

### EURO CERAMICS LTD.

Regd. Office: 208, Sangam Arcade, Vallabhbhai Road, Vile Parle (West), Mumbai 400 056 (CIN- L26914MH2002PLC135548)

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(Rs. in Lakhs except EPS)

-7	Statement of Standalone and Consolida	itea Auditea Fir				ded March 51,		
				STANDALONE			TO POST DESIGNATION	IDATED
		C	Quarter Ended		Year Ended	Year Ended		Year Ended
Sr. N	lo. Particulars	31-Mar-17	31-Dec-16	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
	CONTINUING OPERATIONS	Audited	Unaudited	Audited	Audited	Audited	Audited	Audited
1	Revenue from operations							
_	a Net Sales/Income from Operations (Net of excise duty)	388.54	190.37	1,203.19	1,069.08	2,515.54	1,078.09	2,523.78
	b Other Income	142.75	47.88	121.96	202.09	168.56	202.32	174.28
	Total income from Operations (net)	531.29	238.25	1,325.15	1,271.17	2,684.10	1,280.41	2,698.06
2	Expenses							
а		141.10	322.89	1,024.80	1,456.36	2,193.31	1,456.36	2,193.31
b	Purchase of stock-in-trade	0.97	6.89	0.03	13.03	8.32	19.35	10.68
. 0	Changes in inventories of finished goods, work-in- progress and stock-in-trade	48.33	78.95	447.17	(357 24)	554 17	(355.25)	1.012 35
d		127.71	96.26	87.75	398.05	344.74	398.54	347.85
e		1.76	33.58	16.75	69.89	76.30	72.16	74.09
f	Depreciation and amortisation expense	485.81	496.37	502.44	1,969.44	2.010.16	1,969.72	2,010.44
g		44.43	29.79	31.06	159.36	128.78	159.36	128.78
h		104.51	155.48	150.02	648.41	401 76	654.35	444.73
-	Total Expenses	954.62	1,220.21	2,260.02	4,357.30	5,717.54	4,374.59	6,222.23
3 -	Profit / (Loss) from operations before exceptional and extra ordinary items and tax (1-2)	(423.33)		(934.87)	(3,086.13)		(3,094.18)	(3,524.17
1	Exceptional Items [Gain/(Loss)]	5,004.52			5,004.52		5,004.52	
5	Profit / (Loss) from operations before extra ordinary items and tax	4,581.19	(981.96)	(934.87)	1,918.39	(3,033.44)	1,910.34	(3,524.17
6	Extraordinary items [Gain/(Loss)]							-
7	Profit / (Loss) from operations before tax	4,581.19	(981.96)	(934.87)	1,918.39	(3,033.44)	1,910.34	(3,524.17
8	Tax expense	4,001.10	(301.30)	(304.01)	1,010.00	(0,000,117)	1,510.51	(0,02,1,1)
	Current Tax	-		-		-	-	0.71
+	Deferred Tax	-	4:	(1,523.92)	-	(1,523.92)	-	(1.523.92
_	Total Tax Expenses	-	-	(1,523.92)		(1,523.92)	-	(1,523.21
9	Net Profit/(Loss) for the period from Continuing Operations		(981.96)	589.05	1,918.39	(1,509.52)	1,910.34	(2,000.96
10	Net Profit / (Loss) for the period from discontinuing operations	(169.36)	360.90	73.73	583.91	282.22	583.91	282.22
11	Net Profit /(Loss) from the disposal of assets of discontinuing operations	2,715.87			2.715.87		2,715.87	+
12	Tax Expenses of discontinuing operations	1 1		-		-	-	-
13	Net Profit/ (Loss) from the discontinuing operations after tax	2,546.51	360.90	73,73	3,299 78	282 22	3.299 78	282 22
14	Proft/(Loss) for the period before minority interest	7,127.70	(621.06)	662.78	5,218.17	(1,227.30)	5,210.12	(1,718.74
15	Share of profit /(loss) of associates						-	-
16	Profit/(Loss) of minority interest	-						
17	Net Profit/(Loss) for the period	7,127.70	(621.06)	662.78	5,218.17	(1,227.30)	5,210.12	(1,718.74
18	Details of Equity Share Capital							
	Paid-up equity share capital	3,373.77	3,373.77	3,373.77	3,373.77	3,373.77	3,373.77	3,373.77
	Face Value of equity share capital (Rs.)	10.00	10.00	10.00	10.00	10.00	10.00	10.00
19	Reserve excluding Revaluation Reserves as per balance sheet of previous accounting year	-			(8,356.27)	(20,708.54)	(10,856.17)	(23,200.37
20	Earning per equity share							
i	Basic earnings/(loss) per share from continuing and discontinued operations	21.13	(1.84)	1.96	15.47	(3.64)	15.44	(5.09
i	Diluted earnings/(loss) per share from continuing and discontinued operations	21.13	(1.84)	1.96	15.47	(3.64)	15.44	(5.09



### STATEMENT OF ASSETS AND LIABILITIES

(Rs. in Lakhs)

	Stand		Consol	idated
	Aud	ited	Aud	ited
Particulars	As at	As at	As at	As at
	31-Mar-2017	31-Mar-2016	31-Mar-2017	31-Mar-2016
A EQUITY AND LIABILITIES				
1 Shareholders' funds				
(a) Share capital	3,373.77	3,373.77	3,373.77	3,373.77
(b) Reserves and surplus	(8,356.27)	(20,708.54)	(10,856.17)	(23,200.37
	(4,982.50)	(17,334.77)	(7,482.40)	(19,826.60
2 Non-current liabilities				
(a) Long-term borrowings	2,687.27	3,150.68	2,827.39	3,290.79
(b) Deferred tax liabilities (net)				
	2,687.27	3,150.68	2,827.39	3,290.79
3 Current liabilities				
(a) Short-term borrowings	1,458.83	1,458.83	1,518.84	1,558.90
(b) Trade payables	3,848.33	3,663.31	4,044,87	3,859.76
(c) Other current liabilities	27,524.25	48,945.40	29,912.65	51,306.16
(d) Short-term provisions	50.90	79.46	193.40	221.96
	32,882.31	54,147.00	35,669.76	56,946.78
то	TAL 30,587.08	39,962.91	31,014.75	40,410.97
B ASSETS				
1 Non-current assets				
(a) Fixed assets				
(i) Tangible assets	19,265.09	28,646.80	19,266.33	29 650 00
(ii) Capital work-in-progress	13,203.03	20,040.00	19,200.33	28,650.08
(ii) Sapital Work in progress	19,265.09	28,646.80	19,266.33	20.050.00
(b) Non-current investments	134.11	134.11	135.11	28,650.08
(c) Long-term loans and advances	868.45	877.60	868.75	135.11 877.90
	20,267.65	29,658.51	20,270.19	29,663.09
2 Current assets	20,207.00	20,000.01	20,270.19	29,003.09
(a) Inventories	3,234.65	3,193.28	3,309.44	3 270 06
(b) Trade receivables	1,910.23	1,840.46	1,887.24	3,270.06
(c) Cash and Bank Balances	141.30	560.34	1,007.24	1,845.51
(d) Short-term loans and advances	5,031.03	4,708.69	5,389.00	562.58
(e) Other current assets	2.22	1.63	2,42	5,068.10 1.63
	10,319.43	10,304.40	10,744.56	10,747.88
TO	TAL 30,587.08	39,962.91	31,014.75	40,410.97



Rs in Lakhs

				STANDALONE			CONSO	IDATED
Sr.	Particulars		Quarter Ende		Year	ended	Year	ended
		31-Mar-17	31-Dec-16	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
No.		Audited	Unaudited	Audited	Audited	Audited	Audited	Audited
	Segment Revenue							
	(a) Tiles	388.54	190.38	1,203,19	1,069.08	2,515.54	1,078.09	2,523.78
	(b) Aluminium Sections	-		4	-	2	4	2
	(c) Sanitaryware (Discontinuing Operations)	1,295.44	1,175.88	926.99	4,532.39	3,082.12	4,532.39	3,082.12
	(d) Realty					-	-	
	Total	1,683.98	1,366.26	2,130.18	5,601.47	5,597.66	5,610.48	5,605.90
	Less: Inter-Segment Revenue	1,000.00	- 1,500.20	2,100.10	5,551.41	0,007.00	0,0.0.40	-
	Net Sales	1,683.98	1,366.26	2,130.18	5,601.47	5,597.66	5,610.48	5,605.90
	Segmental Results							
-	(a) Tiles	(312.00)	(815.63)	(800.23)	(2,436.86)	(2,365.02)	(2,442.64)	(2,857 97
	(b) Aluminium Sections	(0.61)	(1.57)	(2.96)	(4.37)	(6.24)	(4.37)	(6.24
	(c) Sanitaryware (Discontinued Operations)	(169.36)	360.90	73.73	583.91	282.22	583 91	282.22
	(d) Realty	*********		1,000	-	-	100000000	-
	Total	(481.97)	(456.30)	(729.46)	(1,857.32)	(2,089.04)	(1,863.10)	(2,581.99
	Less: (i) Interest	1.75	33.58	16.75	69.89	76.30	72.16	74.09
	(ii) Other Unallocable (Income)/	1.7.5	33.36	10.75	09.09	70.50	72.10	74.0
	Expenditure (Net)	108.97	131.18	114.93	575.01	585.87	575.01	585.87
	(iii) Exceptional/	155.52.65	13.600/1363	17.0.5	21.022.1		2670625610	
	Extraordinery Items [(gain)/loss]	(7,720.39)	-	-	(7,720.39)	- 4	(7.720.39)	*
	Profit Before Tax	7,127.70	(621.06)	(861.14)	5,218.17	(2,751.21)	5,210.12	(3,241.95
9	Capital Employed							3
	(Segment Asset - Segment Liabilities)							
	(a) Tiles	31,803.60	15,825.72	15.993.64	31.803.60	15.993.64	29.316.91	13.547.34
	(b) Aluminium Sections	246.08	240.76	241.22	246.08	241.22	246.08	241.22
	(c) Sanitaryware (Discontinued Operations)	470.12	12,073.70	11,574.31	470.12	11,574.31	470.12	11.574.31
	(d) Realty	4,198.83	4,206.42	4,332.42	4,198.83	4,332.42	4,198.83	4,332.42
	(e) Unallocable	(13,465.35)		(18,805.87)	(13,465.35)		(13.465.35)	
	Total	23,253.28	13,405.12	13,335.72	23,253.28	13,335.72	20,766.59	10,889.42

### NOTES

- The above audited financial results for the quarter and year ended March 31, 2017 have been reviewed by the Audit Committee and approved by the Board of Directors at their meetings held on May 30, 2017
- The figures of the last quarters are the balancing figures between audited figures in respect of the full financial year and the published year to date figures upto the third quarter of the financial year.
- 3 As per AS 17 issued by the Institute of Chartered Accountants of India, the Company has four reportable segments namely Tiles, Aluminium Extruded Sections, Sanitaryware (discontinued operation) & Realty.
- 4 Other Income includes Rental Income and Interest Income
- 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 as 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.
- The exceptional item includes the profit on sale/disposal of fixed assets of Sanitaryware Business Undertaking and Land. It also includes the cessession of liability on account of settllment of debts with some of the lenders on one time settlment basis.
- The Company's financing arrangements have expired and the amount outstanding was overdue for repayment for more than three years. Some of the 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 debt. 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 Rs. 880.11 lakhs for the period ended March 31, 2017. Had the same been accounted for, the net profit (after tax) would have decreased and current liability for the quarter ended and year ended March 31, 2017 would have increased by that amount
- 8 The Company's current liabilities exceeds its current assets and net worth of the Company has been fully eroded and the Company had filed application for registration u/s 15 (1) of erstwhile Sick Industrial Companies (Special Provisions) Act, 1985, before the erstwhile Hon'ble Board for Industrial & Financial Reconstruction.
  - Although the Auditors have casted significant doubt on the Company's ability to continue as a going concern and discharge its liabilities in the normal course of business, the above financial results do not disclose the fact that the fundamental accounting assumption of going concern is under doubt. The Company is taking appropriate action to settle its debt and finding amicable solution.
- 9 The Deferred Tax provision as per AS 22 issued by the Institute Of Chartered Accountants of India has not been made on account of losses and virtual uncertainty of earning future taxable income in the Company.
- The Company has not obtained balance confirmations from some the creditors, debtors, lenders, loans & advances given parties. Pending receipt of the confirmations of balances and consequential reconciliation / adjustments if any, the resultant impact on the statement is not ascertainable.
- 11 Previous Period/Year's figures have been regrouped / reclassified wherever necessary

ibai 0, 2017

For Euro Ceramics Ltd

Viral T. Nandu Chariman & Whole Time Director DIN - 01767620

Place : Mumbai Date : May 30, 2017

Chartered Accountants
701, 7th Floor, Topiwala Centre,
Goregaon (W), Mumbai – 400062
Tel.: 022-40161347 / 40161348

# Auditor's Report On Annual Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To

The Board of Directors

**Euro Ceramics Limited** 

We have audited the annual financial results of **Euro Ceramics Limited** for the year ended 31st March 2017, attached herewith, being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. These financial results have been prepared on the basis of the annual financial statements, which are the responsibility of the company's management and have been approved by the Board of Directors. Our responsibility is to express an opinion on these financial results based on our audit of such annual financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued there under; or by the Institute of Chartered Accountants of India, as applicable and other accounting principles generally accepted in India.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

In our opinion and to the best of our information and according to the explanations given to us these annual financial results:

(i) are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in this regard; and



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(ii) give a true and fair view of the net profit/ loss and other financial information for the quarter ended 31st March 2017 as well as the year to date results for the period from 01st April 2016 to 31st March 2017.

### SUBJECT TO THE FOLLOWING:

(a) We draw attention to Note No.6 & 7 of 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 last 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 w/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 Rs. 880.11 lakhs for the quarter year ended March 31, 2017. Had the same been accounted for, the net profit (after tax) would have decreased and current liabilities for the quarter ended and 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 Rs. 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.



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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.

- (b) 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.
- (c) We draw attention to the fact 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.
- (d) 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.
- (e) 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



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under section 189 of the Companies Act, 2013. Hence we are unable to comment as to regularity of repayments of principal and interest amount.

(f) According to the information and explanations given to us, the Company has given the guarantee for loans taken by its subsidiary from bank. The terms and conditions of the same are not prejudicial to the interest of the Company. However in our opinion 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.

### For DEEPAK MARU & CO.

MUMBA

**Chartered Accountants** 

Firm Regn. No.115678W

¢A(Jaymin P. Shah

Partner

(Mem. No.118113)

Place: Mumbai

Date: May 30, 2017

# 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]

(Rs. In Lakhs)

l	Sr. No.	Particulars	Audited reported adjusting qualificat	for	audited figures after
	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)		-	(0,002.01)
1		t Qualification			
_		. Details of Audit Qualification			
_	b				
	C				
	d	. For Audit Qualification(s) where the Imp	act is		
		quantified by the Auditor, Management's view			
	е	<ul> <li>For Audit Qualifications(s) where the impact quantified by the Auditor</li> </ul>		Refe	r Annexure
		<ul> <li>Management's estimation on the impaudit qualification</li> </ul>			
		<li>ii. If Management is unable to estima impact, reasons for the same</li>			
		iii. Auditor's comments on (i) or (ii) above.			
1	Signa	atories			
	a	Whole Time Director	Tool of	Vira	an all
	b.	CFO			Sh K. Shah
	C.	Audit Committee Chairman	- 6	ata . T.	mehta
	d	Auditor			ita Mehta oak Maru & Co.
	<b></b>				ed Accountant
					gn. No. 115678
				Jayn	in P. Shali
					min P. Shah
					Partner
_				iviem	No. 118113

# **EURO CERAMICS LIMITED**

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

1 The Stateme prepared concern' the facilities, have ex same ar repayme networt! Compan and the creditors legal against for recov	Sr. I
The Financial Statement have been prepared on a "going concern" basis, inspite the fact that the Company's financial facilities/arrangements have expired and the same are overdue for repayment and the Company fully eroded and the lenders and creditors have initiated legal proceedings against the Company for recovery.	Details of Audit Qualification
Qualified	Type of Audit Qualification
Repeated	Frequency of Qualification
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 sold 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	For Audit Qualifications where the impact is quantified by the auditor, management's view
(i)Management estimation on the impact of audit qualification	For Audit Quali not qua
(ii)If management is unable to estimate the impact, reasons for the same. N.A.	For Audit Qualifications where the impact is not quantified by the Auditor
Auditor's comment on (i) and (ii)	the impact is

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an	ω	2	
	The Company has not provided for impairment or diminishing value of its	The Company has not provided for interest on financing facilities amounting to Rs. 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 Rs. 880.11 lacs. The corresponding current liabilities would have increased by Rs. 880.11 lacs as at March 31, 2017.	
	Qualified	Qualified	
	Repeated	Repeated	
	The Company has made the provisions for diminution in the value of its investments/assets wherever		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.
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	reconciliations / adjustments, if any, the	consequential	balances and	=	0	and other liabilities.	banks, sundry creditors	advances, investments,	debtors, loans &	balances from many	confirmation of	pt	statements are subject	That financial	ascertainable.	hence the same is not	the management and	not been quantified by	diminishing value has	such Impairment or	2013. The effect of	of the Companies Act,	respect of Section 133	Corporate Affairs in	of the Ministry of	13th September, 2013	Circular 15/2013 dated	read with the General	Standards) Rules, 2006	Companies (Accounting	as notified under the	Impairment of Assets"	Accounting for	Standard 28-	per "Accounting	assets/ investment as
													Qualification	Disclaimer						3																
														Repeated																						
		wherever required.	in the books of accounts	the effects have been given	ciliations are made	of them.	and have obtained from	routine course of business	and loans advances in	debtors, creditors, lenders	the confirmations from	in the process of obtaining	to state that the Company is	Your management would like						¥	VI.	/amortization provided for.	than depreciation	assets / investment other	diminution in the value of its	and there is no further	nearest to its carrying value,	its Assets / Investments	about realizing the value of	management is optimistic	affected in long run. The	so that its value does not get	them in working condition,	maintain the assets and keep	Management has a policy to	required.
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regularity of	our opinion a cording to t ormation a planations given there are pulations magarding repayment action 189 of technology of techn	not ascertainable.  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.	resultant impact on the
	Disclaimer Qualification	Disclaimer Qualification	
	Repeated	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.	The Company is in the process of identifying the creditors which are Micro, Small and Medium Enterprises under MSMED Act	
	NA	NA	
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	Repeated	Repeated	assets.	liabilities or realize its	able to repay its	subsidiary would be	doubt whether the said	and there is substantial	has been fully eroded	losses and its net worth	continuously incurring	subsidiary has been				and conditions of the	from bank. The terms	taken by its subsidiary	guarantee for loans	The Company has given	amount.	principal and interest	repayments of
Repeated																				Qualified			
	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.	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.																		Repeated			
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Chartered Accountants 701, 7th Floor, Topiwala Centre, Goregaon (W), Mumbai – 400062 Tel.: 022-40161347 / 40161348

Auditor's Report On Annual Consolidated Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To,
The Board of Directors
Euro Ceramics Limited

We have audited the annual consolidated financial results of <u>Euro Ceramics Limited</u> for the year ended <u>31<sup>st</sup> March 2017</u>, attached herewith, being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. These annual consolidated financial results have been prepared from annual consolidated financial statements, which are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial results based on our audit of such consolidated financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard mandated under Section 133 of the Companies Act, 2013 read with relevant rules issued there under or by the Institute of Chartered Accountants of India, as applicable and other accounting principles generally accepted in India.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

We have also audited the financial statements of <u>one</u> subsidiary included in the consolidated financial results, whose consolidated financial statements reflect total assets of <u>Rs. 31,014.75 lakhs</u> as at <u>31<sup>st</sup> March 2017</u>; as well as the total revenue from continuing operations of <u>Rs. 1,280.41 lakhs</u> (and Rs. 4,532.39 lakhs from discontinuing operations) as at <u>31<sup>st</sup> March 2017</u>.



Chartered Accountants 701, 7th Floor, Topiwala Centre, Goregaon (W), Mumbai – 400062 Tel.: 022-40161347 / 40161348

In our opinion and to the best of our information and according to the explanations given to us these consolidated quarterly financial results:

- (i) include the financial results of the following entities;
  - (a) Euro Ceramics Limited Holding Company
  - (b) Euro Merchandise (I) Limited Subsidiary Company
- (ii) have been presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in this regard; and
- (iii) give a true and fair view of the consolidated net loss and other financial information for the consolidated results for the year ended 31st March 2017, SUBJECT TO THE FOLLOWING;
- a. We draw attention to Note No.6 & 7 of 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 last 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 Rs. 1,371.33 lakhs for the quarter year ended March 31, 2017. Had the same been accounted for, the net profit (after tax) and would have decreased and current liabilities for the quarter ended and year ended March 31, 2017 would have increased by that amount. In addition to this, the Company has been continuously

Chartered Accountants 70I, 7th Floor, Topiwala Centre, Goregaon (W), Mumbai – 400062 Tel.: 022-40161347 / 40161348

incurring substantial losses since past few years and as on March 31, 2017, the Company's current liabilities exceed its current assets by Rs. 24,925.20 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.

- b. Attention is also drawn to the fact that the Group 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.
- c. We draw attention to the fact that the consolidated financial statements are subject to receipt of confirmation of balances 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 consolidated financial statements is not ascertainable.
- d. 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, in the consolidated financial statement which is not ascertained at this stage and which is not in conformity with para14 of Accounting Standard 29-'Provision, Contingent Liabilities and Contingent Assets.



Chartered Accountants
701, 7th Floor, Topiwala Centre,
Goregaon (W), Mumbai – 400062
Tel.: 022-40161347 / 40161348

- e. 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.
- f. According to the information and explanations given to us, the Holding Company has given the guarantee for loans taken by Subsidiary Company from bank. The terms and conditions of the same are not prejudicial to the interest of the Holding Company. However in our opinion the Subsidiary Company has been continuously incurring losses and its net worth has been fully eroded and there is substantial doubt whether the Subsidiary Company would be able to repay its liabilities or realize its assets.

For DEEPAK MARU & CO.

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MUMBAI

CAMPATERED P

**Chartered Accountants** 

Firm Regn. No.115678W

(CA. Jaymin P. Shah)

Partner

(Mem. No.118113)

Place: Mumbai Date: May 30, 2017

# 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]

(Rs. In Lakhs)

	Sr. No.	Particulars	Audited reported adjusting qualification	before for	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)		-	(0,033.73)
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	e	. For Audit Qualifications(s) where the impact	is not	Ref	fer Annexure
		quantified by the Auditor  i. Management's estimation on the impact of	of oudit		
		<ol> <li>Management's estimation on the impact qualification</li> </ol>	or audit		
_		ii. If Management is unable to estimate the	impact		
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		iii. Auditor's comments on (i) or (ii) above.			
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	а	. Whole Time Director	RAA	Vii	planely s
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H		Audit Committee Chairman	* Off	ra	i con Ri oliuli
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# **EURO CERAMICS LIMITED**

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

The Stat prey con faci have san rep net Cor ance cree leg aga for	Sr.
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 Company fully eroded and the lenders and creditors have initiated legal proceedings against the Company for recovery.	Details of Audit Qualification
Qualified	Type of Audit Qualification
Repeated	Frequency of Qualification
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 sold 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 serious efforts in reviving its tiles division operation. The management has taken and	For Audit Qualifications where the impact is quantified by the auditor, management's view
	For Audit Qualinate qualin
management is unable to estimate the impact, reasons for the same.  N.A.	not quantified by the Auditor    Name
Auditor's comment on (i) and (ii)	ditor (iii)

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r Repeated The Company is in the process of identifying the creditors which are Micro, Small and Medium Enterprises under MSMED Act  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.		sspect of loan any anies, firms parties cover the regist ained und n 189 of the A are ations mations mations the ained interest we are unal omment as we are unal omment as are are unal omment as we are unal omment as	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.	resultant impact on the financial statements is not ascertainable.
The Company is in the NA process of identifying the creditors which are Micro, Small and Medium Enterprises under MSMED Act  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.		Qualified	Disclaimer Qualification	
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		ur directors would ate that the Loans all vances are given remal course of bus firm where your Coa partner with rare.	Company is is so of identifying sors which are and Norises under Norises	

NA



The Company has given qualified Repeated to state that the guarantee for loans taken by its subsidiary from bank. The terms and conditions of the same are not prejudicial to the interest of the Company. The said subsidiary has been continuously incurring losses and its net worth has been fully eroded and there is substantial doubt whether the said subsidiary would be able to repay its liabilities or realize its assets.	1																	-1			
Qualified Repeated																			7		
Qualified Repeated		assets.	liabilities or realize its		doubt whether the said	and there is substantial	has been fully eroded	losses and its net worth	continuously incurring	subsidiary has been	Company. The said	interest of the	б	are	and conditions of the	from bank. The terms	taken by its subsidiary	guarantee for loans	The Company has given	amount.	principal and interest
																			Qualified		
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.						21													Repeated		
							a.			dues.	for amicable settlement of its	negotiating with the lender	economic scenario and is	business with the changing	hopeful of reviving its	the subsidiary Company is	management of	state	The management would like		
	10	COLUMNS *									4 (7)	9"									

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