordinary items and tax | | 191,033,724 | (352,417,090) |
| 8 Extraordinary items | 27 | - | - |
| 9 Profit / (Loss) before tax | | 191,033,724 | (352,417,090) |
| 10 Tax expense: | | | |
| (a) Current tax expense for current year | | - | - |
| (b) (Less): MAT credit (where applicable) | | - | - |
| (c) Current tax expense relating to prior years | | - | 71,326 |
| (d) Net current tax expense | | - | 71,326 |
| (e) Deferred tax | | - | -152,392,056 |
| | | - | -152,320,730 |
| 11 Profit / (Loss) for the period from continuing operations | | 191,033,724 | (200,096,360) |
| 12 Profit / (Loss) for the period from discontinuing operations | | 58,391,339 | 28,222,496 |
| 13 Net Profit from Disposal of Assets of Discontinuing operations | | 271,586,519 | - |
| 14 Tax expense for discontinuing operations | | - | - |
| 15 Profit / (Loss) from discontinuing operations after tax | | 329,977,858 | 28,222,496 |
| 16 Profit / (Loss) for the year | | 521,011,582 | (171,873,864) |
| 17 Earnings per share (of ₹ 10/- each): | | | |
| Basic & Diluted | | | |
| (a) Basic & Diluted (from Continuing Operations) | | 5.66 | (5.93) |
| (b) Basic & Diluted (from Discontinuing Operations) | | 9.78 | 0.84 |
| (c) Basic & Diluted | | 15.44 | (5.09) |
| Significant Accounting Policies and Notes on Financial Statements forming part of the financial statements | 1-34 | | |

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

Viral T. Nandu
Chairman &
Whole Time Director
DIN : 01767620

Paresh K. Shah
Chief Financial
Officer

Place : Mumbai
Date : May 30, 2017

Place : Mumbai
Date : May 30, 2017

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

| Particulars | For the year ended March 31, 2017 (Amount in ₹) | | For the year ended March 31, 2016 (Amount in ₹) | |
|---|---|------------------------|---|-------------------|
| A. Cash flow from operating activities | | | | |
| Net Profit / (Loss) before extraordinary items, exceptional items and tax | | (309,418,461) | | (352,417,090) |
| Adjustments for: | | | | |
| Depreciation and amortisation | 196,972,462 | | 201,044,065 | |
| (Profit) / loss on sale / write off of assets and Investments | 4,061,748 | | 261,215 | |
| Finance costs | 7,215,732 | | 7,409,471 | |
| Interest income | (103,322) | | (2,231,178) | |
| Royalty | (9,000,000) | | - | |
| Rental income from investment properties | (1,513,343) | | (1,969,847) | |
| Share of (profit)/Loss from partnership firms | 216,600 | 197,849,877 | 2,531,614 | 207,045,341 |
| Operating profit / (loss) before working capital changes | (111,568,584) | | (145,371,749) | |
| Changes in working capital: | | | | |
| Adjustments for (increase) / decrease in operating assets: | | | | |
| Inventories | (3,937,546) | | 47,373,395 | |
| Trade receivables | (4,172,995) | | (54,597,559) | |
| Short-term loans and advances | (32,090,146) | | 12,505,571 | |
| Long-term loans and advances | 914,678 | | 6,315,122 | |
| Other current assets | (77,760) | | 3,788,916 | |
| Adjustments for increase / (decrease) in operating liabilities: | | | | |
| Trade payables | 18,511,602 | | 62,798,735 | |
| Other current liabilities | (2,139,349,966) | | 2,933,933 | |
| Short-term provisions | (2,856,736) | (2,163,058,869) | 380,685 | 81,498,798 |
| | | (2,274,627,453) | | (63,872,951) |
| Cash flow from discontinuing operations | | 126,987,335 | | 96,818,492 |
| Cash generated from operations | | (2,147,640,118) | | 32,945,541 |
| Net income tax (paid) / refunds | | - | | - |
| Net cash flow from / (used in) operating activities (A) | | (2,147,640,118) | | 32,945,541 |
| B. Cash flow from investing activities | | | | |
| Capital expenditure on fixed assets, including capital advances | (5,614,766) | | (185,626) | |
| Proceeds from sale of fixed assets | 1,006,210,000 | | 50,000 | |
| Interest received | 103,322 | | 2,231,178 | |
| Sale of Trademark | 9,000,000 | | - | |
| Rental income from investment properties | 1,513,343 | | 1,969,847 | |
| Amounts received from partnership firms | (216,600) | 1,010,995,299 | (2,531,614) | 1,533,785 |
| Net cash flow from / (used in) investing activities (B) | | 1,010,995,299 | | 1,533,785 |

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

| Particulars | For the year ended March 31, 2017 (Amount in ₹) | | For the year ended March 31, 2016 (Amount in ₹) | |
|--|---|----------------------|---|---------------------|
| C. Cash flow from financing activities | | | | |
| Proceeds from issue of equity shares | - | | - | |
| Repayment of long-term borrowings | (46,340,884) | | (7,136,482) | |
| Repayment of short-term borrowings | (4,006,490) | | 50,000 | |
| Finance cost | (7,215,732) | (57,563,105) | (7,409,471) | (14,495,953) |
| Cash flow from extraordinary items | | 1,153,596,103 | | - |
| Net cash flow from / (used in) financing activities (c) | | 1,096,032,997 | | (14,495,953) |
| Net increase / (decrease) in Cash and cash equivalents (A+B+C) | | (40,611,822) | | 19,983,373 |
| Cash and cash equivalents at the beginning of the year | | 56,257,723 | | 36,274,350 |
| Effect of exchange differences on restatement of foreign currency Cash and cash equivalents | | - | | - |
| Cash and cash equivalents at the end of the year | | 15,645,900 | | 56,257,723 |
| Reconciliation of Cash and cash equivalents with the Balance Sheet: | | | | |
| Cash and cash equivalents as per Balance Sheet (Refer Note 13) | | 15,645,900 | | 56,257,723 |
| Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements (give details) | | - | | - |
| Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) | | 15,645,900 | | 56,257,723 |
| Add: Current investments considered as part of Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) | | - | | - |
| Cash and cash equivalents at the end of the year * | | 15,645,900 | | 56,257,723 |
| * Comprises: | | | | |
| (a) Cash on hand | | 1,068,319 | | 946,647 |
| (b) Cheques, drafts on hand | | - | | - |
| (c) Balances with banks | | | | |
| (i) In current accounts | | 14,139,380 | | 54,790,875 |
| (ii) In earmarked accounts (give details) | | | | - |
| (Refer Note (ii) below) | | | | - |
| (d) Others - Fixed Deposits Kept as Margin Money | | 438,201 | | 518,201 |
| | | 15,645,900 | | 56,255,723 |

Notes:

(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 and on behalf of the Board of Directors**For DEEPAK MARU & CO.**

Chartered Accountants

ICAI Firm Regn. No.:115678W

CA. Jaymin P. Shah**Partner**

Mem. No.118113

Viral T. Nandu

Chairman &

Whole Time Director

DIN : 01767620

Paresh K. Shah

Chief Financial

Officer

Place : Mumbai**Date : May 30, 2017****Place : Mumbai****Date : May 30, 2017**

SIGNIFICANT ACCOUNTING POLICIES**A Basis of Consolidation**

- i The consolidated financial statements (CFS) comprises of the financial statements of Euro Ceramics Limited (the Company) and its subsidiaries.

ii **The details of subsidiaries are as under :**

| Name | Incorporated in | % of holding |
|-------------------------------|------------------------|---------------------|
| Euro Merchandise (Inida) Ltd. | India | 100 % |

- iii These financial statements have been prepared in accordance with the Generally Accepted Accounting Principles (GAAP) in India under the historical cost convention on accrual basis and in accordance with Accounting Standards prescribed under section 133 of the Companies Act, 2013. 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, 2017 | | As at March 31, 2016 | |
| | Number of shares | ₹ | Number of shares | ₹ |
| (a) Authorised Equity shares of ₹ 10 each | 35,000,000 | 350,000,000 | 35,000,000 | 350,000,000 |
| (b) Issued, Subscribed and fully paid up Equity shares of ₹ 10 each | 33,737,717 | 337,377,170 | 33,737,717 | 337,377,170 |
| Total | 33,737,717 | 337,377,170 | 33,737,717 | 337,377,170 |

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 2016-2017 / 2015-2016. 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.

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 31 March, 2017 | | | |
| - Number of shares | 33,737,717 | - | 33,737,717 |
| - Amount | 337,377,170 | - | 337,377,170 |
| Year ended 31 March, 2016 | | | |
| - Number of shares | 33,737,717 | - | 33,737,717 |
| - Amount | 337,377,170 | - | 337,377,170 |

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

| Class of shares / Name of shareholder | As at 31 March, 2017 | | As at 31 March, 2016 | |
|---|-----------------------|-----------------------------------|-----------------------|-----------------------------------|
| | Number of shares held | % holding in that class of shares | Number of shares held | % holding in that class of shares |
| Equity shares with voting rights | | | | |
| Dharmesh Kishor Gathani | | | | |
| Jointly with Deena Kishor Gathani | 6,826,757 | 20.23% | 6,826,757 | 20.23% |
| State Bank of India | 4,135,954 | 12.26% | 4,135,954 | 12.26% |
| Milankumar Dhirajlal Mehta | 2,477,579 | 7.34% | 2,477,579 | 7.34% |
| Aspire Emerging Fund | 1,993,228 | 5.91% | - | - |
| ICICI Bank Ltd | 1,883,399 | 5.58% | 2,633,728 | 7.81% |

Notes forming part of the consolidated financial statements

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

| Particulars | Aggregate number of shares | | | | |
|---|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| | As at 31 March, 2017 | As at 31 March, 2016 | As at 31 March, 2015 | As at 31 March, 2014 | As at 31 March, 2013 |
| Equity shares with voting rights | | | | | |
| 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 issued pursuant to Scheme of Corporate Debt Restructuring (CDR) without payments being received in cash . | - | - | - | - | 2,149,878 |

Note 2:- RESERVES & SURPLUS

| Particulars | As at March 31, 2017 | As at March 31, 2016 |
|---|------------------------|------------------------|
| | ₹ | ₹ |
| (a) Capital reserve | | |
| Opening balance | 49,728,952 | 49,728,952 |
| Add: Additions during the year | 713,408,802 | - |
| Less: Utilised / transferred during the year | - | - |
| Closing balance | 763,137,754 | 49,728,952 |
| (b) Capital reserve (on Consolidation) | | |
| Opening balance | 2,098,827 | 2,098,827 |
| Add: Additions during the year | - | - |
| Less: Utilised / transferred during the year | - | - |
| Closing balance | 2,098,827 | 2,098,827 |
| (c) Securities premium account | | |
| Opening balance | 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 |
| (d) General reserve | | |
| Opening balance | (578,718,514) | (578,718,514) |
| Add: Transferred from surplus in Statement of Profit and Loss | - | - |
| Less: Depreciation on Assets | - | - |
| Closing balance | (578,718,514) | (578,718,514) |
| (e) Surplus / (Deficit) in Statement of Profit and Loss | | |
| Opening balance | (2,889,806,045) | (2,717,932,181) |
| Add: Profit / (Loss) for the year | 521,011,582 | (171,873,864) |
| Less: Appropriations | - | - |
| Closing balance | (2,368,794,462) | (2,889,806,045) |
| Total (a + b + c + d + e) | (1,085,616,674) | (2,320,037,059) |

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, 2017 | As at March 31, 2017 | As at March 31, 2016 | As at March 31, 2016 |
| | ₹ | ₹ | ₹ | ₹ |
| SECURED: | | | | |
| (a) Term loans | | | | |
| (i) From banks | - | 1,467,343,640 | - | 3,528,924,068 |
| (ii) From others | - | - | - | - |
| (b) Vehicle Loans | - | 1,467,343,640 | - | 3,528,924,068 |
| Total | - | 1,467,343,640 | - | 3,528,977,162 |
| UNSECURED: | | | | |
| (a) Zero Coupon Bonds | 38,500,000 | - | 38,500,000 | - |
| (b) Deposits | 57,057,357 | - | 61,908,922 | - |
| (c) Loans and advances from related parties | 187,181,177 | - | 228,670,495 | - |
| Total | 282,738,533 | - | 329,079,417 | - |
| Less : Transferred to Other Current Liability | - | (1,467,343,640) | - | (3,528,977,162) |
| Total (Secured + Unsecured) | 282,738,533 | - | 329,079,417 | - |

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. During the year the Company has settled the secured lenders by entering into compromise settlement arrangement with lenders, and accordingly some of the lenders are settled completely by payment of upfront amount and some of the lenders have granted deferred payment.

3.2 The Company on the basis of audited accounts for the financial year ended 31st March 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. However Ministry of Finance, vide notification dated November 25, 2016 has repealed the Sick Industrial (Special Provisions) Act 1985 (SICA) with effect from December 1, 2016. Accordingly BIFR Board is dissolved from that date and all the proceedings that were pending before BIFR, may be referred to the National Company Law Tribunal (NCLT), constituted under the Companies Act 2013, under the provisions of The Insolvency and Bankruptcy Act 2016 within 180 days from such date.

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 consolidated financial statements

Note 4:- SHORT TERM BORROWINGS

| Particulars | As at March 31, 2017 | As at March 31, 2016 |
|---|----------------------|----------------------|
| | ₹ | ₹ |
| UNSECURED: | | |
| (a) Loans and advances from related parties | 6,000,000 | 10,006,490 |
| (b) Deposits | 145,883,477 | 145,883,477 |
| Total | 151,883,477 | 155,889,967 |

Note 5:- TRADE PAYABLES

| Particulars | As at March 31, 2017 | As at March 31, 2016 |
|-------------------------------------|----------------------|----------------------|
| | ₹ | ₹ |
| Micro, Small and Medium Enterprises | 3,430,761 | 3,705,761 |
| Other | 401,056,488 | 382,269,886 |
| Total | 404,487,249 | 385,975,647 |

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, 2017 | As at March 31, 2016 |
|--|----------------------|----------------------|
| | ₹ | ₹ |
| (a) Current maturities of Loans & Credit Facilities from Banks | 2,635,298,775 | 4,728,291,374 |
| (b) Interest accrued and due on borrowings | 223,628,998 | 286,041,222 |
| (c) Other payables | | |
| (i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.) | 31,729,303 | 29,511,815 |
| (ii) Payables on purchase of fixed assets | 163,251 | 3,960,591 |
| (iii) Trade / security deposits received | 2,227,807 | 1,808,207 |
| (iv) Advances from customers | 87,026,316 | 75,507,934 |
| (v) Book Overdraft | - | 238,338 |
| (vi) Employees Benefits | 11,190,659 | 5,255,595 |
| Total | 2,991,265,109 | 5,130,615,075 |

Notes forming part of the consolidated financial statements

As explained in Note No. 3.1, Lenders have called off their advances granted by way of Term Loans, Cash Credit Facilities and other Non fund Base Limits, and in light of such scenario 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

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, 2017 | As at March 31, 2016 |
|---|----------------------|----------------------|
| | ₹ | ₹ |
| <u>Provision for employee benefits:</u> | | |
| (i) Provision for bonus | 1,188,429 | 1,854,371 |
| (ii) Provision for leave encashments | 1,014,015 | 1,464,669 |
| (iii) Provision for gratuity (net) | 2,887,297 | 4,627,437 |
| Provision for diminution in Value of Investment | 14,250,000 | 14,250,000 |
| Total | 19,339,741 | 22,196,477 |

Note 8:- FIXED ASSETS

| Particulars | Gross Block | | | Depreciation | | | Net Block | | |
|----------------------------|----------------------|------------------|-----------------------------------|----------------------|------------------|-----------------------------------|----------------------|----------------|-----------------------------------|
| | Holding | Subsidiary | Consolidated as on March 31, 2017 | Holding | Subsidiary | Consolidated as on March 31, 2017 | Holding | Subsidiary | Consolidated as on March 31, 2017 |
| | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ |
| Tangible Assets : | | | | | | | | | |
| I Land - Freehold | 8,126,499 | - | 8,126,499 | - | - | - | 8,126,499 | - | 8,126,499 |
| II Building | 739,067,805 | - | 739,067,805 | 208,817,462 | - | 208,817,462 | 530,250,343 | - | 530,250,343 |
| III Plant & Machinery | 3,679,381,859 | 198,640 | 3,679,580,499 | 2,335,305,743 | 188,708 | 2,335,494,451 | 1,344,076,117 | 9,932 | 1,344,086,049 |
| IV Furniture & Fixtures | 15,372,188 | 159,832 | 15,532,020 | 14,299,462 | 111,469 | 14,410,931 | 1,072,726 | 48,363 | 1,121,089 |
| V Office Equipments | 13,002,064 | 94,581 | 13,096,645 | 12,149,254 | 89,852 | 12,239,106 | 852,810 | 4,729 | 857,539 |
| VI Vehicles | 17,287,522 | 912,314 | 18,199,836 | 14,734,752 | 851,128 | 15,585,880 | 2,552,770 | 61,186 | 2,613,956 |
| VII Computers | 9,806,607 | 79,380 | 9,885,987 | 9,736,903 | 79,380 | 9,816,283 | 69,704 | - | 69,704 |
| VIII Power Project | 268,032,690 | - | 268,032,690 | 228,524,394 | - | 228,524,394 | 39,508,296 | - | 39,508,296 |
| Intangible Assets : | | | | | | | | | |
| I Trademarks | 10,000 | - | 10,000 | 10,000 | - | 10,000 | - | - | - |
| Grand Total | 4,750,087,234 | 1,444,747 | 4,751,531,981 | 2,823,577,969 | 1,320,538 | 2,824,898,507 | 1,926,509,265 | 124,209 | 1,926,633,476 |
| Previous Year | 5,931,727,565 | 4,881,437 | 5,936,609,002 | 3,067,048,042 | 4,553,451 | 3,071,601,493 | 2,864,679,523 | 327,986 | 2,865,007,510 |

Notes forming part of the consolidated financial statements

Note 9:- NON-CURRENT INVESTMENTS

| Particulars | As at March 31, 2017 | As at March 31, 2016 |
|--|-------------------------|-------------------------|
| | ₹ | ₹ |
| Investments (At cost): | | |
| <u>A. Other investments</u> | | |
| (a) Investment in equity instruments - Unquoted, fully paid up | | |
| <u>(i) of other entities</u> | | |
| 13,00,000 (As at March 31, 2016: 13,00,000) shares of ₹ 10 each in Euro Glass Private Limited | 13,000,000 | 13,000,000 |
| 45,075 (As at March 31, 2016: 45,075) shares of ₹ 10 each in The Cosmos Co-Operative Bank Ltd. (Pledged with Bank) | 450,750 | 450,750 |
| | 13,450,750 | 13,450,750 |
| (b) Investment in government or trust securities | | |
| 6 Years National Savings Certificate (Deposited with Sales Tax Department) | 10,000 | 10,000 |
| (c) Investment in partnership firms | | |
| M/s. Euro Realtors (Fixed Capital) | 50,000 | 50,000 |
| Share of Profit/Loss-95% and Other Partner Dharmesh Gathani 5% | | |
| Total | 13,510,750 | 13,510,750 |

Note 10:- LONG TERM LOANS AND ADVANCES

| Particulars | As at March 31, 2017 | As at March 31, 2016 |
|---|----------------------|----------------------|
| | ₹ | ₹ |
| Unsecured, considered good | | |
| (a) Security deposits | 10,658,862 | 11,123,823 |
| (b) Prepaid expenses | 17,111,116 | 21,388,892 |
| (c) Advance income tax (Net of Provision) | 5,841,708 | 2,013,649 |
| (d) MAT Credit Entitlement | 53,263,683 | 53,263,683 |
| Total | 86,875,369 | 87,790,047 |

Notes forming part of the consolidated financial statements**Note 11:- INVENTORIES**

(As Valued and Certified by Management)

| Particulars | As at March 31, 2017 | As at March 31, 2016 |
|--|----------------------|----------------------|
| | ₹ | ₹ |
| (a) Raw Materials & Consumables | 182,595,247 | 175,984,859 |
| (b) Work-in-progress | 5,400,752 | 27,323,746 |
| (c) Finished goods (other than those acquired for trading) | 89,002,003 | 54,059,102 |
| (d) Stock-in-trade (acquired for trading) | 29,979,809 | 24,324,872 |
| (e) Stores and spares | 19,324,689 | 40,813,827 |
| (f) Power & Fuel | 65,423 | 116,078 |
| (g) Packing Materials | 4,575,961 | 4,383,855 |
| Total | 330,943,885 | 327,006,339 |

Note 12:- TRADE RECEIVABLES

| Particulars | As at March 31, 2017 | As at March 31, 2016 |
|---|----------------------|----------------------|
| | ₹ | ₹ |
| Unsecured and considered good | | |
| Outstanding for a period exceeding six months from the date they were due for payment | 139,441,328 | 133,511,331 |
| Less : Provision for Doubtful Debts | 47,446,739 | 47,446,739 |
| | 91,994,589 | 86,064,592 |
| Others | 96,729,396 | 98,486,397 |
| Total | 188,723,984 | 184,550,989 |

Note 13:- CASH AND BANK BALANCES

| Particulars | As at March 31, 2017 | As at March 31, 2016 |
|---|----------------------|----------------------|
| | ₹ | ₹ |
| (a) Cash and cash equivalents | | |
| (i) Balances with banks | | |
| - In current accounts | 14,139,380 | 54,790,875 |
| (ii) Cash on hand | 1,068,319 | 948,647 |
| | 15,207,699 | 55,739,522 |
| (b) Other Bank Balances | | |
| - In earmarked accounts | | |
| (i) Balances held as margin money or security against borrowings, guarantees and other commitments. | 438,201 | 518,201 |
| Total | 15,645,900 | 56,257,723 |

Notes forming part of the consolidated financial statements

Note 14:- SHORT TERM LOANS AND ADVANCES

| Particulars | As at March 31, 2017 | As at March 31, 2016 |
|---|----------------------|----------------------|
| | ₹ | ₹ |
| Unsecured, considered good | | |
| (a) Loans and advances to related parties | 761,284,784 | 777,111,144 |
| Less: Provision for Diminish in Investment/Loans & Advances | (340,967,347) | (340,967,347) |
| | 420,317,437 | 436,143,797 |
| (b) Loans and advances to Others | 5,965,208 | 7,173,680 |
| (c) Loans and advances to employees | 3,493,626 | 3,060,293 |
| (d) Prepaid expenses | 580,784 | 1,764,013 |
| (e) Balances with government authorities | | |
| (i) CENVAT credit receivable | 728,964 | (8,252) |
| (ii) VAT credit receivable | 11,268,862 | 13,344,194 |
| (iii) Service Tax credit receivable | 3,565,225 | 3,936,277 |
| (iv) Advance custom duty | 16,796,791 | 16,565,648 |
| (f) Advance income tax (net of provisions) | 342,604 | 426,177 |
| (g) Others | 75,840,148 | 24,403,676 |
| Total | 538,899,649 | 506,809,503 |

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, 2017 | As at March 31, 2016 | Maximum Amount due at any time during the Year Ended March 31, 2017 | Maximum Amount due at any time during the Year Ended March 31, 2016 |
|---------------|----------------------|----------------------|---|---|
| | ₹ | ₹ | ₹ | ₹ |
| Euro Realtors | 760,850,563 | 773,667,163 | 773,667,163 | 776,198,777 |

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

| Particulars | As at March 31, 2017 | As at March 31, 2016 | Maximum Amount due at any time during the Year Ended March 31, 2017 | Maximum Amount due at any time during the Year Ended March 31, 2016 |
|---|----------------------|----------------------|---|---|
| | ₹ | ₹ | ₹ | ₹ |
| 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 | 2,126,954 | 1,753,567 | 2,166,146 | 2,613,535 |

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

Note 15:- OTHER CURRENT ASSETS

| Particulars | As at March 31, 2017 | As at March 31, 2016 |
|--|----------------------|----------------------|
| | ₹ | ₹ |
| (i) Interest Accrued On Fixed Deposits | 241,592 | 163,832 |
| Total | 241,592 | 163,832 |

Notes forming part of the consolidated financial statements

Note 16:- REVENUE FROM OPERATIONS

| Particulars | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|------------------------------|--------------------------------------|--------------------------------------|
| | ₹ | ₹ |
| (a) Sale of products | 118,597,346 | 263,563,062 |
| (b) Sale of services | - | 1,683,860 |
| (c) Other operating revenues | - | - |
| | 118,597,346 | 265,246,922 |
| <u>Less:</u> | | |
| (d) Excise duty | 10,788,238 | 12,868,597 |
| Total | 107,809,108 | 252,378,325 |

| Particulars | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|---|--------------------------------------|--------------------------------------|
| | ₹ | ₹ |
| 16.1 Sale of products comprises: | | |
| <u>Manufactured goods</u> | | |
| Tiles | 116,163,008 | 261,707,888 |
| Others | - | - |
| Total - Sale of manufactured goods | 116,163,008 | 261,707,888 |
| <u>Traded goods</u> | | |
| Tiles | 2,134,496 | 1,748,308 |
| Others | 299,842 | 106,866 |
| Total - Sale of traded goods | 2,434,338 | 1,855,174 |
| Total - Sale of products | 118,597,346 | 263,563,062 |
| 16.2 Sale of services comprises: | | |
| Others | - | 1,683,860 |
| Total - Sale of services | - | 1,683,860 |

Notes forming part of the consolidated financial statements

Note 17:- OTHER INCOME

| Particulars | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|---|--------------------------------------|--------------------------------------|
| | ₹ | ₹ |
| (a) Interest income (Refer Note 17.1 below) | 103,322 | 2,231,178 |
| (b) Net gain on foreign currency transactions and translation (other than considered as finance cost) | 1,871,076 | - |
| (c) Other non-operating income (net of expenses directly attributable to such income)(Refer note 17.2 below) | 18,257,903 | 15,196,901 |
| Total | 20,232,301 | 17,428,079 |

| Particulars | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|--|--------------------------------------|--------------------------------------|
| | ₹ | ₹ |
| 17.1 Interest income comprises: | | |
| (a) Interest from banks on: | | |
| - Margin Money deposits | 84,489 | 1,796,710 |
| (b) Interest on others | - | 411,068 |
| (c) Interest on income tax refund | 18,833 | 23,400 |
| Interest on income tax refund | 103,322 | 2,231,178 |

| Particulars | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|--|--------------------------------------|--------------------------------------|
| | ₹ | ₹ |
| 17.2 Other non-operating income comprises: | | |
| (a) Rental income from properties | 1,513,343 | 1,969,847 |
| (b) Royalty Received | 9,000,000 | - |
| (c) Profit on Sale of Fixed Assets | - | 11,385 |
| (d) Liabilities / provisions no longer required written back | 7,744,560 | 13,215,669 |
| Total - Other non-operating income | 18,257,903 | 15,196,901 |

Notes forming part of the consolidated financial statements

Note 18:- COST OF MATERIAL CONSUMED

| Particulars | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|----------------------------------|--------------------------------------|--------------------------------------|
| | ₹ | ₹ |
| Opening stock | 170,171,234 | 118,096,198 |
| Add: Purchases | 161,177,356 | 271,406,011 |
| | 331,348,590 | 389,502,209 |
| Less: Closing stock | 185,712,122 | 170,171,234 |
| Cost of material consumed | 145,636,468 | 219,330,975 |

18.1 Purchase of traded goods

| Particulars | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|--------------|--------------------------------------|--------------------------------------|
| | ₹ | ₹ |
| Tiles | 1,935,163 | 1,067,742 |
| Others | - | - |
| Total | 1,935,163 | 1,067,742 |

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

| Particulars | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|--|--------------------------------------|--------------------------------------|
| | ₹ | ₹ |
| <u>Inventories at the end of the year:</u> | | |
| Finished goods | 49,684,943 | 18,503,543 |
| Work-in-progress | 5,400,752 | 857,806 |
| Stock-in-trade | 7,478,871 | 7,678,377 |
| | 62,564,566 | 27,039,726 |
| <u>Inventories at the beginning of the year:</u> | | |
| Finished goods | 18,503,543 | 73,798,131 |
| Work-in-progress | 857,806 | 980,004 |
| Stock-in-trade | 7,678,377 | 53,497,529 |
| | 27,039,726 | 128,275,664 |
| Net (increase) / decrease | (35,524,840) | 101,235,937 |

Notes forming part of the consolidated financial statements**Note 19:- EMPLOYEE BENEFIT EXPENSES**

| Particulars | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|--|--------------------------------------|--------------------------------------|
| | ₹ | ₹ |
| Salaries and Wages | 36,215,411 | 31,588,612 |
| Contributions to provident and other funds | 1,947,459 | 1,725,529 |
| Staff welfare expenses | 1,691,082 | 1,470,655 |
| Total | 39,853,952 | 34,784,796 |

Note 20:- FINANCE COSTS

| Particulars | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|--|--------------------------------------|--------------------------------------|
| | ₹ | ₹ |
| (i) Interest expense on Borrowings | 4,280,195 | 4,291,595 |
| (ii) Interest expense on Others | 1,359,017 | 752,877 |
| (iii) Other borrowing costs | 1,361,560 | 941,366 |
| (iv) Net (gain) / loss on foreign currency transactions and translation (considered as finance cost) | 214,960 | 1,423,633 |
| Total | 7,215,732 | 7,409,471 |

Note 21:- OTHER EXPENSES

| Particulars | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|---|--------------------------------------|--------------------------------------|
| | ₹ | ₹ |
| Consumption of stores and spare parts | 22,579,588 | 1,518,012 |
| Increase / (decrease) of excise duty on inventory | 1,064,240 | (3,822,724) |
| Power and fuel | 15,934,306 | 12,877,754 |
| Processing Charges | 9,783,274 | 10,085,873 |
| Repairs and maintenance - Buildings | 1,352,285 | - |
| Repairs and maintenance - Machinery | 68,341 | 111,933 |
| Repairs and maintenance - Others | 1,180,877 | 744,414 |
| Sundry Balances w/off | - | 1,444,917 |
| Rent, Rates and taxes | 3,709,746 | 8,259,861 |
| Insurance | 2,512,615 | 2,680,393 |
| Freight and forwarding | 345,089 | 821,987 |
| Donations and contributions | 140,000 | 41,000 |
| Payments to auditors | 568,750 | 583,525 |
| Loss on fixed assets sold / scrapped / written off | 4,061,748 | 272,600 |
| Share of Loss From Partnership Firm - M/s.Euro Realtors | 216,600 | 2,531,614 |
| Selling and Distribution Expenses | 1,698,584 | 1,833,520 |
| Legal Expenses | 8,231,053 | 6,886,575 |
| Miscellaneous expenses | 7,923,838 | 10,479,253 |
| Total | 81,370,933 | 57,350,506 |

Notes forming part of the consolidated financial statements**21.1 Payments to the auditors comprises (net of service tax input credit, where applicable):**

| Particulars | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|--|--------------------------------------|--------------------------------------|
| | ₹ | ₹ |
| As auditors - statutory audit | 388,750 | 403,525 |
| For taxation matters - Considered as Professional Fees | 180,000 | 180,000 |
| Total | 568,750 | 583,525 |

| Note | Particulars | | |
|-----------|---|-----------------------------|-----------------------------|
| 22 | DISCONTINUED OPERATIONS | | |
| | <p>'The Company has sold/transferred its Sanitaryware Business Undertaking including Land, Building, Plant and Machineries by executing an Agreement to Sale of Assets, on 29th March, 2017. Accordingly the Sanitaryware Business is considered under Discontinued Operations and the above financial statements have been presented for its continuing business which includes Tiles, Aluminum and Realty Division and disclosure is made for discontinued business in compliance with Accounting Standard 24 (AS 24) issued by ICAI. The Company has restated all the prior period financial statements presented above in compliance with AS 24 for the continuing operations. Accordingly profit or loss from discontinued operations and profit or loss on disposal of assets of discontinued operations is shown separately in profit and loss account. The financial performance and Cash Flow information of discontinue in operations is as under :</p> | | |
| | | As at March 31, 2017 | As at March 31, 2017 |
| | | ₹ | ₹ |
| | Revenue | 453,225,220 | 308,211,691 |
| | Expenses | 394,833,881 | 279,989,195 |
| | Profit Before Tax | 58,391,339 | 28,222,496 |
| | Tax Expenses | - | - |
| | Profit After Tax | 58,391,339 | 28,222,496 |
| | Net Cash flow from operating activity | 58,391,339 | 28,222,496 |
| | Add: Depreciation | 68,595,996 | 68,595,996 |
| | Net Cash flow from inflow / (outflow) from investing activity (net inflow from sale of division) | 271,586,519 | - |
| | Net Cash flow from discontinuing operations | 398,573,854 | 96,818,492 |
| 23 | EXCEPTIONAL ITEMS | | |
| | <p>The Company has made the settlement of its total debt outstanding with the secured lenders. Accordingly some of the lenders have been settled completely on one time settlement basis and others have agreed for deferred payment along with some upfront payment based on their respective terms of settlement. The gain on account of settlement of debt pertaining to working capital finance or general corporate loans has been considered as exceptional item in profit and loss account. The gain on account of settlement of debt pertaining to term loans for project has been credited to capital reserve account.</p> | | |

Notes forming part of the consolidated financial statements

| Note | Particulars | | |
|-----------|---|-----------------------------|-----------------------------|
| 24 | CONTINGENT LIABILITIES | | |
| | | As at March 31, 2017 | As at March 31, 2016 |
| | | ₹ | ₹ |
| a. | Bank Guarantees | 255,000 | 255,000 |
| b. | Custom 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. The commissioner of customs has passed the order and raised the demand of ₹2967.88 lacs into of the above EPCG license and the Company has filled appeal with the appropriate authorities against the said demand orders. | | |

Note 25 DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

| Note | Particulars | As at March 31, 2017 | As at March 31, 2016 |
|------|--|----------------------|----------------------|
| | | ₹ | ₹ |
| (a) | Unhedged Foreign Currency Exposure : | | |
| I | Outstanding Creditors for Purchase of Raw Material, Consumables & Spares | USD 1,514,241.87 | USD 1,424,672.57 |
| II | Outstanding Creditors for Purchase of Raw Material, Consumables & Spares | EURO 25,718.35 | EURO 85,751.28 |
| III | Outstanding Creditors for Capital Goods | EURO 0.00 | EURO 49,000.00 |
| IV | Outstanding Debtors | USD 270,051.18 | USD 270,051.18 |
| V | Advance to Creditors for Purchase of Raw Material, Consumables & Spares | USD 17,918.88 | USD 54,237.78 |
| VI | Advance from Debtors | USD 14,303.24 | USD 9,692.24 |
| VII | Advance from Debtors | GBP 13,659.13 | GBP 3,922.03 |

Notes forming part of the consolidated financial statements

Note 26 EARNINGS PER SHARE

| Particulars | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|--|--------------------------------------|--------------------------------------|
| | ₹ | ₹ |
| Earnings per share | | |
| (a) Basic | | |
| Net profit / (loss) for the year | 521,011,582 | (171,873,864) |
| Weighted average number of equity shares | 33,737,717 | 33,737,717 |
| Par value per share | 10/- | 10/- |
| Earnings per share - Basic | 15.44 | (5.09) |
| (b) Diluted | | |
| Net profit / (loss) for the year | 521,011,582 | (171,873,864) |
| Weighted average number of equity shares | 33,737,717 | 33,737,717 |
| Par value per share | 10/- | 10/- |
| Earnings per share - Basic | 15.44 | (5.09) |

| Note | Particulars | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|--------------------------------|-----------|--------------------------------|-------|--|---|---|---|---|---------|---------|---------|------------------------|---|---------|---------|--------------------------|---|-----------|-----------|------------------------|--|-----------|-----------|-----------------------------|---------|---|---------|--|---|---------|---------|
| 27 | The Company has not provided for Deferred Tax Liability / Assets on account of absence of virtual certainty of future taxable profit and brought forward business losses and depreciation under the Income Tax Act. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 28 | Disclosure related to details of Specified Bank Notes (SBN) held and transacted during the period November 8, 2016 to December 30, 2016: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <table><tr><th>PARTICULARS</th><th>SBNS</th><th>OTHER DENOMINATION NOTES</th><th>TOTAL</th></tr><tr><td></td><td>₹</td><td>₹</td><td>₹</td></tr><tr><td>Closing Balance as on November 08, 2016</td><td>322,500</td><td>269,413</td><td>591,913</td></tr><tr><td>(+) Permitted Receipts</td><td>-</td><td>158,348</td><td>158,348</td></tr><tr><td>(+) Withdrawn from Banks</td><td>-</td><td>1,000,000</td><td>1,000,000</td></tr><tr><td>(-) Permitted Payments</td><td></td><td>1,264,584</td><td>1,264,584</td></tr><tr><td>(-) Amount Deposits in Bank</td><td>322,500</td><td>-</td><td>322,500</td></tr><tr><td>Closing Cash on hand as on December 30, 2016</td><td>-</td><td>163,177</td><td>163,177</td></tr></table> | PARTICULARS | SBNS | OTHER DENOMINATION NOTES | TOTAL | | ₹ | ₹ | ₹ | Closing Balance as on November 08, 2016 | 322,500 | 269,413 | 591,913 | (+) Permitted Receipts | - | 158,348 | 158,348 | (+) Withdrawn from Banks | - | 1,000,000 | 1,000,000 | (-) Permitted Payments | | 1,264,584 | 1,264,584 | (-) Amount Deposits in Bank | 322,500 | - | 322,500 | Closing Cash on hand as on December 30, 2016 | - | 163,177 | 163,177 |
| PARTICULARS | SBNS | OTHER DENOMINATION NOTES | TOTAL | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | ₹ | ₹ | ₹ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Closing Balance as on November 08, 2016 | 322,500 | 269,413 | 591,913 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (+) Permitted Receipts | - | 158,348 | 158,348 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (+) Withdrawn from Banks | - | 1,000,000 | 1,000,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (-) Permitted Payments | | 1,264,584 | 1,264,584 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (-) Amount Deposits in Bank | 322,500 | - | 322,500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Closing Cash on hand as on December 30, 2016 | - | 163,177 | 163,177 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 28 | <p>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 banks have initiated legal proceedings against the Company for recovery of their respective debts at the Debt Recovery Tribunal and have taken symbolic possession of the securities u/s. 13(4) of the SARFAESI Act, 2002. However the Company has been able to renegotiate with the secured lenders and arrived at a amicable settlement of its debts and made the settlement of its total debt outstanding with the secured lenders. Accordingly some of the lenders have been settled completely on one time settlement basis and others have agreed for deferred payment along with some upfront payment based on their respective terms of settlement. In view of the above settlement, the Company has not provided the interest on the outstanding dues payable as per the settlement terms on the outstanding agreed amount of settlement amounting to ₹ 880.11 lakhs for the year ended March</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

Notes forming part of the consolidated financial statements

| Note | Particulars | | | | | | | | | | | | | | | | | | | | | |
|-------------------------------------|--|-------------------------------------|----------------------------------|-----------------------|----------------------|------------------------------------|---------------------------|----------------|-----------------|----------------|-------------------|-------------------|----------------------------|------------------------|------------------|------------------|-----------------|-------------------|---------------|----------------|---------------|---------------|
| | 31, 2017. Had the same been accounted for, the net profit (after tax) would have decreased and current liabilities for the year ended March 31, 2017 would have increased by that amount. Further interest amounting to ₹ 491.22 lakhs (calculated based on last sanction letter) for the year ended March 31, 2017, on similar financial facilities borrowed by Subsidiary Company is also not provided by the Subsidiary Company as the accounts of subsidiary company with the Bank is also classified as NPA. Had the interest as per loan agreements been provided for, the interest for the year would have been higher by ₹ 1,371.33 lakhs and profit after tax would have been lower by ₹ 1,371.33 lakhs and corresponding bank liability would have increased by ₹ 1,371.33 lakhs in the consolidated financial statments. | | | | | | | | | | | | | | | | | | | | | |
| 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. | | | | | | | | | | | | | | | | | | | | | |
| 30 | DISCLOSURE IN RESPECT OF RELATED PARTIES PURSUANT TO ACCOUNTING STANDARD 18: | | | | | | | | | | | | | | | | | | | | | |
| (a) | Name of the enterprises having same Key Management Personnel and/or their relatives as the Reporting enterprises: <table><tr><td>Eurobond Industries Private Limited</td><td>Euro Polaad Minerals & Steel LLP</td><td>Subhnen Ply Pvt. Ltd.</td></tr><tr><td>Euro Glass Pvt. Ltd.</td><td>Euro Solo Energy Systems Pvt. Ltd.</td><td>Euro India Cylinders Ltd.</td></tr><tr><td>Euro Realtors</td><td>Euro Foundation</td><td>Kanch Ghar</td></tr><tr><td>Neelam Metal</td><td>Maxim Enterprises</td><td>Euro Solar Power Pvt. Ltd.</td></tr><tr><td>Neelam Ply & Laminates</td><td>Gala Enterprises</td><td>Monex Stationers</td></tr></table> | Eurobond Industries Private Limited | Euro Polaad Minerals & Steel LLP | Subhnen Ply Pvt. Ltd. | Euro Glass Pvt. Ltd. | Euro Solo Energy Systems Pvt. Ltd. | Euro India Cylinders Ltd. | Euro Realtors | Euro Foundation | Kanch Ghar | Neelam Metal | Maxim Enterprises | Euro Solar Power Pvt. Ltd. | Neelam Ply & Laminates | Gala Enterprises | Monex Stationers | | | | | | |
| Eurobond Industries Private Limited | Euro Polaad Minerals & Steel LLP | Subhnen Ply Pvt. Ltd. | | | | | | | | | | | | | | | | | | | | |
| Euro Glass Pvt. Ltd. | Euro Solo Energy Systems Pvt. Ltd. | Euro India Cylinders Ltd. | | | | | | | | | | | | | | | | | | | | |
| Euro Realtors | Euro Foundation | Kanch Ghar | | | | | | | | | | | | | | | | | | | | |
| Neelam Metal | Maxim Enterprises | Euro Solar Power Pvt. Ltd. | | | | | | | | | | | | | | | | | | | | |
| Neelam Ply & Laminates | Gala Enterprises | Monex Stationers | | | | | | | | | | | | | | | | | | | | |
| (b) | Relatives of Key Management Personnel: <table><tr><td>Nenshi L. Shah H.U.F.</td><td>Shantilal L. Shah H.U.F.</td><td>Rekhaben Nishar</td></tr><tr><td>Manjari H. Shah</td><td>Hitesh S. Shah H.U.F.</td><td>Kasturben T. Nandu</td></tr><tr><td>Nitesh P. Shah</td><td>Hitesh S. Shah</td><td>Viral T. Nandu</td></tr><tr><td>Shantaben L. Shah</td><td>Urmi P. Shah</td><td>Gunvantiben N. Shah</td></tr><tr><td>Pinank N. Shah</td><td>Parag K. Shah</td><td>Dimple A. Shah</td></tr><tr><td>Parita V. Nandu</td><td>Shantilal L. Shah</td><td>Mahek H. Shah</td></tr><tr><td>Dhruti P. Shah</td><td>Anish K. Shah</td><td>Hiral M. Shah</td></tr></table> | 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 |
| 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) | Key Management Personnel: <table><tr><td>Nenshi L. Shah</td><td>Kumar P. Shah</td><td>Talakshi L. Nandu</td></tr><tr><td>Pratik K. Shah</td><td>Paresh K. Shah</td><td>Nitesh P. Shah</td></tr><tr><td>Viral T. Nandu</td><td></td><td></td></tr></table> | Nenshi L. Shah | Kumar P. Shah | Talakshi L. Nandu | Pratik K. Shah | Paresh K. Shah | Nitesh P. Shah | Viral T. Nandu | | | | | | | | | | | | | | |
| Nenshi L. Shah | Kumar P. Shah | Talakshi L. Nandu | | | | | | | | | | | | | | | | | | | | |
| Pratik K. Shah | Paresh K. Shah | Nitesh P. Shah | | | | | | | | | | | | | | | | | | | | |
| Viral T. Nandu | | | | | | | | | | | | | | | | | | | | | | |
| (d) | During the year following transactions were carried out with the related parties in the ordinary course of business. | | | | | | | | | | | | | | | | | | | | | |

Notes forming part of the consolidated financial statements

| Nature Of Transactions | Enterprises having common Key Management Personnel | Relative of the Key Management Personnel | Key Management Personnel |
|---|--|--|----------------------------|
| Sales Service and other income | 17,250 (148,500) | ----- ----- | ----- ----- |
| Sale Of Fixed Assets | ----- ----- | ----- ----- | ----- ----- |
| Purchase of goods and services | 10,382 ----- | ----- ----- | 5,550,000 (4,600,000) |
| Purchase of fixed assets | ----- ----- | ----- ----- | ----- ----- |
| Donation | ----- ----- | ----- ----- | ----- ----- |
| Director's Remuneration/Sitting Fees | ----- ----- | ----- ----- | 800,000 (800,000) |
| Interest Received | ----- ----- | ----- ----- | ----- ----- |
| Interest Paid/Payable | ----- ----- | ----- ----- | ----- ----- |
| Loans/Advances Taken | 99,750 (1,650,000) | ----- ----- | ----- ----- |
| Loans/Advance Repaid | 6,849,750 (1,284,500) | ----- ----- | 19,868,214 (531,000) |
| Loans/Advances Given | ----- ----- | ----- ----- | ----- ----- |
| Loans/Advance Received Back | ----- ----- | ----- ----- | ----- ----- |
| Outstanding Balance As At March 31, 2017 | | | |
| Loans Payable | 86,161,241 (92,911,241) | 59,226 (59,226) | 93,451,858 (83,077,708) |
| Loans Receivable | ----- ----- | ----- ----- | ----- ----- |
| Amount Receivable | 80,995 (64,726) | ----- ----- | ----- ----- |
| Amount Payable | (945,909) (941,481) | ----- ----- | ----- ----- |

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

Note 34 SEGMENTWISE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2017 PURSUANT TO ACCOUNTING STANDARD - 17 (CONSOLIDATED)

| I) PRIMARY SEGMENTS - BUSINESS | Tiles Division | | Aluminium Division | | Realty Division | | Total | |
|--|--------------------|--------------------|--------------------|--------------|-----------------|--------------|--------------------|--------------------|
| | 2016-17 ₹ | 2015-16 ₹ | 2016-17 ₹ | 2015-16 ₹ | 2016-17 ₹ | 2015-16 ₹ | 2016-17 ₹ | 2015-16 ₹ |
| a) Segmental Revenue | | | | | | | | |
| Sales to External Customers | 118,597,346 | 265,246,922 | - | - | - | - | 118,597,346 | 265,246,922 |
| Less : Excise Duty | 10,788,238 | 12,868,597 | - | - | - | - | 10,788,238 | 12,868,597 |
| Inter-Segmental Revenue | 107,809,108 | 252,378,325 | - | - | - | - | 107,809,108 | 252,378,325 |
| Total Segmental Revenue | 107,809,108 | 252,378,325 | - | - | - | - | 107,809,108 | 252,378,325 |
| b) Segmental Results (PBIT) | | | | | | | | |
| Less: Interest & Finance Charges | (244,264,902) | (285,795,706) | (437,180) | (624,456) | - | - | (244,702,082) | (286,420,162) |
| Less: Unallocable Expenses Net of Unallocable Income | | | | | | | 7,215,732 | 7,409,471 |
| Profit Before Tax & Exceptional Items | | | | | | | (251,917,814) | (293,829,633) |
| (Loss) / Gain due to Exceptional Item | | | | | | | 57,500,647 | 58,587,457 |
| Profit Before Tax | | | | | | | (309,418,461) | (352,417,090) |
| Less: Provision for Current Tax | | | | | | | 500,452,185 | - |
| Add: MAT Credit | | | | | | | 191,033,724 | (352,417,090) |
| Less: Earlier Years Excess/Short Provision | | | | | | | - | - |
| Less: Deferred Tax Expenses | | | | | | | - | - |
| Profit After Tax | | | | | | | - | 71,326 |
| Profit / (Loss) for the period from discontinuing operations | | | | | | | - | (152,392,056) |
| Net Profit from Disposal of Assets of Discontinuing operations | | | | | | | 191,033,724 | (200,096,360) |
| c) Carrying amount of Segmental Assets | | | | | | | 58,391,339 | 28,222,496 |
| Unallocated Assets | 4,550,565,838 | 4,561,614,913 | 25,831,484 | 25,831,484 | 419,883,216 | 433,241,931 | 271,586,519 | - |
| Total Assets | | | | | | | 521,011,582 | (171,873,864) |
| d) Carrying amount of Segmental Liabilities | | | | | | | 4,996,280,538 | 5,020,688,328 |
| Unallocated Liabilities | | | | | | | 930,092,574 | 2,092,009,859 |
| Total Liabilities | | | | | | | 5,926,373,112 | 7,112,698,187 |
| e) Cost incurred to acquire Segment Fixed Assets during the year | | | | | | | 1,620,098,188 | 3,256,561,385 |
| Unallocated Assets | 1,618,875,181 | 3,206,880,468 | 1,223,007 | 1,709,108 | - | - | 2,229,615,921 | 2,767,195,198 |
| Total Liabilities | | | | | | | 3,849,714,109 | 6,023,756,583 |
| f) Depreciation / Amortization | | | | | | | 5,447,976 | - |
| Unallocated depreciation | 120,009,284 | 189,386,112 | 437,180 | 437,180 | - | - | 166,790 | 185,626 |
| Total Liabilities | | | | | | | 120,446,464 | 189,823,292 |
| | | | | | | | 76,525,998 | 79,816,770 |

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

ii) During the year Sanitaryware Division has been sold hence this segment is considered as discontinued and the Revenue and PBIT of this sanitaryware division is not shown separately. The remaining current assets and current liabilities of sanitaryware division is considered in unallocable assets and liabilities. Accordingly previous years figures is regrouped and recasted.

II) PRIMARY SEGMENTS - GEOGRAPHICAL

| | For the year ended March 31, 2017 ₹ | For the year ended March 31, 2016 ₹ |
|---|--|--|
| The Company's operating facilities are located in India | | |
| Domestic Revenues | 102,657,403 | 243,541,854 |
| Export Revenues | 5,151,705 | 8,836,471 |
| TOTAL | 107,809,108 | 252,378,325 |

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 ₹)

| Sr. No. | Particulars | Details |
|---------|---|----------------------------------|
| 1. | Name of the subsidiary | Euro Merchandise (India) Limited |
| 2. | The date since when the subsidiary was acquired. | December 31, 2005 |
| 3. | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | March 31, 2017 |
| 4. | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries | Indian Rupees |
| 5. | Share capital | 19,00,000 |
| 6. | Reserves & surplus | (23,76,39,317) |
| 7. | Total Assets | 5,43,74,691 |
| 8. | Total Liabilities | 29,01,14,007 |
| 9. | Investments | 1,00,000 |
| 10. | Turnover | 29,48,883 |
| 11. | Profit/(loss) before taxation | (8,05,892) |
| 12. | Provision for taxation | Nil |
| 13. | Profit/(loss) after taxation | (8,05,892) |
| 14. | Proposed Dividend | Nil |
| 15. | Extent of shareholding (in percentage) | 100% |

Notes:

- Names of subsidiaries which are yet to commence operations : NA
- Names of subsidiaries which have been liquidated or sold during the year : NA

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, 2017

Viral T. Nandu

Chairman & Whole Time Director

DIN 01767620

Paresh Shah

Chief Financial Officer

**Statement on Impact of Audit Qualifications on Consolidated Financial Statements for the
Financial Year ended March 31, 2017**

[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

(₹. In Lakhs)

| I | Sr. No. | Particulars | Audited Figures (As reported before adjusting for qualifications) | Adjusted Figures (audited figures after adjusting for qualifications) |
|----------|---|--|--|--|
| | 1 | Turnover/ Income | 1,280.41 | 1,280.41 |
| | 2 | Total Expenditure | 4,374.59 | 5,745.92 |
| | 3 | Exceptional Item [Gain/(loss)] | 5,004.52 | 5,004.52 |
| | 4 | Net Profit/(Loss) | 1,910.34 | 539.01 |
| | 5 | Net Profit/(Loss) from Discontinuing Operations | 583.91 | 583.91 |
| | 6 | Net Profit/(Loss) on disposal of assets of discontinued operations | 2,715.87 | 2,715.87 |
| | 7 | Net Profit/(Loss) for the period | 5,210.12 | 3,838.79 |
| | 4 | Earnings Per Share | 15.44 | 11.38 |
| | 5 | Total Assets | 31,014.75 | 31,014.75 |
| | 6 | Total Liabilities | 38,497.15 | 39,868.48 |
| | 7 | Net Worth | (7,482.40) | (8,853.73) |
| | 8 | Any other financial item(s) (as felt appropriate by the management) | - | - |
| I | Audit Qualification | Refer Annexure | | |
| | Details of Audit Qualification | | | |
| | Type of Audit Qualification | | | |
| | Frequency of Qualification | | | |
| | For Audit Qualification(s) where the impact is quantified by the Auditor, Management's view | | | |
| | For Audit Qualifications(s) where the impact is not quantified by the Auditor | | | |
| | Management's estimation on the impact of audit qualification | | | |
| | If Management is unable to estimate the impact, reasons for the same | | | |
| | Auditor's comments on (i) or (ii) above. | | | |
| | Signatories | | | |
| | Whole Time Director | Viral T. Nandu | | |
| | CFO | Paresh K. Shah | | |
| | Audit Committee Chairman | Lata Mehta | | |
| | Auditor | For Deepak Maru & Co. Chartered Accountant Firm Regn. No. 115678 CA Jaymin P. Shah Partner Mem No. 118113 | | |

**ANNEXURE TO STATEMENT ON IMPACT OF AUDIT QUALIFICATION OF THE
CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2017**

| Sr. No. | Details of Audit Qualification | Type of Audit Qualification | Frequency of Qualification | For Audit Qualifications where the impact is quantified by the auditor, management's view | For Audit Qualifications where the impact is not quantified by the Auditor | | |
|---------|---|-----------------------------|----------------------------|--|--|--|---|
| | | | | | (i) Management estimation on the impact of audit qualification | (ii) If management is unable to estimate the impact, reasons for the same. | (iii) Auditor's comment on (i) and (ii) |
| 1 | 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 network of the Company fully eroded and the lenders and creditors have initiated legal proceedings against the Company for recovery. | Qualified | Repeated | Your Directors would like to state that the Company is operational and Manufacturing Marble and employed more than 100 manpower. The Company and its management with its positive efforts could sale its fixed assets of sanitaryware business undertaking and land, and settled its debt with many of its secured lenders either on one time settlement basis or deferred payment schedule with some upfront payment as per their terms of compromise settlement. It is also making serious efforts in reviving its tiles division operation. The management has taken and been taking all diligent steps under legal advice, to defend the Company in all the litigation. Considering the reduction in debt burden and 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 working capital fund with support of the lenders. | N.A. | N.A. | N.A. |

**ANNEXURE TO STATEMENT ON IMPACT OF AUDIT QUALIFICATION OF THE
CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2017**

| Sr. No. | Details of Audit Qualification | Type of Audit Qualification | Frequency of Qualification | For Audit Qualifications where the impact is quantified by the auditor, management's view | For Audit Qualifications where the impact is not quantified by the Auditor | | |
|------------|---|--------------------------------|-------------------------------|--|---|--|---|
| | | | | | (i) Management estimation on the impact of audit qualification | (ii) If management is unable to estimate the impact, reasons for the same. | (iii) Auditor's comment on (i) and (ii) |
| 2 | The Company has not provided for interest on financing facilities amounting to ₹ 1371.33 lakhs for the year ending March 31, 2017. Had the same been provided, the profit for the year ending March 31, 2017, would have decreased by ₹ current liabilities would also have increased by ₹ 1371.33 lakhs as at March 31, 2017. | Qualified | Repeated | The Company has settled its debts with secured lenders either on one time settlement basis or compromise settlement with defer payment schedule with some upfront payment as per the terms of sanction. In view of the present settlement with the lenders, the Company has not provided for interest to the tune of ₹ 880.11 (calculated based on last sanction letters in hand) on financing facilities, for the year ending March 31, 2017 | N.A. | N.A. | N.A. |
| 3 | 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. | Qualified | Repeated | 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 provided for | N.A. | N.A. | N.A. |

**ANNEXURE TO STATEMENT ON IMPACT OF AUDIT QUALIFICATION OF THE
CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2017**

| Sr. No. | Details of Audit Qualification | Type of Audit Qualification | Frequency of Qualification | For Audit Qualifications where the impact is quantified by the auditor, management's view | For Audit Qualifications where the impact is not quantified by the Auditor | | |
|---------|--|-----------------------------|----------------------------|---|--|--|---|
| | | | | | (i) Management estimation on the impact of audit qualification | (ii) If management is unable to estimate the impact, reasons for the same. | (iii) Auditor's comment on (i) and (ii) |
| 4 | That financial statements are subject to receipt of confirmation of balances from many 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. | Disclaimer Qualification | Repeated | Your management would like to 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. | N.A. | N.A. | N.A. |
| 5 | 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. | Disclaimer Qualification | Repeated | The Company is in the process of identifying the creditors which are Micro, Small and Medium Enterprises under MSMED Act | N.A. | N.A. | N.A. |
| 6 | 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 the repayment of principal amount and interest. Hence we are unable to comment as to regularity of repayments of principal and interest amount. | Qualified | Repeated | Your directors would like to 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. | N.A. | N.A. | N.A. |

**ANNEXURE TO STATEMENT ON IMPACT OF AUDIT QUALIFICATION OF THE
CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2017**

| Sr. No. | Details of Audit Qualification | Type of Audit Qualification | Frequency of Qualification | For Audit Qualifications where the impact is quantified by the auditor, management's view | For Audit Qualifications where the impact is not quantified by the Auditor | | |
|---------|---|-----------------------------|----------------------------|--|--|--|---|
| | | | | | (i) Management estimation on the impact of audit qualification | (ii) If management is unable to estimate the impact, reasons for the same. | (iii) Auditor's comment on (i) and (ii) |
| 7 | The Company has given 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. | Qualified | Repeated | The management would like to 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. | N.A. | N.A. | N.A. |

EURO CERAMICS LIMITED

(CIN: L26914MH2002PLC135548)

Regd. Off: 208, Sangam Arcade, Vallabhghai 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**FOR KIND ATTENTION OF SHAREHOLDERS****Dear Shareholders,**

As per the provisions of Section 88 of the Companies Act, 2013 read with Companies (Management and 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:

| | |
|--|--|
| Registered Folio No./DP ID & Client ID | |
| Name of the Shareholder(s) | |
| Father's/Mother's/Spouse's Name | |
| Address (Registered Office Address in case the shareholders is a Body Corporate) | |
| E-mail Id | |
| PAN or CIN(In case of Body Corporate) | |
| 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 Shareholder

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", 101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai-400083.**

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

Viral Nandu
Chairman & Whole time Director
DIN: 01767620

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EURO CERAMICS LIMITED

(CIN: L26914MH2002PLC135548)

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

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

15th Annual General Meeting on Friday September 29, 2017

Name of the member (s): _____

Name of the Joint holder, if any: _____

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 15th Annual General Meeting of the Company, to be held on the Friday, September 29, 2017 at 01.00 p.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 |
| | Ordinary Business: | | | |
| 1 | Ordinary Resolution for adoption of Audited Financial Statements (including Consolidated financial statements) for the year ended March 31,2017 and the Reports of the Directors' and the Auditors. | | | |
| 2 | Ordinary Resolution for appoint a Director in place of Mr. Viral Nandu (DIN: 01767620), Whole-time Director, who retires by rotation and being eligible, offers himself for re-appointment. | | | |
| | Special Business | | | |
| 3. | Ordinary Resolution for appointment of M/s. Rasesh Shah & Associates, Chartered Accountants, Mumbai (FRN:108671W), as Statutory Auditors of the Company to hold office from the conclusion of 15 th Annual General Meeting upto the conclusion of the 20 th Annual General Meeting and to fix their remuneration. | | | |
| 4. | Ordinary Resolution for appointment of Mr. Gautam Suryaprasad Pandit (DIN: 07816301) as Independent Director of the Company for a period of 5 (five) years upto May 29, 2022. | | | |
| 5. | Ordinary Resolution for appointment of Mr. Viral Nandu (DIN: 01767620), as Whole-time Director of the Company for a period of 2 (two) years with effect from September 30, 2016. | | | |

Signed this _____ day of _____ 2017

Signature of member

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

Affix
Revenue
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.

EURO CERAMICS LIMITED

(CIN: L26914MH2002PLC135548)

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

ATTENDANCE SLIP

15TH ANNUAL GENERAL MEETING ON SEPTEMBER 29, 2017

| | |
|--|--|
| 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 15th 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 29, 2017 at 01.00 p.m.

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

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

Note:

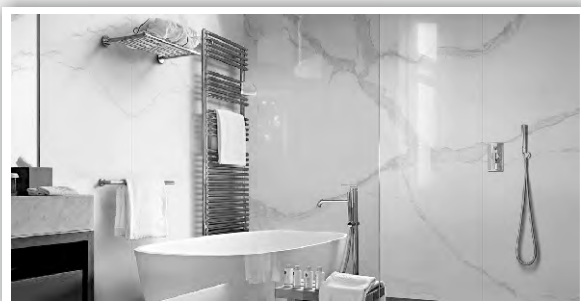
1. Please fill on the Folio No./DP ID/Client ID, name and sign this Attendance Slip and hand it over at the Attendance Verification Counter at the **ENTRANCE OF THE MEETING HALL**.
2. Please read the instructions for e-voting given along with Notice of 15th Annual General Meeting of the Company. The e-voting period starts from Tuesday, September 26, 2017 at 9.00 a.m. and ends on Thursday, September 28, 2017 at 5.00 p.m. The 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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ROUTE MAP FOR AGM VENUE





If Undelivered, Please return To:
EURO CERAMICS LTD.

Regd. Off. 208, Sangam Arcade, Vallabhkhai Road,
Vile Parle (West), Mumbai – 400 056
www.eurovitrified.com