EURO CERAMICS LTD.

Regd. Office : 208, Sangam Arcade, Vallabhbhai Road, Vile Parle (West), Mumbai 400 056
(CIN- L26914MH2002PLC135548)
Web -www.eurovitrified.com, email - sales@eurocl.com, Ph-022 40194019, Fax - 022 40194020

Statement of Standalone and Consolidated Audited Financial Results for the Quarter and Year Ended March 31, 2018

(Rs. in Lakhs except EPS)

		STANDALONE					CONSOLIDATED	
		Quarter Ended			Year Ended		Year Ended	
	CONTINUING OPERATIONS	Audited	Unaudited	Audited	Audited	Audited	Audited	Audited
	Particulars	**31-Mar-18**	**31-Dec-17**	**31-Mar-17**	**31-Mar-18**	**31-Mar-17**	**31-Mar-18**	**31-Mar-17**
I	Revenue From Operations	400.40	406.82	422.30	2,030.03	1,176.96	2,036.08	1,185.97
II	Other Income	110.57	25.67	142.75	142.06	202.09	164.36	202.32
III	Total Income (I+II)	**510.97**	**432.49**	**565.05**	**2,172.09**	**1,379.05**	**2,200.44**	**1,388.29**
IV	**EXPENSES**							
	Cost of materials consumed	1,090.09	302.60	141.10	2,066.65	1,456.36	2,066.65	1,456.36
	Purchases of Stock-in-Trade	22.21	74.68	0.97	168.16	13.03	168.35	19.35
	Changes in inventories of finished goods,Stock-in -Trade and work-in-progress	34.58	(159.63)	48.33	33.13	(357.24)	71.62	(355.25)
	Excise Duty on Sale of Goods	-	-	33.76	94.59	107.88	94.59	107.88
	Employee benefits expense	77.48	95.48	153.88	351.60	424.22	351.60	426.38
	Finance costs	28.93	(13.52)	(1.66)	44.14	54.91	44.40	57.75
	Depreciation and amortization expense	488.74	495.93	485.81	1,971.89	1,969.44	1,972.17	1,969.72
	Other expenses	148.08	287.49	148.94	642.94	807.76	644.25	813.73
	Total expenses (IV)	**1,890.11**	**1,083.03**	**1,011.13**	**5,373.10**	**4,476.36**	**5,413.64**	**4,495.94**
V	Profit/(loss) before exceptional items and tax (I-IV)	(1,379.13)	(650.54)	(446.08)	(3,201.01)	(3,097.31)	(3,213.20)	(3,107.65)
VI	Exceptional Items (Gain/(Loss))	246.16	584.94	5,004.52	831.11	5,004.52	831.11	5,004.52
VII	Profit/(loss) before tax (V-VI)	(1,132.97)	(65.59)	4,558.44	(2,369.90)	1,907.21	(2,382.09)	1,896.87
VIII	Tax expense:							
	(1) Current tax	-	-	-	-	-	-	-
	(2) Deferred tax	-	-	-	-	-	-	-
	(3) Short Provision of Earlier Years	-	-	-	-	-	3.43	-
	(4) Mat Credit Entitlement - Reversal	532.64	-	-	532.64	-	-	-
IX	Profit (Loss) for the period from continuing operations (VII-VIII)	(1,665.61)	(65.59)	4,558.44	(2,902.54)	1,907.21	(2,385.52)	1,896.87
X	Profit/(loss) from discontinued operations	-	-	(169.36)	-	583.91	-	583.91
XI	Net Profit from Disposal of Assets of Discontinuing operations	-	-	2,715.87	-	2,715.87	-	2,715.87
XII	Tax expense of discontinued operations	-	-	-	-	-	-	-
XIII	Profit/(loss) from Discontinued operations (after tax) (X-XI)	-	-	2,546.51	-	3,299.78	-	3,299.78
XIV	Profit/(loss) for the period (IX+XII)	(1,665.61)	(65.59)	7,104.95	(2,902.54)	5,206.99	(2,385.52)	5,196.65
XV	Other Comprehensive Income	-	-	-	-	-	-	-
	A (i) Items that will not be reclassified to profit or loss	0.55	-	26.16	0.55	26.16	0.55	26.16
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-	-	-	-
		-	-	-	-	-	-	-
	B (i) Items that will be reclassified to profit or loss	-	-	-	-	-	-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-	-	-
XVI	Total Comprehensive Income for the period (XIII+XIV)(Comprising Profit (Loss) and Other Comprehensive Income for the period)	(1,665.05)	(65.59)	7,131.12	(2,901.99)	5,233.15	(2,384.96)	5,222.81
XVII	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
XVIII	Earnings per equity share (for continuing operation):							
	(1) Basic	(4.94)	(0.19)	13.51	(8.60)	5.65	(7.07)	5.62
	(2) Diluted	(4.94)	(0.19)	13.51	(8.60)	5.65	(7.07)	5.62
XIX	Earnings per equity share (for discontinued operations)							
	(1) Basic	-	-	7.55	-	9.78	-	9.78
	(2) Diluted	-	-	7.55	-	9.78	-	9.78
XX	Earnings per equity share(for discontinued & continuing operations)							
	(1) Basic	(4.94)	(0.19)	21.06	(8.60)	15.43	(7.07)	15.40
	(2) Diluted	(4.94)	(0.19)	21.06	(8.60)	15.43	(7.07)	15.40

EURO CERAMICS LTD. MUMBAI

RAMESH SHAH & ASSOCIATES Chartered Accountants

Segmentwise Revenue, Results, Assets and Liabilities

(Rs. In Lakhs)

Sr. No.	Particulars	STANDALONE					CONSOLIDATED	
		Quarter Ended			Year Ended		Year Ended	
		Audited	Unaudited	Audited	Audited	Audited	Audited	Audited
		31-Mar-18	31-Dec-17	31-Mar-17	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
1	**Segment Revenue**							
	(a) Tiles	354.63	290.73	422.30	1,213.46	1,176.96	1,219.51	1,185.97
	(b) Aluminium Sections	-	-	-	-	-	-	-
	(c) Sanitaryware	45.77	116.09	-	816.57	-	816.57	-
	(d) Realty	-	-	-	-	-	-	-
	Total	400.40	406.82	422.30	2,030.03	1,176.96	2,036.08	1,185.97
	Less: Inter- Segment Revenue	-	-	-	-	-	-	-
	Total Revenue from Operations	400.40	406.82	422.30	2,030.03	1,176.96	2,036.08	1,185.97
2	**Segmental Results**							
	(a) Tiles	(1,302.80)	(581.17)	(312.00)	(3,028.98)	(2,436.86)	(3,040.91)	(2,442.64)
	(b) Aluminium Sections	-	(1.20)	(0.61)	(3.39)	(4.37)	(3.39)	(4.37)
	(c) Sanitaryware	22.29	51.14	-	371.71	-	371.71	-
	(d) Realty	-	-	-	-	-	-	(1.71)
	Total	(1,280.51)	(531.23)	(312.61)	(2,660.66)	(2,441.23)	(2,672.59)	(2,448.72)
	Less: (i) Interest	28.93	(13.52)	(1.66)	44.14	54.91	44.40	57.76
	(ii) Other Unallocable (Income)/ Expenditure (Net)	69.69	132.82	135.13	496.21	601.17	496.21	601.17
	(iii) Exceptional/ Extraordinary Items [(gain)/loss]	(246.16)	(584.94)	(5,004.52)	(831.11)	(5,004.52)	(831.11)	(5,004.52)
	Profit Before Tax	(1,132.97)	(65.59)	4,558.44	(2,369.90)	1,907.21	(2,382.09)	1,896.87
3	**Capital Employed**							
	Segment Asset							
	(a) Tiles	17,185.38	18,714.89	20,332.73	17,185.38	20,332.73	17,516.25	20,760.39
	(b) Aluminium Sections	-	-	39.44	-	39.44	-	39.44
	(c) Sanitaryware	1,107.42	1,145.40	-	1,107.42	-	1,107.42	-
	(d) Realty	4,198.80	4,198.83	4,198.83	4,198.80	4,198.83	9,727.85	9,722.89
	(e) Unallocable	3,308.63	3,903.87	5,844.97	3,308.63	5,844.97	3,308.64	5,844.97
	Sub-Total (A)	25,800.23	27,962.99	30,415.97	25,800.23	30,415.97	31,660.16	36,367.69
	Segment Liabilities							
	(a) Tiles	12,564.04	12,612.61	13,261.19	12,564.04	13,261.19	15,410.38	16,188.75
	(b) Aluminium Sections	12.23	12.23	12.23	12.23	12.23	12.23	12.23
	(c) Sanitaryware	209.73	1,182.96	-	209.73	-	209.73	-
	(d) Realty	-	-	-	-	-	5,531.38	5,524.56
	(e) Unallocable	20,914.78	20,390.70	22,141.12	20,914.78	22,141.12	20,914.78	22,142.90
	Sub-Total (B)	33,700.78	34,198.50	35,414.54	33,700.78	35,414.54	42,078.50	43,868.44
	Capital Employed							
	(a) Tiles	4,621.34	6,102.28	7,071.54	4,621.34	7,071.54	2,105.87	4,571.64
	(b) Aluminium Sections	(12.23)	(12.23)	27.21	(12.23)	27.21	(12.23)	27.21
	(c) Sanitaryware	897.69	(37.56)	-	897.69	-	897.69	-
	(d) Realty	4,198.80	4,198.83	4,198.83	4,198.80	4,198.83	4,196.47	4,198.33
	(e) Unallocable	(17,606.15)	(16,486.83)	(16,296.15)	(17,606.15)	(16,296.15)	(17,606.14)	(16,297.93)
	Total (A-B)	(7,900.55)	(6,235.51)	(4,998.57)	(7,900.55)	(4,998.57)	(10,418.34)	(7,500.75)

EURO CERAMICS LTD MUMBAI

RAJESH SHAH & ASSOCIATES Chartered Accountants SURAT

EURO CERAMICS LTD.
STATEMENT OF ASSETS AND LIABILITIES

Particulars	STANDALONE		CONSOLIDATED	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
(1) ASSETS				
Non-current assets				
(a) Property, Plant and Equipment	17,152.89	19,265.09	17,153.85	19,266.33
(b) Capital work-in-progress	-	-	-	-
(c) Investment Property	-	-	-	-
(d) Goodwill	-	-	-	-
(e) Other Intangible assets	-	-	-	-
(f) Intangible assets underdevelopment	-	-	-	-
(g) Biological Assets other than bearer plants	-	-	-	-
(h) Financial Assets	-	-	-	-
(i) Investments	134.11	134.11	134.61	134.61
(ii) Trade receivables	-	-	-	-
(iii) Loans and Advances	-	-	760.10	760.10
(iv) Others financial assets	6.54	4.38	6.54	4.38
(i) Deferred tax assets (net)	-	-	-	-
(j) Other non-current assets	183.39	697.34	9,144.69	9,658.64
(2) Current assets	-	-	-	-
(a) Inventories	2,363.63	3,234.65	2,399.93	3,309.44
(b) Financial Assets	-	-	-	-
(i) Investments	-	-	-	-
(ii) Trade receivables	1,072.88	1,910.23	1,115.30	1,887.24
(iii) Cash and cash equivalents	14.53	136.92	24.85	154.37
(iv) Bank balances other than (iii) above	10.28	-	10.28	-
(v) Loans	4,782.69	4,846.34	655.64	719.24
(vi) Others	0.35	2.21	0.35	2.21
(c) Current Tax Assets (Net)	-	-	-	-
(d) Other current assets	78.95	184.69	254.04	471.12
Total Assets	**25,800.23**	**30,415.97**	**31,660.15**	**36,367.70**
EQUITY AND LIABILITIES	-	-	-	-
Equity	-	-	-	-
(a) Equity Share capital	3,373.77	3,373.77	3,373.77	3,373.77
(b) Other Equity	(11,274.33)	(8,372.34)	(13,792.12)	(10,874.52)
LIABILITIES	-	-	-	-
Non-current liabilities	-	-	-	-
(a) Financial Liabilities	-	-	-	-
(i) Borrowings	296.08	229.96	471.20	430.08
(ii) Trade payables	-	-	-	-
(iii) Other financial liabilities (other than those specified in item (b), to be specified)	-	-	-	-
(b) Provisions	-	-	142.50	142.50
(c) Deferred tax liabilities (Net)	-	-	-	-
(d) Other non-current liabilities	-	-	-	-
Current liabilities	-	-	-	-
(a) Financial Liabilities	-	-	-	-
(i) Borrowings	26,328.31	27,934.99	28,449.68	30,051.32
(ii) Trade payables	3,516.71	3,848.33	3,694.70	4,045.20
(iii) Other financial liabilities (other than those specified in item (c)	2,261.26	2,348.20	4,440.36	4,527.30
(b) Other current liabilities	1,266.60	1,002.17	1,438.31	1,211.47
(c) Provisions	31.82	50.90	3,441.75	3,460.57
(d) Current Tax Liabilities (Net)	-	-	-	-
Total Equity and Liabilities	**25,800.23**	**30,415.97**	**31,660.15**	**36,367.70**

EURO CERAMICS LTD MUMBAI

RASESH SHAH & ASSOCIATES SURAT Chartered Accountants

NOTES

1 The above results, which have been audited by the Statutory Auditors of the Company, are published in accordance with Regulation 33 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on May 29, 2018. The financial results are prepared in accordance with the Indian Accounting Standards (Ind AS) as prescribed under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, Companies (Indian Accounting Standards) (Amendment) rules, 2016 and other accounting principles generally accepted in India.

2 The format for audited/unaudited financial results as prescribed in SEBI's Circular CIR/CFD/CMD/15/2015 dated November 30, 2015 has been modified to comply with the requirements of SEBI's circular dated July 5, 2016, Ind AS and Schedule III (Division II) to the Companies Act, 2013, which are applicable to companies that are required to comply with Ind AS.

3 The Statement of standalone and consolidated financial results have been prepared in accordance with Indian Accounting Standards (Ind AS), the provisions of the Companies Act, 2013, as applicable and guidelines issued by the Securities and Exchange Board of India (SEBI). Consequently, the results for the quarter and year ended March 31, 2017 have been restated to comply with Ind AS to make them comparable.

4 Reconciliation between Financial Results as reported under previous IGAAP and as restated under Ind AS are summarised below:

(Rs. In Lakhs)

Particulars	Standalone		Consolidated
	For the quarter ended March 31,	For the year ended March 31, 2017	For the year ended March 31, 2017
Net Profit/(Loss) as per previous GAAP (Indian GAAP)	7,127.71	5,218.17	5,210.12
Impact of remeasurement of defined benefit plans classified in OCI	26.16	26.16	26.16
Change in expense on account of remeasurement as per Ind AS 109	3.41	14.98	14.98
Profit / (Loss) of Euro Realtors which was not consolidated under previous IGAAP			(2.29)
Net Profit/(Loss) as per Ind AS	7,153.87	5,244.33	5,248.97
Other Comprehensive Income (Net of Tax)			
Remeasurement of Defined benefit plans	26.16	26.16	26.16
Total Comprehensive Income	7,131.12	5,233.15	5,222.81

5 Reconciliation between the shareholders' funds as reported under previous Generally Accepted Accounting principles (IGAAP) and Ind AS are summarized below:

Particular	Standalone		Consolidated	
	31-Mar-17	01-Apr-16	31-Mar-17	01-Apr-16
Total equity (shareholder's funds) under previous GAAP	(8,356.27)	(20,708.54)	(10,856.17)	(23,200.37)
Ind AS adjustments increase (decrease):				
Fair Value adjustment of asset and liability as per Ind AS	(31.05)	(31.05)	(31.05)	(31.05)
Change in expense on account of remeasurement as per Ind AS	14.98		14.98	
Profit / (Loss) of Euro Realtors which was not consolidated under previous IGAAP	-	-	(2.28)	-
Total adjustment to equity	(16.07)	(31.05)	(18.35)	(31.05)
Total equity under Ind AS	(8,372.34)	(20,739.59)	(10,874.52)	(23,231.42)

6 As per IND AS 108, the Company has four reportable segments namely Tiles, Aluminium Extruded Sections, Sanitaryware & Realty.

7 Other Income includes Rental Income and Interest Income.

8 The Group has made settlement arrangement with its secured lenders in FY 2016-17 and accordingly some of the lenders had been settled completely and rest of the lenders, had given deferred payment schedule with some upfront payment. In view of the above settlement, the Company and the Group's management 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. 1119 Lakhs and Rs. 1690 Lakhs respectively, for the year ended March 31, 2018 and the interest amount not provided cumulatively from the date of settlement upto March 31, 2018 was Rs. 2172 Lakhs and Rs. 4866 Lakhs for Company and the Group respectively. Had the same been accounted for, the net profit (after tax) would have decreased and current liabilities for the year ended March 31, 2018 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, 2018, the Group's net worth has fully eroded.

9 The Deferred Tax provision as per IND AS 12 has not been made on account of losses and absence of reasonable certainity of earning future taxable income in the Company.

10 Sales for the quarter ended March 31, 2018 and quarter ended December 31, 2017 are net of Goods and Services Tax (GST), however sales till the period ended June 30, 2017 and other comparative periods are gross of Excise Duty. The Net Revenue from Operations (Net of GST/ Excise Duty) as applicable are as stated below:

(In Rs. Lakhs)

Particulars	Standalone					Consolidated	
	For the Quarter ended on			For the year ended on		For the year ended on	
	Audited	Unaudited	Audited	Audited	Audited	Audited	Audited
	31-Mar-18	31-Dec-17	31-Mar-17	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
Net Revenue from Operations	400.40	406.82	388.54	1,935.44	1,069.08	1,941.49	1,078.09

11 The consolidated financial results of Euro Ceramics Limited have been prepared in accordance with Ind AS - 110 on 'Consolidated Financial Statements'. Financial results of the subsidiary entities Euro Merchandise (India) limited and Euro Realtors, have been consolidated with Euro Ceramics Limited during the preparation of the above consolidated financial statements. Also, Euro Realtors was not previously considered during the preparation of consolidated financial statements of previous years prepared as per IGAAP, however the above consolidated financial results include the financial results of Euro Realtors, in accordance with the requirements of Ind AS - 110 on 'Consolidated Financial Statements'. The Statement of Profit and Loss of consolidated financial statements and Balance Sheet of consolidated financial statements have been impacted by the same.

12 The figures for the quarters ended March 31, 2018 and March 31, 2017 are the balancing figures between the audited figures in respect of the full financial years and the published year to date figures upto the third quarter of the respective financial years. Also, figures for quarter ended December 31, 2017 have only been subjected to limited review.

13 Exceptional item is pertaining to the Profit on sale of land and building, amounting to Rs.831.11 Lakhs for the year ended March 31, 2018.

14 The figures for the previous year in the standalone as well as consolidated financial results mentioned above only relates to continuing operations of the group and gain/loss from discontinuing operations have been separately disclosed in the Statement of Profit or Loss.

15 Previous Quarter / Years figures have been regrouped / reclassified wherever necessary.

For Euro Ceramics Ltd

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

Place : Mumbai
Date : May 29, 2018

Rasesh Shah & Associates Chartered Accountants

O-1, 1st Floor, Silver Palm Bldg., Timaliyawad, Nanpura, Surat.
Phone : 2460689, 4027016
E-mail : info@raseshca.com

Auditor's Report On Standalone Financial Results of the Euro Ceramics Limited pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To the Board of Directors of Euro Ceramics Limited

1. We have audited the standalone financial results of **Euro Ceramics Limited** (the "Company") for the year ended March 31, 2018, being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. These standalone financial results are based on the standalone financial statements for the year ended March 31, 2018 prepared in accordance with the accounting principles generally accepted in India, including Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013 read with relevant rules issued there under and published standalone year to date figures up to the end of third quarter of the financial year prepared in accordance with the recognition and measurement principles as laid down in Ind AS 34, Interim Financial reporting, specified under Section 133 of the Companies Act, 2013, and SEBI Circular No. CIR/CFD/CMD/15/2015 dated November 30, 2015 and CIR/CFD/FAC/62/2016 dated July 5, 2016, which are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial results based on our audit of such annual financial statements for the year ended March 31, 2018 and our review of standalone financial results for the nine months period ended December 31, 2017.

2. We conducted our audit in accordance with the standards generally accepted in India. Those standards require that we plan and perform the review to obtain reasonable assurance as to 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.

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

   (i) are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. CIR/CFD/CMD/15/2015 dated November 30, 2015 and CIR/CFD/FAC/62/2016 dated July 5, 2016 in this regard; and

   (ii) give a true and fair view of the standalone loss (including other comprehensive income) and other financial information in conformity with the accounting principles generally accepted in India including Ind AS specified under Section 133 of the Act for the year ended March 31, 2018,

RASESH SHAH & ASSOCIATES * SURAT * Chartered Accountants

Rasesh Shah & Associates Chartered Accountants

O-1, 1st Floor, Silver Palm Bldg., Timaliyawad, Nanpura, Surat.
Phone : 2460689, 4027016
E-mail : info@raseshca.com

SUBJECT TO THE FOLLOWING:

a) *The Company's current liabilities exceeds its current assets and net worth of the Company has been fully eroded, these 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) *We draw attention 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.*

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 an 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. 1119 Lakhs for the year ended March 31, 2018 and the interest amount not provided cumulatively from the date of settlement upto March 31, 2018 was Rs. 2172 Lakhs. Had the same been accounted for, the net loss (after tax) would have increased and current liabilities for the year ended March 31, 2018 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, 2018, the Company's current liabilities exceed its current assets by Rs. 25,082.40 Lakhs. Further, the net-worth 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.

c) *Attention is also drawn to the fact that the Company has not provided for impairment or diminishing value of its assets/investment as per 'Ind AS 36 –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.*

d) *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.*

e) *The Company, had imported various Capital Goods and Spares and Consumables for the 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 fulfil quantified exports within a period of eight years from the date of respective licenses. The Custom*

SURAT

O-1, 1st Floor, Silver Palm Bldg., Timaliyawad, Nanpura, Surat.
Phone : 2460689, 4027016
E-mail : info@raseshca.com

Duties so saved amounted to Rs.30,76,45,374/- and the corresponding Export obligation to be fulfilled amounted to Rs.2,46,11,62,991/-, however as on 31st March 2018, the Export obligation yet to be fulfilled amounted to Rs.169,19,04,058/-. The stipulated period of 8 years to fulfill Export obligation has already expired and the company is required to pay the said saved Custom Duty together with interest @ 15% p.a. but the same has not been provided in books of accounts by the Company and the final liability is presently unascertainable.

f) *Attention is drawn to the fact that, 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.*

g) *We also draw attention towards the fact that, in respect of deposits accepted by the company before the commencement of this Act, within the meaning of section 74 & 75 of the Act and the Rules framed there under, the principal amount of such deposits and interest due thereon remained unpaid even after expiry of one year from such commencement and the Company has not filed a statement within a period of three months from such commencement or from the date on which such payments, are due, with the Registrar details as prescribed u/s.74(1)(a).*

h) *We also draw your attention towards overdue receivables aggregating to Rs. 170 Lakhs as on March 31, 2018, towards purchase of goods included under "Trade Receivables" owed to the Company by its Foreign Customers due for more than 6 months as on March 31, 2018. These balances have not been settled till March 31, 2018. The Company is yet to make an application to the authorized dealer or Reserve Bank of India (RBI) for overdue receivable balances beyond the prescribed time limits in accordance with Foreign Exchange Management Act (FEMA). Any penalties that may be levied by RBI are presently not known and not given effect to in the IND AS financial statements.*

i) *The Company has interest free borrowings, which are repayable on demand, classified under Current Financial Liabilities, which are borrowed from various related parties and other lenders, the repayment terms of which have not been agreed between the Company and the lenders. Therefore, we are unable to ascertain the impact of such borrowings on the financial statements.*

j) *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 'Ind AS 37-Provision, Contingent Liabilities and Contingent Assets'.*

RASESH SHAH & ASSOCIATES SURAT Chartered Accountants

O-1, 1st Floor, Silver Palm Bldg., Timaliyawad, Nanpura, Surat.
Phone : 2460689, 4027016
E-mail : info@raseshca.com

4. Attention is drawn to Note 12 to the standalone financial results regarding the figures for the quarter ended March 31, 2018 as reported in these standalone financial results in respect of the full financial year and the published year to date figures up to the end of the third quarter of the financial year. Also the figures up to the end of third quarter had only been reviewed and not subject to audit.

5. The financial results of the Company for the year ended March 31, 2017 were audited by Deepak Maru & Co., Chartered Accountants, who vide their report dated May 30, 2017, expressed qualified opinion on the same. The adjustments to these audited financial results for the difference in accounting principles adopted by the Company on transition to Ind AS have been audited by us.

For Rasesh Shah & Associates
Firm Registration Number: 108671W
Chartered Accountants

Mehul Shah
Partner
Membership Number: 137148

Mumbai
May 29, 2018

RASESH SHAH & ASSOCIATES SURAT Chartered Accountants

C.

Rasesh Shah
& Associates Chartered Accountants

O-1, 1st Floor, Silver Palm Bldg.,
Timaliyawad, Nanpura, Surat.
Phone : 2460689, 4027016
E-mail : info@raseshca.com

Auditor's Report On Consolidated Financial Results of the Euro Ceramics Limited pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To the Board of Directors of Euro Ceramics Limited

1. We have audited the consolidated financial results of **Euro Ceramics Limited** ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), for the year ended March 31, 2018, being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. These consolidated financial results are based on the consolidated financial statements for the year ended March 31, 2018 prepared in accordance with the accounting principles generally accepted in India, including Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013 ('the Act') read with relevant rules issued there under, which are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these consolidated financial results based on our audit of such consolidated financial statements for the year ended March 31, 2018.

2. We conducted our audit in accordance with the standards generally accepted in India. Those standards require that we plan and perform the review to obtain reasonable assurance as to 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.

3. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of other auditors on separate financial results and on other financial information of the subsidiaries, the consolidated financial results:

   (i) include the financial results for the year ended March 31, 2018 of the following entities –

a. Euro Ceramics Limited	–	Holding Company
b. Euro Merchandise India Limited	–	Subsidiary Company
c. Euro Realtors	–	Subsidiary Entity

   (ii) are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. CIR/CFD/CMD/15/2015 dated November 30, 2015 and CIR/CFD/FAC/62/2016 dated July 5, 2016 in this regard; and

   (iii) give a true and fair view of the consolidated loss (including other comprehensive income) and other financial information in conformity with the accounting principles generally accepted in India including Ind AS specified under Section 133 of the Act for the year ended March 31, 2018, **subject to the following:**

   a) ***The Group's, current liabilities exceeds its current assets and net worth of the Group has been fully eroded, these 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 financial results do not disclose the fact that the fundamental accounting assumption of going concern has not been followed.***

RASESH SHAH & ASSOCIATES * SURAT * Chartered Accountants

O-1, 1st Floor, Silver Palm Bldg.,
Timaliyawad, Nanpura, Surat.
Phone : 2460689, 4027016
E-mail : info@raseshca.com

b) *We draw attention 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.*

Some of the bank lenders have initiated legal proceedings against the Holding Company and its subsidiaries 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 management has been able to renegotiate with the secured lenders and arrive at an amicable settlement of its debts. The management 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 Group's management 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. 1690 Lakhs for the year ended March 31, 2018 and the interest amount not provided cumulatively from the date of settlement upto March 31, 2018 was Rs. 4866 Lakhs. Had the same been accounted for, the net loss (after tax) would have increased and current liabilities for the year ended March 31, 2018 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, 2018, the Group's current liabilities exceed its current assets by Rs. 39404.45 Lakhs. Further, the net-worth of the Group has fully eroded and the Holding 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.

c) *Attention is also drawn to the fact that the Group has not provided for impairment or diminishing value of its assets/investment as per 'Ind AS 36 –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.*

d) *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 consolidated financial statements is not ascertainable.*

e) *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, as per the management. 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. Also, the Holding Company has granted loans to one of the subsidiary entity which is a partnership firm, however, the subsidiary entity has no revenue and we doubt whether the Subsidiary entity would be able to repay its liabilities or realize its assets.*

f) *The Holding Company had imported various Capital Goods and Spares and Consumables for the Capital Goods under the Export Promotion Capital Goods Scheme (EPCG), of the Government*

RASESH SHAH & ASSOCIATES SURAT Chartered Accountants

O-1, 1st Floor, Silver Palm Bldg.,
Timaliyawad, Nanpura, Surat.
Phone : 2460689, 4027016
E-mail : info@raseshca.com

of India, through various licenses, at concessional rates of Custom Duty on an undertaking to fulfil quantified exports within a period of eight years from the date of respective licenses. The Custom Duties so saved amounted to Rs.30,76,45,374/- and the corresponding Export obligation to be fulfilled amounted to Rs.2,46,11,62,991/-, however as on 31st March 2018, the Export obligation yet to be fulfilled amounted to Rs.169,19,04,058/-. The stipulated period of 8 years to fulfil Export obligation has already expired and the Holding Company is required to pay the said saved Custom Duty together with interest @ 15% p.a. but the same has not been provided in books of accounts by the Holding Company and the final liability is presently unascertainable.

g) *Attention is drawn to the fact that, as required under Section 203 of the Act the Holding Company is yet to appoint a Company Secretary and the Holding Company is not in compliance with Regulation 6 of LODR which requires Company Secretary to be appointed as Compliance Officer.*

h) *We also draw attention towards the fact that, in respect of deposits accepted by the Holding company before the commencement of this Act, within the meaning of section 74 & 75 of the Act and the Rules framed there under, the principal amount of such deposits and interest due thereon remained unpaid even after expiry of one year from such commencement and the Company has not filed a statement within a period of three months from such commencement or from the date on which such payments, are due, with the Registrar details as prescribed u/s.74(1)(a).*

i) *We also draw your attention towards overdue receivables aggregating to Rs. 203.52 Lakhs as on March 31, 2018, towards purchase of goods included under "Trade Receivables" owed to the Holding Company by its Foreign Customers due for more than 6 months as on March 31, 2018. These balances have not been settled till March 31, 2018. The Holding Company is yet to make an application to the authorized dealer or Reserve Bank of India (RBI) for overdue receivable balances beyond the prescribed time limits in accordance with Foreign Exchange Management Act (FEMA). Any penalties that may be levied by RBI are presently not known and not given effect to in the IND AS financial statements.*

j) *The Company has interest free borrowings, which are repayable on demand, classified under Current Financial Liabilities, which are borrowed from various related parties and other lenders, the repayment terms of which have not been agreed between the Company and the lenders. Therefore, we are unable to ascertain the impact of such borrowings on the financial statements.*

k) *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 Holding 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.*

l) *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 'Ind AS 37-Provision, Contingent Liabilities and Contingent Assets'.*

RASESH SHAH & ASSOCIATES SURAT Chartered Accountants

Rasesh Shah & Associates Chartered Accountants
O-1, 1st Floor, Silver Palm Bldg.,
Timaliyawad, Nanpura, Surat.
Phone : 2460689, 4027016
E-mail : info@raseshca.com

4. We did not audit the financial statement of a Subsidiary Company, Euro Merchandise (India) Limited, whose financial statements reflect total assets of Rs. 354.62 lakhs and net assets of Rs 2372.96 as at March 31, 2018 and total revenue of Rs. 28.35 lakhs, as considered in the consolidated Ind AS financial statements. These financial statement have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated Ind AS financial statements in so far as it relates to the amounts and disclosures included in respect of these subsidiary and our report in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with relevant circulars, insofar as it relates to the aforesaid subsidiary, is based solely on the report of the other auditor.

5. We did not audit the financial statement of, a Subsidiary Entity – partnership firm, Euro Realtors, whose financial statements reflect total assets of Rs 9728.35 lakhs and net liabilities of Rs.9728.35 lakhs including Partner's contribution as at March 31, 2018 and total revenue of Rs. NIL, as considered in the consolidated Ind AS financial statements. These financial statements are unaudited and have been furnished to us by the Management, and our opinion on the consolidated Ind AS financial statements insofar as it relates to the amounts and disclosures included in respect of these entity and our report in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with relevant circulars, insofar as it relates to the aforesaid entity, is based solely on such unaudited financial statements.

6. The consolidated financial results of the Group for the year ended March 31, 2017 were audited by Deepak Maru & Co., Chartered Accountants, who vide their report dated May 30, 2017, expressed qualified opinion on the same. The adjustments to these audited consolidated financial results for the difference in accounting principles adopted by the Group on transition to Ind AS have been audited by us.

For Rasesh Shah & Associates
Firm Registration Number: 108671W
Chartered Accountants

RASESH SHAH & ASSOCIATES * SURAT * Chartered Accountants

Mehul Shah
Partner
Membership Number: 137148

Mumbai
May 29, 2018

Statement on Impact of Audit Qualifications on Standalone Financial Statements for the Financial Year ended March 31, 2018

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

(Rs. In Lakhs except for EPS)

I	Sr. No.	Particulars	Audited Figures (As reported before adjusting for qualifications)	Adjusted Figures (Audited figures after adjusting for qualifications)
	1	Turnover/ Income	2172.09	2172.09
	2	Total Expenditure	5373.10	6492.66
	3	Exceptional Item [Gain/(Loss)]	831.11	831.11
	3	Net Profit/(Loss)	(2369.90)	(3489.47)
	4	Other Adjustments	(532.64)	(532.64)
	5	Net Profit/(Loss) from Discontinuing Operations	0.00	0.00
	6	Net Profit/(Loss) on disposal of assets of discontinued operations	0.00	0.00
	4	Net Profit /(Loss) of the period	(2902.54)	(4022.11)
	5	Earnings Per Share	(8.60)	(11.92)
	6	Total Assets	25800.23	25800.23
	7	Total Liabilities	33700.79	35871.99
	8	Net Worth	(7900.56)	(10071.76)
	9	Any other financial item(s)		

II	**Audit Qualification**	**Refer Annexure**
	a. Details of Audit Qualification	
	b. Type of Audit Qualification	
	c. Frequency of Qualification	
	d. For Audit Qualification(s) where the impact is quantified by the Auditor, Management's view	
	e. For Audit Qualifications(s) where the impact is not quantified by the Auditor	
	i. Management's estimation on the impact of audit qualification	
	ii. If Management is unable to estimate the impact, reasons for the same	
	iii. Auditor's comments on (i) or (ii) above.	
III	**Signatories**	
	a. Whole Time Director	Sd/- **Viral T. Nandu**
	b. CFO	Sd/- **Paresh K. Shah**
	c. Audit Committee Chairman	Sd/- **Dhaval Gada**
	d. Auditor	**For Rasesh Shah & Associates Chartered Accountant FRN 108671W** Sd/- **CA Mehul R. Shah Partner Mem. No. 137148**

EURO CERAMICS LTD MUMBAI

RASESH SHAH & ASSOCIATES Chartered Accountants

ANNEXURE TO STATEMENT ON IMPACT OF AUDIT QUALIFICATION OF THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

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, despite the fact that the Company's financial facilities/arrangements have expired and the same are overdue for repayment and the net-worth 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 & Manufacturing Marble and employed around 90 employees. The Company & 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	N.A.	N.A.	N.A.

				the ample opportunities in the market and growth drivers for the industry per say, 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	The Company has not provided for interest on financing facilities amounting to Rs. 1119 Lakhs for the year ending March 31, 2018 and the interest amount not provided cumulatively from the date of settlement upto March 31, 2018 was Rs. 2172 Lakhs. Had the same been provided, the loss for the year ending March 31, 2018, would have increased by Rs. 1119 lacs. The corresponding current liabilities would have increased by the cumulative amount of interest.	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 absence of adequate cash flows and profits, the management of the Company has decided not to charge the same in the Profit and Loss Account.	Approx. amount quantified	Approx. amount quantified	Approx. amount quantified
3	The Company has not provided for impairment or diminishing value of its assets/ investment as per "Ind AS 36- Impairment of Assets" as notified under the	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,	N.A.	N.A.	N.A.

	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.			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	The 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.	Qualified	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 Company had imported various Capital Goods & Spares & Consumables for the 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	Qualified	Repeated	The Company had a good export track record in the past and has completed its EPCG obligation in more than 8 licenses in the past. However due to adverse market conditions during the period 2008, 2009 and 2010 and global economy slowdown the total exports of the Company were affected drastically and in the later years the financial	N.A.	N.A.	N.A.

EURO CERAMICS LTD MUMBAI

RASESH SHAH & ASSOCIATES Chartered Accountants

	quantified exports within a period of eight years from the date of respective licenses. The Custom Duties so saved amounted to Rs.30,76,45,374/- and the corresponding Export obligation to be fulfilled amounted to Rs.2,46,11,62,991/-, however as on 31st March 2018, the Export obligation yet to be fulfilled amounted to Rs.169,19,04,058/-. The stipulated period of 8 years to fulfill Export obligation has already expired and the company is required to pay the said saved Custom Duty together with interest @ 15% p.a. but the same has not been provided in books of accounts by the Company and the final liability is presently unascertainable.			position of the Company was further affected due to liquidity crunch, which in a way affected the overall revenue of the Company, including the export revenues and also the net worth of the Company turned negative and the Company had also referred to BIFR under the provision of Sick Industrial Companies Act. The Company has applied for extension of time for export for the said licenses with the authorities, however the same was not granted and further the Company has applied to High Court for appropriate remedy in the said matters.			
6	Attention is drawn to the fact that, 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	Qualified	Repeated	The management would like to state that the Company is in the process of appointment of Whole time Company Secretary. The Company has also given advertisement in the newspaper for the vacancy, however still suitable candidate is awaited.	N.A.	N.A.	N.A.

	be appointed as Compliance Officer.						
7	In respect of deposits accepted by the company before the commencement of this Act, within the meaning of section 74 & 75 of the Act and the Rules framed there under, the principal amount of such deposits and interest due thereon remained unpaid even after expiry of one year from such commencement and the Company has not filed a statement within a period of three months from such commencement or from the date on which such payments, are due, with the Registrar details as prescribed u/s.74(1)(a).	Qualified	Repeated	To meet working capital requirements, the Company raised funds by accepting unsecured loans from friends and relatives of Directors which are known to the Company without invitation to public in general after filing Statement in lieu of Advertisement (SLA) pursuant to the provisions of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975. As the financial position of the Company was under stress and consequently defaulted on its obligation to secured lenders, all the lenders have classified the Company's account as Non-Performing Assets (NPA). The Company suffered losses and cash flow of the Company was under stress. Further, the Net Worth of the Company eroded completely. The non-compliance relating to filing of eform DPT-4 is unintentional and the compliances was missed out inadvertently.	N.A.	N.A.	N.A.
8	Overdue receivables aggregating to Rs. 170 lacs as on March 31, 2018, towards sales of	Qualified	Repeated	The Company shall initiate the process for compliance of the same and is expecting to realize the said amount.	N.A.	N.A.	N.A.

EURO CERAMICS LTD MUMBAI

RASESH SHAH & ASSOCIATES Chartered Accountants

	goods included under "Trade Receivables" owed to the Company by its Foreign Customers due for more than 6 months as on March 31, 2018. These balances have not been settled till March 31, 2018. The Company has yet to make an application to the authorized dealer or Reserve Bank of India (RBI) for overdue receivable balances beyond the prescribed time limits in accordance with Foreign Exchange Management Act (FEMA).						
9	The Company has interest free borrowings, classified under Non-Current Financial Liabilities, which are borrowed from various related parties and other lenders, the repayment terms of which have not been agreed between the Company and the lenders. The Company has not fair valued such sums received in accordance with the provisions of 'Ind AS – 109 – Financial Instrument' and 'Ind AS – 113 – Fair Value Measurement'. The	Qualified	Repeated	As the financial position of the Company is under stress and also it has defaulted on its obligation to secured lenders, all the lenders have classified the Company's account as Non-Performing Assets (NPA). The Company suffered losses and cash flow of the Company was under stress. Further, the Net Worth of the Company eroded completely. In order to continue the operations of the Company, the company in the past borrowed funds from various of relatives and friends of Promoters and Directors. The same was mutually agreed between the parties and no interest was	N.A.	N.A.	N.A.

	effect of such treatment has not been quantified by the management and hence the same is not ascertainable.			charged by the lenders on the same. Also, the repayment terms was also not fixed between the Company and the lenders. Therefore, the Company would continue to classify such borrowings as Non Current.			
10	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 with 'Ind AS 37-Provision, Contingent Liabilities & Contingent Assets'.	Qualified	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.
11	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	Qualified	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.

	repayments of principal and interest amount.						
12	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.	N.A.	N.A.	N.A.

EURO CERAMICS LTD MUMBAI

RASESH SHAH & ASSOCIATES Chartered Accountants

Statement on Impact of Audit Qualifications on Consolidated Financial Statements for the Financial Year ended March 31, 2018

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

(Rs. 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	2200.44	2200.44
	2	Total Expenditure	5420.27	7110.22
	3	Exceptional Item [Gain/(loss)]	831.11	831.11
	4	Net Profit/(Loss)	(2388.73)	(4078.47)
	5	Net Profit/(Loss) from Discontinuing Operations	(536.06)	(536.06)
	6	Net Profit/(Loss) on disposal of assets of discontinued operations	-	-
	7	Net Profit/(Loss) for the period	(2924.79)	(4614.53)
	4	Earnings Per Share	(8.67)	(13.67)
	5	Total Assets	31660.15	31660.15
	6	Total Liabilities	42078.50	46944.11
	7	Net Worth	(10418.35)	(15283.95)
	8	Any other financial item(s) (as felt appropriate by the management)		
II	**Audit Qualification**			
	a.	Details of Audit Qualification	**Refer Annexure**	
	b.	Type of Audit Qualification		
	c.	Frequency of Qualification		
	d.	For Audit Qualification(s) where the impact is quantified by the Auditor, Management's view		
	e.	For Audit Qualifications(s) where the impact is not quantified by the Auditor		
	i.	Management's estimation on the impact of audit qualification		
	ii.	If Management is unable to estimate the impact, reasons for the same		
	iii.	Auditor's comments on (i) or (ii) above.		
III	**Signatories**			
	a.	Whole Time Director	**Sd/-** **Viral T. Nandu**	
	b.	CFO	**Sd/-** **Paresh K. Shah**	
	c.	Audit Committee Chairman	**Sd/-** **Dhaval Gada**	
	d.	Auditor	**For Rasesh Shah & Associates** **Chartered Accountant** **FRN 108671W** **Sd/-** **CA Mehul R. Shah** **Partner** **Mem. No. 137148**	

EURO CERAMICS LIMITED

ANNEXURE TO STATEMENT ON IMPACT OF AUDIT QUALIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

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, despite the fact that the Group's financial facilities/arrangements have expired and the same are overdue for repayment and the net-worth of the Group fully eroded and the lenders and creditors have initiated legal proceedings against the Group for recovery.	Qualified	Repeated	Your Directors would like to state that the Holding Company is operational & Manufacturing Marble and employed around 90 employees. The Holding Company & 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	N.A.	N.A.	N.A.

EURO CERAMICS LTD MUMBAI

RASESH SHAH & ASSOCIATES Chartered Accountants SURAT

				has taken and been taking all diligent steps under legal advice, to defend the Group 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, Directors are optimistic about the turnaround of the Group with the infusion of the long term funds and working capital fund with support of the lenders.			
2	The Group has not provided for interest on financing facilities amounting to Rs. 1690 Lakhs for the year ending March 31, 2018 and the interest amount not provided cumulatively from the date of settlement upto March 31, 2018 was Rs. 4866 Lakhs. Had the same been provided, the loss for the year ending March 31, 2018, would have increased by Rs. 1690 lacs. The corresponding current liabilities would have increased by the cumulative amount of	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 absence of adequate cash flows and profits, the management of the Company has decided not to charge the same in the Profit and Loss Account.			

EURO CERAMICS LTD MUMBAI

RASESH SHAH & ASSOCIATES Chartered Accountants SURAT

	interest.						
3	The Group has not provided for impairment or diminishing value of its assets/ investment as per "Ind AS 36-Impairment of Assets" as notified under the 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 Group 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	The 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	Qualified	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.			

EURO CERAMICS LTD MUMBAI

RASESH SHAH & ASSOCIATES Chartered Accountants

	not ascertainable.						
5	The Holding Company had imported various Capital Goods & Spares & Consumables for the 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 respective licenses. The Custom Duties so saved amounted to Rs.30,76,45,374/- and the corresponding Export obligation to be fulfilled amounted to Rs.2,46,11,62,991/-, however as on 31st March 2018, the Export obligation yet to be fulfilled amounted to Rs.169,19,04,058/-. The stipulated period of 8 years to fulfill Export obligation has already expired and the company is required to pay the said saved Custom Duty together	Qualified	Repeated	The Holding Company had a good export track record in the past and has completed its EPCG obligation in more than 8 licenses in the past. However due to adverse market conditions during the period 2008, 2009 and 2010 and global economy slowdown the total exports of the Company were affected drastically and in the later years the financial position of the Holding Company was further affected due to liquidity crunch, which in a way affected the overall revenue of the Group, including the export revenues and also the net worth of the Group Company turned negative and the Group had also referred to BIFR under the provision of Sick Industrial Companies Act. The Group has applied for extension of time for export for the said licenses with the authorities, however the same was not granted and further the Holding Company has applied to High Court for appropriate remedy in the said matters.	N.A.	N.A.	N.A.

EURO CERAMICS LTD MUMBAI

RASESH SHAH & ASSOCIATES Chartered Accountants SURAT

	with interest @ 15% p.a. but the same has not been provided in books of accounts by the Company and the final liability is presently unascertainable.						
6	Attention is drawn to the fact that, as required under Section 203 of the Act the Holding 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.	Qualified	Repeated	The management would like to state that the Holding Company is in the process of appointment of Whole time Company Secretary. The Holding Company has also given advertisement in the newspaper for the vacancy, however still suitable candidate is awaited.	N.A.	N.A.	N.A.
7	In respect of deposits accepted by the Holding Company before the commencement of this Act, within the meaning of section 74 & 75 of the Act and the Rules framed there under, the principal amount of such deposits and interest due thereon remained unpaid even after expiry of one year from such commencement and the	Qualified	Repeated	To meet working capital requirements, the Holding Company raised funds by accepting unsecured loans from friends and relatives of Directors which are known to the Group without invitation to public in general after filing Statement in lieu of Advertisement (SLA) pursuant to the provisions of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits)			

EURO CERAMICS LTD MUMBAI

RASESH SHAH & ASSOCIATES Chartered Accountants SUMIT

	Holding Company has not filed a statement within a period of three months from such commencement or from the date on which such payments, are due, with the Registrar details as prescribed u/s.74(1)(a).			Rules, 1975. As the financial position of the Group was under stress and consequently defaulted on its obligation to secured lenders, all the lenders have classified the Company's account as Non-Performing Assets (NPA). The Company suffered losses and cash flow of the Company was under stress. Further, the Net Worth of the Company eroded completely. The non-compliance relating to filing of e-form DPT-4 is unintentional and the compliances was missed out inadvertently.			
8	Overdue receivables aggregating to Rs. 203.52 lacs as on March 31, 2018, towards sales of goods included under "Trade Receivables" owed to the Holding Company by its Foreign Customers due for more than 6 months as on March 31, 2018. These balances have not been settled till March 31, 2018. The Holding Company is yet to make an application to the authorized dealer or	Qualified	Repeated	The Holding Company shall initiate the process for compliance of the same and is expecting to realize the said amount.			

EURO CERAMICS LTD MUMBAI

SURAT

	Reserve Bank of India (RBI) for overdue receivable balances beyond the prescribed time limits in accordance with Foreign Exchange Management Act (FEMA).					
9	The Group has interest free borrowings, classified under Non-Current Financial Liabilities, which are borrowed from various related parties and other lenders, the repayment terms of which have not been agreed between the Group and the lenders. The Group has not fair valued such sums received in accordance with the provisions of 'Ind AS – 109 – Financial Instrument' and 'Ind AS – 113 – Fair Value Measurement'. The effect of such treatment has not been quantified by the management and hence the same is not ascertainable.	Qualified	Repeated	As the financial position of the Group is under stress and also it has defaulted on its obligation to secured lenders, all the lenders have classified the Group's account as Non-Performing Assets (NPA). The Group suffered losses and cash flow of the Group was under stress. Further, the Net Worth of the Group eroded completely. In order to continue the operations of the Group, the Group in the past borrowed funds from various of relatives and friends of Promoters and Directors. The same was mutually agreed between the parties and no interest was charged by the lenders on the same. Also, the repayment terms was also not fixed between the Company and the lenders. Therefore, the Group would continue to classify such borrowings as Non Current.			

EURO CERAMICS LTD MUMBAI

RAKESH SHAH & ASSOCIATES SURAT Chartered Accountants

10	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 'Ind AS-37 'Provision, Contingent Liabilities and Contingent Assets'.	Disclaimer Qualification	Repeated	The Group is in the process of identifying the creditors which are Micro, Small and Medium Enterprises under MSMED Act	NA	NA	NA
11	In respect of loans, secured or unsecured, granted by the Holding 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.			
12	The Holding Company has given guarantee for loans taken by its subsidiaries from bank.	Qualified	Repeated	The management would like to state that the management of the subsidiary Company is	N.A.	N.A.	N.A.

EURO CERAMICS LTD MUMBAI

RASESH SHAH & ASSOCIATES Chartered Accountants SURAT

	The terms and conditions of the same are not prejudicial to the interest of the Holding 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.			hopeful of reviving its business with the changing economic scenario and is negotiating with the lender for amicable settlement of its dues.			

EURO CERAMICS LTD MUMBAI

RASESH SHAH & ASSOCIATES Chartered Accountants SURAT